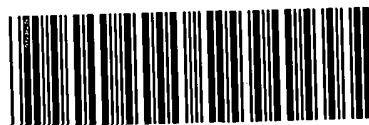


**Behavioural Insights Ltd**

**Report and Financial Statements**  
Year ended 31 March 2017

Company Number 08567792 (England and Wales)

FRIDAY



\*L6IE0868\*

LD2

03/11/2017

#21

COMPANIES HOUSE

**Behavioural Insights Ltd**  
**Contents**  
**Year ended 31 March 2017**

---

	<b>Page</b>
General information	2
Strategic Report	3
Directors' Report	7
Directors' Responsibilities Statement	10
Independent Auditor's report	11
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Company Statement of Financial Position	15
Consolidated Statement of Cash Flows	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Notes to the financial statements	19

**Behavioural Insights Ltd**  
General Information  
**Year ended 31 March 2017**

---

**Directors**

Peter Holmes (Non-executive Chairman)  
Janet Baker (Non-executive Director)  
Helen Goulden (Non-executive Director)  
David Halpern (Chief Executive Officer)  
Owain Service (Managing Director)  
Ian West (Finance Director)

**Registered office**

4 Matthew Parker Street  
Westminster, London  
SW1H 9NP

**Registered number**

08567792

**Independent auditor**

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

**Principal Bankers**

Lloyds Bank plc  
25 Gresham Street  
London  
EC2V 7HN

### *Chairman's message*

I am delighted to present to you the annual report of Behavioural Insights Ltd (the "**Company**") and its subsidiaries ("**BIT**" or the "**Group**") for the 12 months to 31 March 2017 as we continue to focus on achieving social impact via the application of behavioural sciences to real world policy problems.

BIT is a social purpose group that prides itself on its focus on social impact.

It has been another strong year for the team, with growth not only in the number and depth of policy areas covered, but also in our international presence. We continue to break new ground across a number of policy areas.

In the area of education and skills, through the Behavioural Research Centre for Adult Skills and Knowledge (ASK), we have delivered one of the largest and most sophisticated randomised controlled trials in further education anywhere the world. We have also played a strong role in advising the UK government on some of its flagship skills policies, including on apprenticeships and technical education.

Our focus on social impact and supporting the most vulnerable is particularly clear in the pioneering work we have been undertaking on financial decision making. In the last year, as part of the Money Advice Service's 'What Works Programme', BIT launched the Financial Capability Lab. We partnered with Ipsos MORI to conduct qualitative research as part of the Lab. Additionally, using our new Predictiv platform, (a product developed within our BI Ventures arm) BIT is running a suite of online lab experiments to develop evidence-based approaches aimed at increasing financial capability across a series of savings and credit policy challenges. Alongside this, we have been developing a programme of work around how a more sophisticated understanding of human behaviour can help foster economic growth and productivity that reaches all parts of the economy and benefits all walks of society.

In the health policy area our work has continued to expand within the NHS, moving into mental health work whilst maintaining a strong public health portfolio. One trial within the NHS reduced the demand on hospital waiting lists by simple changes to the choice-making structures within GP IT referral systems and is currently being rolled out nationally. We worked with the Department of Health on the Childhood Obesity Plan as well as producing our Counting Calories report. In employment, BIT worked together with DWP on the Health and Work Conversation to produce a more person-centred approach, building on previous work re-designing Job Centre Plus conversations. This is currently being rolled out nationally to help more people back into work.

We opened our first regional UK office in Manchester with the Greater Manchester Combined Authority as our founding partner. The Manchester team are now working with a number of partners on projects covering employment support, cancer screening, the reduction of fly-tipping and career decision making.

In Home Affairs we have brought pioneering approaches to some of the highest priority and most challenging issues of policy, from immigration to radicalisation. We've run multiple randomised controlled trials with police forces across the UK, uncovering new insights about body worn video cameras, reducing dangerous driving or trying to tackle issues of cyber security. In International Development we kicked off our largest programme of work – a three year project to encourage empirical policy making in four developing countries. BIT continues to deepen engagement with Latin American countries, notably seeing significant improvements in tax compliance among 750,000 businesses in Mexico and reductions in absenteeism of head teachers from schools in Peru.

BIT continues its expansion of operations outside of the UK, opening offices in Singapore and New Zealand and growing operations in Australia and North America. 34% of group revenues now come from non-UK offices.

2016/17 was the first full year of operation for BIT North America. With the support of Bloomberg Philanthropies, we have run over 40 randomised controlled trials with government partners in 21 US states and are extending our work in Canada. In addition to domestic work, the North American team has undertaken a number of projects on humanitarian issues in partnership with the International Rescue Committee, focusing mostly on improving outcomes for children in conflict situations.

The Sydney office has maintained its long-term partnership with the New South Wales Department of Premier and Cabinet with an increased focus on preventing domestic and family violence, as well as working across a range of areas including hospital discharge and apprenticeship completion rates. Similarly, the partnership with the Australian Government Department of Employment was extended, enabling continued work on improving outcomes for job seekers across the country. More widely, the office took on a range of projects with government and not-for-profit partners, including a greater focus on capability building and evaluation. We also expanded our presence into New Zealand, partnering with a number of government agencies including the Ministry for Primary Industries and the Ministry of Social Development.

In September 2016 we opened our Singapore office, continuing our partnerships with the Ministry of Manpower, the Public Service Division of the Prime Minister's office and the Ministry of Home Affairs. The Singaporean public service is one of the most innovative and effective in the world and BIT has been working with them on financial adequacy and tax compliance.

For a more detailed overview of our work please review our latest update report, accessible via our website.

We proudly launched the Impact Opportunity Fund in 2016, an internal dedicated fund that is used to fund additional high social impact projects. The fund harnesses the breadth and depth of our employees' experiences and interests, with employees pitching their project ideas to management and the best ideas funded as standalone projects.

