

Company registration number: 3341743

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

SMITH INSTITUTE
(A Company Limited by
Guarantee)

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SATURDAY



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SMITH INSTITUTE
(A Company Limited by Guarantee)

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(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	Mr G.N. Hobbs Dr R.A. Leese Mr D.J. Miller Prof N. Peake (resigned 31 December 2018) Dr B.G. Smith (resigned 1 May 2018) Dr H. Tewkesbury Dr L.A. Wallen Dr R.C. Whelan
Company secretary	Mr G. N. Hobbs (appointed 24 July 2018)
Registered number	3341743
Registered office	92 Park Street Camberley Surrey GU15 3NY
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Victoria House 50-58 Victoria Road Farnborough Hampshire GU14 7PG
Bankers	Barclays Bank Plc 34-36 Victoria Road Farnborough Hants GU14 7YJ

SMITH INSTITUTE

(A Company Limited by Guarantee)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' 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 the Directors have elected to prepare the financial statements in accordance with 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'. 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Directors

The Directors who served during the year were:

Mr G.N. Hobbs
Dr R.A. Leese
Mr D.J. Miller
Prof N. Peake (resigned 31 December 2018)
Dr B.G. Smth (resigned 1 May 2018)
Dr H. Tewkesbury
Dr L.A. Wallen
Dr R.C. Whelan

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMITH INSTITUTE
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

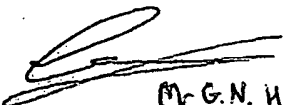
Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the directors and signed on its behalf.

Director

Date:


Mr G. N. Hobbs

28/11/2019

SMITH INSTITUTE
(A Company Limited by Guarantee)

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH INSTITUTE

Opinion

We have audited the financial statements of Smith Institute (the 'company') for the year ended 31 March 2019, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SMITH INSTITUTE
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH
INSTITUTE (CONTINUED)**

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITH
INSTITUTE (CONTINUED)

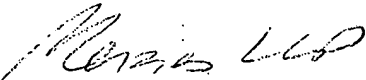
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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 Auditors' 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.


Roberto Lobue FCA (Senior Statutory Auditor)
for and on behalf of
Menzies LLP
Chartered Accountants
Statutory Auditor
Victoria House
50-58 Victoria Road
Farnborough
Hampshire
GU14 7PG
Date: 13/12/19

SMITH INSTITUTE
(A Company Limited by Guarantee)

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover		1,792,551	1,600,661
Cost of sales		(1,451,108)	(1,300,226)
Gross profit		341,443	300,435
Administrative expenses		(323,554)	(332,739)
Operating profit/(loss)		17,889	(32,304)
Interest receivable and similar income		5,105	2,246
Net pension interest expenses		(12,860)	(13,354)
Profit/(loss) before tax		10,134	(43,412)
Tax on profit/(loss)		156	11,168
Profit/(loss) for the financial year		10,290	(32,244)

The notes on pages 10 to 17 form part of these financial statements.

SMITH INSTITUTE
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Profit/(loss) for the financial year		10,290	(32,244)
Other comprehensive income			
Pension deficit movement		(307,922)	11,033
Other comprehensive (loss) / income for the year		(307,922)	11,033
Total comprehensive (loss) / income for the year		(297,632)	(21,211)

The notes on pages 10 to 17 form part of these financial statements.

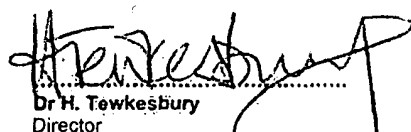
SMITH INSTITUTE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 3341743

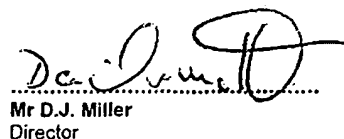
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	56,072	26,175
		<u>56,072</u>	<u>26,175</u>
Current assets			
Debtors: amounts falling due within one year	5	542,871	474,957
Cash at bank and in hand		1,318,612	1,294,236
		<u>1,861,483</u>	<u>1,769,193</u>
Creditors: amounts falling due within one year	6	(368,752)	(269,715)
Net current assets		<u>1,492,731</u>	<u>1,499,478</u>
Net assets excluding pension liability		<u>1,548,803</u>	<u>1,525,653</u>
Pension liability		<u>(607,724)</u>	<u>(286,942)</u>
Net assets including pension deficit		<u>941,079</u>	<u>1,238,711</u>
Capital and reserves			
Profit and loss account		941,079	1,238,711
		<u>941,079</u>	<u>1,238,711</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the directors and were signed on its behalf on 28/11/2019


 Dr H. Tewkesbury
 Director


 Mr D.J. Miller
 Director

The notes on pages 10 to 17 form part of these financial statements.