After being housed in a series of temporary offices, BIT moved into its new long-term home in the heart of Westminster in August 2016. This new office has been set up with employees and clients in mind, offering a flexible, vibrant office in a central London location.

BIT is part-owned by its employees and the employee voice is evident in both strategic direction and decision-making within the company. The Employee Forum, a cross-company group that connects all employees to the Board and major decisions that are made within the company, works alongside the Employee Benefits Trust (the trust which holds the employees' shareholding in BIT) to ensure that the employee voice continues to be heard.

We have increased our capacity to develop products and services through the creation of our subsidiary, Behavioural Insights Ventures Ltd ("BIV"). Our most advanced product, Applied, is an online recruitment tool that enables organisations to use behavioural science to remove implicit bias from their hiring decisions. Be Applied Ltd ("Applied") is now a standalone business run by a dedicated management team and is treated as an associate of BIT in the financial statements. Applied counts its clients across a number of continents and sectors and aims to scale operations by bringing in external investment in the coming financial year. Applied is one of a growing pipeline of products, which also includes Predictiv and Promptable. Predictiv allows organisations to run their own randomised controlled trials using an online panel of participants; and Promptable enables FE Colleges to use the latest findings from our text message trials in education settings to 'prompt' learners to stick at their studies. Over the coming year our aim will be to build and scale these and other products that have the potential for significant social impact without drawing on taxpayer funds.

### ***Financial review***

Revenues for the year amounted to £10.5m (2016 - £7.7m) of which £3.6m (2016: £1.9m) is from work carried out by the overseas offices.

Our principal costs relate to the employment of our staff. These are set out in detail in note 4 to the accounts.

Fees paid to our auditors for non-audit work amounted to £23,442 (2016 - £13,326).

The effective tax rate for the year was 41% (2016 – 25%). Further details of the tax charge can be found in note 6 of the financial statements.

A strong financial performance in 2015/16 enabled us to provide the Cabinet Office with a dividend payment of £59.01 per ordinary share amounting to £206,532. Another strong year in 2016/17 has enabled us to declare to our shareholders a dividend of £39.85 per ordinary share post year end amounting to £398,516 which includes a dividend of £89,666 which the EBT has waived, the equivalent amount being reserved for future employee benefit.

#### ***Principal risks and uncertainties***

The risks and uncertainties described below are considered, at this point in time, to have the greatest effect on the Group's strategic objectives. This list is not intended to be exhaustive. The Group identifies risks to the organisation and prioritises them by impact and likelihood of occurrence, as well as identifying mitigations. The Group monitors risk, through its executive team and periodically reports to the Audit Committee.

#### ***Commercial, financial and operational***

BIT remains, substantially, a day-rate consultancy from a financial perspective. As such, the key commercial risks are:

- a. Pricing: Optimal rate-cards achieved with clients
- b. Sales mix: Achieving the right balance of higher-margin and higher-social impact (and possibly lower margin) work
- c. Resource allocation: Achieving utilisation targets
- d. Project Management: Accurate project planning and limiting project over-runs
- e. Credit exposure: Customers may be unable to pay debts on the specified due date

Many of these risks are mitigated via the monthly Board Pack reviewed by the Board and the Senior Management Team. Monthly orders received, project over-runs, trade debtor balances and office utilisation levels are all monitored on a monthly basis. Pricing and sales mix strategy is reviewed periodically to ensure that we are achieving the right balance of business, delivered at competitive rates.

Other financial risks exist, as they do in all businesses, around control (contract mismanagement, fraud and working capital management), planning (materially inaccurate budgets/forecasts) and reporting (e.g. misstated management reports). To mitigate these risks BIT has continued to invest in the Operations team in 2016/17 and will continue to do so in 2017/18.

#### ***People***

The Group's current and future success is reliant on having the right people with the right capabilities. Increased competition may impact the Group's ability to attract and retain key talent. This could adversely affect the delivery of strategic objectives.

The Group mitigates this risk in several ways:

- Using the Applied recruitment tool (<https://www.beapplied.com>) to ensure that we hire the people with the best skills for the job;
- In collaboration with University College London, sponsoring several students undertaking PhDs in behavioural science, to strengthen our relationship with academic institutions and access a strong pipeline of future hires;
- In the period the Group has undertaken (i) a literature review of the best ways to motivate and reward employees; (ii) an independent pay benchmarking review. Using the findings from these we will redesign our reward strategy to ensure it is market appropriate;
- Strengthening our employee engagement, as more fully described in "Employee involvement" on page 9 of the Directors' Report;
- A bi-annual survey is undertaken to measure staff engagement and identify any areas for further management attention.

#### ***Political and competition***

Following the outcomes of the UK referendum to leave the EU (Brexit) and the 2017 general election, there remains uncertainty as to how the changing political climate will affect the Group's business.

The consultancy market is very competitive. Whilst the Group has benefited from being the world's first specialist consultancy applying behavioural insights to public policy, new "market players" are emerging that offer somewhat similar services to BIT. These range from small to medium specialist consultancies to big management consultancies seeking to offer their clients behavioural advice. Increased competition and capacity in the market could have an adverse financial impact on the Group. The Group's competitive advantages include the fact that it was built to serve governments, its brand and its innovations in products and services. Failure to retain these advantages or react quickly to competitor changes could have an adverse financial impact on the Group.

To mitigate these risks:

- The Group actively monitors political developments relating to Brexit. The Group also continues to actively diversify its client base to ensure that it is not overly reliant on clients from a particular sector or jurisdiction;
- The Group seeks to rapidly respond to any such activity that may impact its ability to grow the business and competitor activity is monitored, enabling strategic decision making;
- The Group continually seeks to improve its Research and Development capability (see "Research and Development" on page 8 of the Directors' Report) to maintain its role at the cutting edge of applying behavioural insights to policy and to move into new areas to diversify and differentiate its offering.

#### Regulatory and compliance

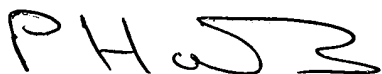
There is a continual need to keep well informed and adapt to (as required) any legislative or regulatory changes across the jurisdictions in which the Group operates. Failure to comply with legislative and regulatory requirements (or interpretations thereof), such as data protection laws and regulation or employment law could have an adverse reputational and financial impact. Like any business, the Group faces both external cyber threats and internal risks to its data and systems. A security breach could negatively impact the Group's reputation and have an adverse operational and financial impact.

The Group has a General Counsel to advise on legal issues and developments, and to monitor compliance with formal regulatory requirements and during the period has commenced an audit of its internal data handling processes to update its policies and procedures in light of upcoming regulatory changes in light of the General Data Protection Regulation which will apply in the UK from 25 May 2018. It also utilises external legal advisers both in the UK and overseas in the jurisdictions in which the Group operates, who assist in keeping the Group informed of any changes or new legislation and to assist the Group in developing appropriate responses to such legislation.

The Group also has put in place technical and organisational measures designed to minimise and manage data security risks. It has an external information technology provider that assists the company in monitoring threats and ensures that the design, implementation and operation of the Group's systems are secure. In addition, during the period the BIT has obtained Cyber Essentials Certification (a certification developed as part of the UK's National Cyber Security Programme).

#### **Approval**

This Strategic Report was approved by order of the Board of Directors on 31 July 2017 and signed on its behalf by



**Peter Holmes**  
Chairman

The Directors present their report together with the financial statements for the year ended 31 March 2017.

***Principal activity***

The principal activity of the Group is set out in the Strategic Report.

***Directors***

The Directors who held office during the period were:

Janet Baker, Non-executive Director  
Helen Goulden, Non-executive Director  
David Halpern, Chief Executive Officer  
Peter Holmes, Non-executive Chairman  
Owain Service, Managing Director  
Ian West, Finance Director

***Board Committees and membership***

The Board delegates certain of its functions to two Board Committees, the Remuneration and Appointments Committee and the Audit Committee, to enable it to carry out its functions effectively.

Janet Baker is the Chairman of both the Remuneration and Appointments Committee and the Audit Committee and the other members are Helen Goulden and Peter Holmes. All members are Non-Executive Directors.

The key responsibilities of each Board Committee are as follows:

**Remuneration and Appointments Committee:**

- Review and approving policies for the remuneration of the Executive Directors,
- Considering any proposals from the Executive Directors regarding the allocation of dividends, shares, options and similar rights between employees by the EBT;
- Establishing and reviewing staff compensation policies for senior members of staff;
- Evaluating and considering the recommendations for nomination of Directors (other than the Non-Executive Directors); and
- Succession planning for senior executives and the Board.

**Audit Committee:**

- The integrity of the financial statements,
- The Group's risk management systems and internal control and the effectiveness of the Group's internal audit function and its activities,
- The Group's relationship with the external auditors, including:
  - their independence and objectivity;
  - the effectiveness of the external audit process;
  - recommending the appointment, re-appointment or removal of the external auditors;
  - approving their remuneration and terms of engagement; and
  - the policy regarding the supply of non-audit services.



### ***Directors' Attendance at Board and Board Committee meetings***

Details of the Directors' attendance at Board and Board Committee meetings are set out in the table below:

<b>Director</b>	<b>Board (Maximum 11)</b>	<b>Audit Committee (Maximum 2)</b>	<b>Remuneration and Appointments Committee (Maximum 2)</b>
Janet Baker, Non-Executive Director	11/11	2/2	2/2
Helen Goulden, Non-Executive Director	11/11	2/2	2/2
David Halpern, Chief Executive Officer	11/11	2/2*	2/2*
Peter Holmes, Non-Executive Chairman	11/11	2/2	2/2
Owain Service, Managing Director	10/11	2/2*	2/2*
Ian West, Finance Director	11/11	2/2*	2/2*

\*Note that David Halpern, Owain Service and Ian West were not members of the Audit Committee or Remuneration and Appointments Committee - attendance by invitation only.

### ***Qualifying third party indemnity provisions***

The Group has put in place qualifying third party indemnity provisions for all of the Directors of the Behavioural Insights Ltd.

### ***Dividends***

Dividends of £398,516 (2016 - £205,870) were declared post year end to all shareholders. Included within this amount is the dividend waived by the EBT. The only shareholder entitled to a dividend in 2016 was the Cabinet Office.

Information on the recommended ordinary dividend has been included in the Strategic Report on page 5.

### ***Research and development***

The Group continues to engage in a steady flow of primary research in trial design and analysis, which has resulted in several published academic articles in the past year. The Group will continue to undertake research of this kind as well as moving in to new areas such as predictive analytics. We will seek to achieve greater social impact by shifting more resources and effort to expanding successful interventions, both within systems in the UK, and internationally. Alongside this approach, we will continue to invest in our ventures operation and increase social impact scale through the products and services that we launch, such as "Applied" (an online recruitment platform to help organisations make better, fairer hiring decisions), "Predictiv" (an online survey platform) and "Promptable".

### ***Future developments***

Information on likely future developments in the business of the Group has been included in the Strategic Report on pages 3 to 6.

### ***Post balance sheet events***

There have been no events since the balance sheet date to disclose.

***Existence of branches and subsidiaries of the Company outside of the United Kingdom***

On 17 June 2016, the Company established a subsidiary in Sydney, Australia and on 1 August 2016 transferred its Australian business from its existing Australian branch to this new subsidiary, through which it continues to service its Australian contracts. On 25 July 2016, the Group established a subsidiary company in New Zealand, through which contracts in New Zealand are serviced. The Group continues to service its US and Canadian clients through its subsidiary company in New York, USA and continues to deliver its contracts in Singapore through its subsidiary company in Singapore.

***Employee involvement***

The Group places a high value on maintaining strong employee involvement. Regular briefing and team meetings are held providing employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the Group. The Group undertakes a staff survey to canvas views on significant matters and as part of the 360 degree appraisal system, staff are asked to provide anonymous feedback to their line manager. The Group also has an Employee Forum which serves as a channel of communication and action between employees and senior management and, through an observer attending the Group's Board, employees and the Group's Directors.

22.5% of the Company's shares are held by the EBT for the benefit of employees. The Company has commenced a refresh of the EBT governance structure and will appoint two employee representative Directors to the Board of the EBT Trustee, Behavioural Insights Trustee Company Ltd. One of these individuals will also be appointed as the EBT's representative Director on the Company's Board. Both of these changes will strengthen the employee's input into key organisational decisions, particularly around its shareholding.

***Auditors***

All of the Directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Company's auditor is unaware.

The auditors, BDO LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

***Approval***

This Directors' Report was approved by order of the Board of Directors on 31 July 2017 and signed on its behalf by



**Peter Holmes**  
Chairman

***Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements***

The Directors are responsible for preparing the Directors' report, the Strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

o

**Behavioural Insights Ltd**

Independent auditors' report to the shareholders of Behavioural Insights Ltd

**Year ended 31 March 2017**

---

We have audited the financial statements of Behavioural Insights Limited for the year ended 31 March 2017 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of Directors and auditors***

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

***Scope of the audit of the financial statements***

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

***Opinion on other matters prescribed by the Companies Act 2006***

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

**Behavioural Insights Ltd**

Independent auditors' report to the shareholders of Behavioural Insights Ltd (continued)

**Year ended 31 March 2017**

---

***Matters on which we are required to report by exception***

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatement in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Anna Draper (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor

Gatwick

Date: 31 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Behavioural Insights Ltd**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 31 March 2017**

	<b>Notes</b>	<b>Year ended 31 March 2017 £</b>	<b>Year ended 31 March 2016 £</b>
<b>Turnover</b>	2	10,522,590	7,696,189
Cost of sales		(6,198,335)	(4,379,650)
<b>Gross profit</b>		4,324,255	3,316,539
Administrative expenses		(3,372,872)	(1,921,948)
Other operating income		34,634	318,846
<b>Operating profit</b>	3	986,017	1,713,437
Interest receivable and similar income		2,920	4,651
Gain on disposal of subsidiary undertaking	10	59,730	-
Share of loss for the year in associate undertakings	10	(27,026)	-
<b>Profit on ordinary activities before taxation</b>		1,021,641	1,718,088
Taxation on profit on ordinary activities	6	(414,510)	(407,103)
<b>Profit for the financial year</b>		607,131	1,310,985
Exchange differences on retranslation of subsidiary undertakings		59,071	33,089
Contribution to Employee Benefit Trust		22,500	-
<b>Total other comprehensive income</b>		81,571	33,089
<b>Total comprehensive income for the year</b>		688,702	1,344,074

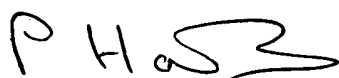
The notes on pages 19 to 34 form part of these financial statements.

**Behavioural Insights Ltd**  
Consolidated Statement of Financial Position  
Year ended 31 March 2017

	Notes	2017	2016
		£	£
<b>Fixed assets</b>			
Tangible assets	9	672,118	115,811
Investments	10	-	-
<b>Current assets</b>			
Debtors	11	3,710,219	2,741,846
Investments	12	1,888,331	2,084,070
Cash at bank		1,071,955	3,104,268
		<u>6,670,505</u>	<u>7,930,184</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,054,292)</u>	<u>(3,724,844)</u>
<b>Net current assets</b>		<u>2,616,213</u>	<u>4,205,340</u>
<b>Total assets less current liabilities</b>		<u>3,288,331</u>	<u>4,321,151</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(198,611)	(1,739,045)
Provisions for liabilities	15	(25,444)	-
<b>Net assets</b>		<u>3,064,276</u>	<u>2,582,106</u>
<b>Capital and reserves</b>			
Called up share capital	16	100	100
Share premium account		64,935	64,935
Shares held by Employee Benefit Trust	17	(22,500)	(22,500)
Profit and loss account		3,021,741	2,539,571
		<u>3,064,276</u>	<u>2,582,106</u>

The notes on pages 19 to 34 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 31 July 2017.



**Peter Holmes**  
Chairman

**Behavioural Insights Ltd**  
**Company Statement of Financial Position**  
**At 31 March 2017**  
 Company registration number 08567792

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	9		640,198		115,811
Investments	10		135,094		135,093
			<u>775,292</u>		<u>250,904</u>
<b>Current assets</b>					
Debtors	11	3,908,829		3,128,505	
Investments	12	1,846,578		2,084,070	
Cash at bank		440,131		1,684,468	
		<u>6,195,538</u>		<u>6,897,043</u>	
<b>Creditors: amounts falling due within one year</b>	13	(3,920,985)		(4,284,568)	
<b>Net current assets</b>			2,274,553		2,612,475
<b>Total assets less current liabilities</b>			<u>3,049,845</u>		<u>2,863,379</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(175,490)		(194,589)
Provisions for liabilities	15		(22,050)		-
<b>Net assets</b>			<u>2,852,305</u>		<u>2,668,790</u>
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Share premium account			64,935		64,935
Shares held by Employee Benefit Trust	17		(22,500)		(22,500)
Profit and loss account			2,809,770		2,626,255
			<u>2,852,305</u>		<u>2,668,790</u>

The notes on pages 19 to 34 form part of these financial statements. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the year was £440,891 (2016 - £1,405,595).

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 31 July 2017.

  
**Peter Holmes**  
 Chairman



**Behavioural Insights Ltd**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 March 2017**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	607,131	1,310,985
Adjustments for:		
Depreciation of tangible assets	148,697	30,695
Loss on disposal of tangible fixed assets	6,265	7,138
Gain on disposal of fixed asset investments	(59,730)	-
Impairment of fixed asset investments	13,245	-
Share of operating loss in associate	27,026	-
Interest received	(2,920)	(4,651)
Taxation expense	414,510	407,103
Increase in debtors	(966,603)	(1,735,148)
(Decrease)/Increase in creditors	(880,069)	4,010,762
Contribution to Employment Benefit Trust	22,500	-
Foreign exchange	57,592	33,089
<b>Cash from operations</b>	<b>(612,356)</b>	<b>4,059,973</b>
Corporation tax paid	(602,294)	(634,100)
<b>Net cash flow from operating activities</b>	<b>(1,214,650)</b>	<b>3,425,873</b>
<b>Investing activities</b>		
Interest received	2,920	4,651
Payments to acquire tangible fixed assets	(709,789)	(107,305)
Payments to acquire fixed asset investments	(100,001)	-
Payments to acquire current asset investments	(1,888,331)	(2,084,070)
Receipts from maturity of current asset investments	2,084,070	-
<b>Net cash flow from investing activities</b>	<b>(611,131)</b>	<b>(2,186,724)</b>
<b>Financing activities</b>		
Equity dividends paid	(206,532)	(205,870)
<b>Net cash flow from financing activities</b>	<b>(206,532)</b>	<b>(205,870)</b>
(Decrease)/Increase in cash and cash equivalents	(2,032,313)	1,033,280
Cash and cash equivalents at 1 April 2016	3,104,268	2,070,989
Cash and cash equivalents at 31 March 2017	1,071,955	3,104,268

**Behavioural Insights Ltd**  
Consolidated Statement of Changes in Equity  
Year ended 31 March 2017

	Called up share capital	Share premium	Shares held by Employee Benefit Trust	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2015	100	64,935	(22,500)	1,401,367	1,443,902
<b>Comprehensive income for the year</b>					
Profit for the year				1,310,985	1,310,985
Other comprehensive income				33,089	33,089
Total comprehensive income for the year	-	-	-	1,344,074	1,344,074
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 7)	-	-	-	(205,870)	(205,870)
At 31 March 2016	100	64,935	(22,500)	2,539,571	2,582,106
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	607,131	607,131
Other comprehensive income	-	-	-	81,571	81,571
Total comprehensive income for the year	-	-	-	688,702	688,702
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 7)	-	-	-	(206,532)	(206,532)
At 31 March 2017	100	64,935	(22,500)	3,021,741	3,064,276

**Behavioural Insights Ltd**  
Company Statement of Changes in Equity  
Year ended 31 March 2017

	Called up share capital	Share premium	Shares held by Employee Benefit Trust	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2015	100	64,935	(22,500)	1,401,367	1,443,902
<b>Comprehensive income for the year</b>					
Profit for the period				1,405,595	1,405,595
Other comprehensive income				25,163	25,163
Total comprehensive income for the period	-	-	-	1,430,758	1,430,758
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 7)	-	-	-	(205,870)	(205,870)
At 31 March 2016	100	64,935	(22,500)	2,626,255	2,668,790
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	440,891	440,891
Other comprehensive income	-	-	-	(50,844)	(50,844)
Total comprehensive income for the year	-	-	-	390,047	390,047
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 7)	-	-	-	(206,532)	(206,532)
At 31 March 2017	100	64,935	(22,500)	2,809,770	2,852,305

## **1. Accounting policies**

### **Company information**

Behavioural Insights Limited is a private company limited by shares incorporated in England. The registered office is 4 Matthew Parker Street Westminster, London SW1H 9NP.

### **Basis of accounting**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

### **Parent company disclosure exemptions**

The parent company has taken advantage of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

### **Basis of consolidation**

The consolidated financial statements present the results of Behavioural Insights Ltd and all its subsidiary undertakings ('the Group') drawn up to 31 March each year as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Entities, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

In the parent company financial statements, investments in subsidiaries and associates are accounted for at cost less impairment.

### **Judgements and key sources of estimation uncertainty**

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether contractual arrangements are sufficiently certain to justify the accrual of value of work undertaken on projects commenced in anticipation of formal contractual arrangement being finalised.
- Determine that the provision of services supplied free of charge by Nesta, in accordance with the shareholders agreement entered into at the time that Nesta subscribed for shares, should be accounted for as gift at nil value.

**1. Accounting policies (continued)**

- Determine whether the Employee Benefit Trust should be considered to be under the control or de facto control of the parent company. The judgement that the parent company does exert de facto control has resulted in the Employee Benefit Trust's assets and liabilities being recognised on the parent company's balance sheet.

***Tangible fixed assets***

Tangible fixed assets are stated at historical cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than those received in-kind, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Leasehold improvements - The life of the lease (from when the lease is signed)
- Office equipment, fixtures and fittings - Three to five years
- Computer hardware - Three years
- Computer software - Three to five years or the life of the license

***Turnover***

Turnover is accounted for on a receivable basis in the year to which it relates. Income is stated net of VAT. Income from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date, income represents the value of the service provided to date based on a proportion of the total contract value. This proportion is determined by the value of work done at the balance sheet date compared to total value of work expected over the life of the contract. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses.

***Government grants***

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

***Taxation***

Current tax, including UK corporate tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they were recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

***Pension costs***

For defined contribution schemes the amount charged to the statement of income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**1. Accounting policies (continued)**

**Foreign currency**

**Company**

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Group**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the Group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**Holiday pay accrual**

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use in the next financial year. The provision is measured at the salary cost payable for the period of absence.

**Provision for liabilities**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

**Dividends**

Equity dividends are recognised when they become legally payable or when approved by the Board of the Directors.

**Research and development**

Costs of research and development work undertaken under contract for clients are matched with income and on the same basis as referred to the accounting policies for turnover and Government grants. The Group also undertakes primary research in the field of behavioural science with a view to developing its own knowledge base and promoting its competence in specific areas. Such costs are accounted for as normal operating expenditure and are charged to profit or loss in the period they are incurred.

**Shares held by Employee Benefit Trust (EBT)**

The cost of the parent company's shares held by the EBT is deducted from equity in the parent company's balance sheet under the heading 'Shares held by EBT'. Any cash received by the EBT on disposal of the shares it holds is also recognised directly in equity. Other assets and liabilities of the EBT are recognised as assets and liabilities of the parent company.

## 1. Accounting policies (continued)

### Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Shares held by the Employee Benefit trust represent the cost of the shares of the Company held by the employee benefit trust.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### Reclassification of prior year balances

In the prior year financial statements the Group's fixed term deposit accounts of £2,084,070 were incorrectly classified as cash rather than as short term investments. The fixed term deposits should have been classified as short term investments as they had a long maturity of more than three months from the date of acquisition. The comparatives for the statement of cash flows have been restated. There is no impact on net current assets, net assets or the profit for the year.

Additionally, in the prior year financial statements, the Company's fixed term deposit accounts of £2,084,070 were incorrectly presented as assets belonging to a subsidiary within the Group. It has been identified since the year end that these deposit accounts are held in the name of the Company not the subsidiary. The result is to increase the Company's current assets and increase the Company's creditors falling due within one year by £2,084,070. There is no effect on the consolidated balance sheet.

The reclassified balances are included in note 12.

## 2. Turnover

	2017	2016
	£	£
Analysis by geographical location:		
United Kingdom	6,161,473	5,312,222
Rest of Europe	77,188	79,140
Rest of the world	4,283,929	2,304,827
	<u>10,522,590</u>	<u>7,696,189</u>

All turnover arises from the Group's principal activity.

### 3. Operating profit

The operating profit is stated after charging/ (crediting)

	2017	2016
	£	£
Depreciation of tangible fixed assets	148,697	30,695
Loss on sale of tangible fixed assets	6,265	7,138
Fees payable to the Company's auditor for the audit of the Company's annual accounts	27,955	25,000
Fees payable to the Company's auditor for other services:		
Taxation compliance services	9,353	4,408
Taxation advisory services	14,089	8,918
Difference on foreign exchange	(71,963)	(21,846)

As detailed in the Directors' Report on page 8, the Group engages in research and development ("R&D"). The principal costs incurred by the Group relating to R&D relate to the employment of our staff which are set out in detail in note 4.

### 4. Staff costs

	2017	2016
	£	£
Wages and salaries	5,517,250	3,396,146
Social security costs	530,995	349,961
Other pension costs	334,819	206,098
	<u>6,383,064</u>	<u>3,952,205</u>

Defined contribution pension schemes are operated by the Group for employees (UK and overseas). The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to the funds and amounted to £334,819 (2016 - £206,098). Contributions amounting to £131,890 (2016 - £66,273) were payable to the funds and are included in creditors.

The average number of employees during the period was as follows:

	2017	2016
	Number	Number
Directors	3	3
Advisors	82	51
Operations	12	7
	<u>97</u>	<u>61</u>



## 5. Directors' remuneration

Remuneration for the Group's Directors as set out below:

	Basic pay	Bonus pay	Other remuneration	Total remuneration	Company pension contributions	Total 2017	Total 2016
	£	£	£	£	£	£	£
David Halpern	157,500	-	-	157,500	11,025	168,525	178,950
Owain Service	109,061	-	34	109,095	7,634	116,729	126,896
Ian West	103,750	7,988	205	111,943	7,262	119,205	68,039
Peter Holmes	40,000	60,000	-	100,000	-	100,000	40,000
Janet Baker	-	-	-	-	-	-	-
Helen Goulden	-	-	-	-	-	-	-
<b>Total</b>	<b>410,311</b>	<b>67,988</b>	<b>239</b>	<b>478,538</b>	<b>25,921</b>	<b>504,459</b>	<b>413,885</b>

There were 3 (2016 – 3) directors in the Group's defined contribution pension scheme.

## 6. Taxation

	2017 £	2016 £
<b>UK corporation tax</b>		
Current tax on profits for the year	53,495	331,364
Adjustments in respect of previous periods	7,788	9,210
Double taxation relief	(749)	(33,789)
(Under) provision of current year tax	(1,154)	-
	<u>59,380</u>	<u>306,785</u>
<b>Foreign tax</b>		
Current tax on foreign income for the year	349,446	127,222
Adjustments in respect of previous periods	3,675	14,851
Over provision of foreign tax	2,009	-
Total current tax	<u>414,510</u>	<u>448,858</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	16,402	(41,755)
Adjustments in respect of prior periods	(28)	-
Effect of tax rate change on opening balance	1,167	-
(Under) provision of deferred tax	(17,541)	-
Taxation on profit on ordinary activities	<u>414,510</u>	<u>407,103</u>

## **6. Taxation (continued)**

The tax assessed for the year is higher than (2016 – higher than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>1,021,640</u>	<u>1,718,088</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (2016 - 20%)	204,329	343,618
Effects of:		
Differences in foreign tax rates	155,531	-
Expenses not deductible for tax purposes	60,972	5,306
Income not taxable for tax purposes	(9,959)	-
Foreign tax credits	1,157	23,331
Adjustments in respect of prior periods	5,470	24,060
Adjust closing deferred tax to average rate	-	2,330
Deferred tax not recognised	10,302	-
Other deferred tax movements	3,394	-
Other movements	-	8,458
(Under) provision of tax	(16,686)	-
Total tax charge for the period	<u>414,510</u>	<u>407,103</u>

## **7. Dividends**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Paid during the year of £59.01 (2016 - £58.82) per share	<u>206,532</u>	<u>205,870</u>
Declared post year end of £39.85 (2016 - £59.01) per share	<u>398,516</u>	<u>206,532</u>

The Cabinet Office was the only shareholder entitled to payment of a dividend in the current and prior year. The proposed final dividend has not been accrued for as the dividend was declared after the balance sheet date. The EBT waived its right to the dividend declared post year end but it is included within the total dividend declared above.

## **8. Parent company profit for the year**

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Statement of Comprehensive Income in these financial statements. The parent company's profit for the year was £440,891 (2016 - £1,405,595).

**Behavioural Insights Ltd**  
**Notes to the financial statements (continued)**  
**Year ended 31 March 2017**

**9. Tangible fixed assets**

<b>Group</b>	<b>Leasehold improvements £</b>	<b>Computer hardware £</b>	<b>Computer software £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2016	19,473	98,652	17,568	18,106	153,799
Additions	432,194	177,604	10,171	89,820	709,789
Disposals	-	(4,523)	(265)	(5,402)	(10,190)
Foreign exchange movement	-	-	-	1,480	1,480
At 31 March 2017	451,667	271,733	27,474	104,004	854,878
<b>Depreciation</b>					
At 1 April 2016	-	30,991	4,706	2,291	37,988
Charge for the period	70,025	55,255	4,805	18,612	148,697
On disposals	-	(1,889)	(265)	(1,771)	(3,925)
At 31 March 2017	70,025	84,357	9,246	19,132	182,760
<b>Net book value</b>					
At 31 March 2017	381,642	187,376	18,228	84,872	672,118
At 1 April 2016	19,473	67,661	12,862	15,815	115,811

**9. Tangible fixed assets (continued)**

Company	Leasehold improvements £	Computer hardware £	Computer software £	Office equipment £	Total £
<b>Cost</b>					
At 1 April 2016	19,473	98,652	17,568	18,106	153,799
Additions	432,194	154,939	10,171	85,945	683,249
Disposals	-	(4,523)	(265)	(5,402)	(10,190)
Transfer of assets	-	-	-	(13,126)	(13,126)
At 31 March 2017	451,667	249,068	27,474	85,523	813,732
<b>Depreciation</b>					
At 1 April 2016	-	30,991	4,706	2,291	37,988
Charge for the period	70,025	51,778	4,805	14,963	141,571
On disposals	-	(1,889)	(265)	(1,771)	(3,925)
Transfer of assets	-	-	-	(2,100)	(2,100)
At 31 March 2017	70,025	80,880	9,246	13,383	173,534
<b>Net book value</b>					
At 31 March 2017	381,642	168,188	18,228	72,140	640,198
At 1 April 2016	19,473	67,661	12,862	15,815	115,811

On 17 June 2016, a subsidiary in Australia was incorporated and on 1 August 2016 the trade and net assets of the Australian branch were transferred to the new subsidiary. The results of the branch up to 31 July 2016 are included within the Company results, and the results of the subsidiary from 1 August 2016 are included within the Group results.

**10. Fixed asset investments**

Group	Investment in associates £	Total £
<b>Cost</b>		
At 1 April 2016	-	-
Additions	40,271	40,271
At 31 March 2017	40,271	40,271
<b>Share of retained (losses)</b>		
At 1 April 2016	-	-
(Loss) for the year	(27,026)	(27,026)
At 31 March 2017	(27,026)	(27,026)
<b>Impairment</b>		
At 1 April 2016	-	-
Charge for the year	13,245	13,245
At 31 March 2017	13,245	13,245
<b>Net book value</b>		
At 31 March 2017	-	-
At 1 April 2016	-	-

**Interests in associates**

At 31 March 2017 the Group had interests in the following associates:

Associates	Type of shares held	Proportion held (%)	Country of incorporation	Registered office	Nature of business
Be Applied Limited	Preference	50	United Kingdom	4 Matthew Parker Street, London, SW1H 9NP, UK	Product & service development

Be Applied Limited ('Applied') was incorporated on 16 May 2016 and was initially a wholly-owned subsidiary of the Group. On 20 December 2016, there was a restructuring of Applied's shareholding which resulted in the Group losing control and therefore at the year end, the Group considered Applied an associate.

**10. Fixed asset investments (continued)**

The disposal is analysed as follows:

**Net assets disposed of:**

Creditors	(59,730)
Gain on disposal	59,730
Consideration	-

As part of the restructuring of Applied's shareholding, the Group disposed of 50% of the net assets for £Nil consideration.

The profit attributable to the Group includes losses of £119,460 incurred by Applied up to its date of disposal on 20 December 2016.

Company	Investment in subsidiaries £	Total £
<b>Cost</b>		
At 1 April 2016	135,093	135,093
Additions	1	1
At 31 March 2017	135,094	135,094
<b>Net book value</b>		
At 31 March 2017	135,094	135,094
At 1 April 2016	135,093	135,093

**10. Fixed asset investments (continued)**

**Interests in subsidiaries**

At 31 March 2017 the Group had interests in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Registered office	Nature of business
Behavioural Insights Trustee Company Ltd	Ordinary	100	United Kingdom	4 Matthew Parker Street, London, SW1H 9NP, UK	Employee benefits
Behavioural Insights (US) Inc.	Ordinary	100	United States of America	2 MetroTech Center 9th Floor Brooklyn, NY 11201	Consultancy
Behavioural Insights Ventures Ltd	Ordinary	100	United Kingdom	4 Matthew Parker Street, London, SW1H 9NP, UK	Product & service development
Behavioural Insights (Singapore) Pte Ltd	Ordinary	100	Singapore	75 High St, 179435, Singapore	Consultancy
ACN 613 066 541 Pty Ltd trading under Behavioural Insights (Australia)	Ordinary	100	Australia	123 Pitt St, Sydney NSW, 2000, Australia	Consultancy
Behavioural Insights (New Zealand ) Limited	Ordinary	100	New Zealand	4 Graham Street, Auckland, 1140, New Zealand	Consultancy

**11. Debtors**

	2017	Group		Company
	2016	2017	2016	2017
	£	£	£	£
Trade debtors	2,460,132	1,872,778	1,897,930	1,783,149
Prepayments and accrued income	1,049,193	734,753	768,091	731,047
Other debtors	157,369	92,560	122,114	92,525
Amounts owed by group undertakings	-	-	1,099,721	500,811
Deferred tax asset	43,525	41,755	20,973	20,973
	3,710,219	2,741,846	3,908,829	3,128,505

All amounts shown under debtors for Group and Company fall due within one year except the deferred tax asset recognised in respect of timing differences.

**12. Current asset investments**

	2017	Group	2017	Company
	£	2016	£	2016
		£		£
Fixed term cash deposits	1,888,331	2,084,070	1,846,578	2,084,070
	1,888,331	2,084,070	1,846,578	2,084,070

Current asset investments comprise of fixed term cash deposits with fixed interest rates which mature within 12 months of the balance sheet date.

In the prior year financial statements the Group's fixed term deposit accounts of £2,084,070 were incorrectly classified as cash rather than as short term investments. The fixed term deposits should have been classified as short term investments as they had a long maturity of more than three months from the date of acquisition.

Additionally, in the prior year financial statements, the Company's fixed term deposit accounts of £2,084,070 were incorrectly presented as assets belonging to a subsidiary within the Group. It has been identified since the year end that these deposit accounts are held in the name of the Company not the subsidiary.

For further details, refer to the accounting policy 'Reclassification of prior year balances' within note 1.

**13. Creditors**

**Amounts falling due within one year**

	2017	Group	2017	Company
		2016		2016
Trade creditors	250,494	306,185	202,565	301,739
Corporation tax	7,046	193,059	-	120,387
Social security and other taxes	262,881	467,721	156,376	467,721
Accruals and deferred income	3,396,665	2,684,466	1,447,841	1,167,284
Other creditors	137,206	73,413	117,648	71,644
Amounts owed to group undertakings	-	-	1,996,555	2,155,793
	4,054,292	3,724,844	3,920,985	4,284,568

Included within social security and other taxes due within one year is an amount of £8,184 (2016 - £Nil) (SGD 14,225 (2016 - SGD Nil)) in respect of Singaporean GST which is secured against a deposit of SGD 20,000.



**Behavioural Insights Ltd**  
**Notes to the financial statements (continued)**  
**Year ended 31 March 2017**

**14. Creditors**

*Amounts falling due after more than one year*

	<b>2017</b>	<b>Group 2016</b>	<b>2017</b>	<b>Company 2016</b>
Accruals and deferred income	198,611	1,739,045	175,490	194,589
	<u>198,611</u>	<u>1,739,045</u>	<u>175,490</u>	<u>194,589</u>

During the previous year, the Group provided for the expected cost of the BITE scheme, a long-term cash-based scheme which enables employees to share in the profits generated by the Group. In the previous year, the Group also created an accrual for the allocation of Group profits due to the EBT.

**15. Provisions for liabilities**

<b>Group</b>	<b>Deferred tax (note 6) £</b>	<b>Dilapidations provision £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2016	-	-	-
Charged to profit or loss	3,394	22,050	25,444
At 31 March 2017	<u>3,394</u>	<u>22,050</u>	<u>25,444</u>
<b>Company</b>		<b>Dilapidations provision £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2016		-	-
Charged to profit or loss		22,050	22,050
At 31 March 2017		<u>22,050</u>	<u>22,050</u>

**Behavioural Insights Ltd**  
**Notes to the financial statements (continued)**  
**Year ended 31 March 2017**

**16. Called up share capital**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
3,500 Ordinary A shares of £0.01 each	35	35
3,000 Ordinary B shares of £0.01 each	30	30
3,500 Ordinary C shares of £0.01 each	35	35
	<u>100</u>	<u>100</u>

The A, B and C Ordinary shares have the same rights and privileges save that no dividend shall be paid to the B and C Ordinary shareholders within three years of the 4 February 2014 unless such dividend is made in contemplation of the Company being wound up for any reason other than insolvency.

**17. Shares held by Employee Benefit Trust (EBT)**

The EBT was established at the time the parent company commenced trading. The EBT has a corporate trustee, Behavioural Insights Trustee Company Ltd. During the year, the Directors of the trustee Company were Peter Holmes, Janet Baker and Helen Goulden. The EBT has been established to hold shares for the benefit of the employees of the Group. As at 31 March 2017 2,250 (2016 - 2,250) Ordinary C shares of £0.01 were held by the EBT which were purchased for consideration of £10 per share (giving rise to share premium of £9.99 per share).

**18. Commitments under operating leases**

The Group and the Company had future minimum lease payments under non-cancellable operating leases as at the balance sheet date as set out below:

	<b>2017</b>	<b>Group 2016</b>	<b>2017</b>	<b>Company 2016</b>
Within one year	595,970	-	456,078	-
In two to five years	1,406,060	-	1,401,598	-
In over five years	-	-	-	-
	<u>2,002,030</u>	<u>-</u>	<u>1,857,676</u>	<u>-</u>

### **19. Related party transactions**

The following transactions took place between the Group and Nesta, one of the joint controlling shareholders of the Group.

	2017	2016
	£	£
Income received from Nesta	236,856	240,638
Purchases of goods and services from Nesta	(27,510)	453,888

At 31 March 2017 there was an amount receivable of £121,355 (2016 - £457) owed from Nesta.

In addition to the paid for goods and services the Group and Company received accommodation and support services from Nesta valued at £Nil (2016 - £47,000). The Group also received a contribution from Nesta of £Nil (2016 - £280,500) in lieu of accommodation.

The following transactions took place between the Group and Be Applied Ltd ('Applied'), an associate of the Group.

	2017	2016
	£	£
Purchases of goods and services from Applied	9,630	-

At 31 March 2017 there was an amount receivable of £83,624 (2016 - £Nil) owed from Applied.

The Group has taken advantage of section 33.1A of FRS 102 and has not included transactions between members of the group, where the subsidiaries involved are all wholly owned.

### **Key management personnel**

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. The number of key management personnel increased in 2016/17 in line with organisational growth and global expansion. Total remuneration in respect of these individuals is £897,433 (2016 - £602,827) for the year.

### **20. Statement of ultimate controlling party**

In the opinion of the Directors, there is no ultimate controlling party of Behavioural Insights Ltd.