SMITH INSTITUTE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Smith Institute is a private company limited by guarantee, registered in England and Wales. The address of its registered office is 92 Park Street, Camberley, Surrey, GU15 3NY.

The principal activity of the company during the year comprised promoting and undertaking research and technical services in the fields of industrial mathematics and system engineering.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 20 - 33.3% straight line.
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

2.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.5 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SMITH INSTITUTE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.7 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Pensions

The company participates in the Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The company is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the institution therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

2.9 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.10 Taxation

Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

2.11 Research and development

Research and development expenditure is written off in the year in which it is incurred.

SMITH INSTITUTE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3. Employees

The average monthly number of employees, including directors, during the year was 24 (2018 - 26).

4. Tangible fixed assets

	Fixtures, Fittings and IT £
Cost or valuation	
At 1 April 2018	50,215
Additions	54,114
At 31 March 2019	<u>104,329</u>
Depreciation	
At 1 April 2018	24,040
Charge for the year on owned assets	24,217
At 31 March 2019	<u>48,257</u>
Net book value	
At 31 March 2019	<u>56,072</u>
At 31 March 2018	<u>26,175</u>

5. Debtors

	2019 £	2018 £
Trade debtors	308,174	267,946
Other debtors	1,799	9,028
Prepayments and accrued income	21,622	13,001
Amounts recoverable on long term contracts	211,276	184,982
	<u>542,871</u>	<u>474,957</u>

SMITH INSTITUTE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

6. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Other taxation and social security	90,786	80,701
Accruals and deferred income	277,966	189,014
	368,752	269,715

7. Company status

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

SMITH INSTITUTE

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Pension commitments

The total cost charged to the Income Statement and the Statement of Comprehensive Income is £477,808 (2018: £156,427).

The latest available complete actuarial valuation of the Retirement Income Builder is at 31 March 2017 (the valuation date), which was carried out using the projected unit method. A valuation as at 31 March 2018 is underway but not yet complete.

Since the company cannot identify its share of USS Retirement Income Builder assets and liabilities, the following disclosures reflect those relevant for those assets and liabilities as a whole.

The 2017 valuation was the fourth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £60.0 billion and the value of the scheme's technical provisions was £67.5 billion indicating a shortfall of £7.5 billion and a funding ratio of 89%.

The key financial assumptions used in the 2017 valuation are described below. More detail is set out in the Statement of Funding Principles.

Pension increases (CPI)	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves, less 1.3% p.a.
Discount rate (forward rates)	Years 1-10: CPI – 0.53% reducing linearly to CPI – 1.32% Years 11-20: CPI + 2.56% reducing linearly to CPI + 1.7% by year 21 Years 21 + : CPI + 1.7%

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	2017 valuation Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% pa for males and 1.6% pa for females

The current life expectancies on retirement at age 65 are:

	2019	2018
Males currently aged 65 (years)	24.6	24.5
Females currently aged 65 (years)	26.1	26.0
Males currently aged 45 (years)	26.6	26.5
Females currently aged 45 (years)	27.9	27.8

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. Pension commitments (continued)

A new deficit recovery plan was put in place as part of the 2017 valuation, which requires payment of 5% of salaries over the period 1 April 2020 to 30 June 2034. The 2019 pension liability provision reflects this plan. The provision figures have been produced using the following assumptions as at 31 March 2018 and 2019.

	2019	2018
Discount rate	2.44%	2.64%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.11%	2.02%

Pension fund deficit

The new deficit recovery plan put in place as part of the 2017 valuation shows a substantial increase in unfunded liabilities, a portion of which is allocated to Smith Institute according on the number of staff in the scheme, future recruitment plans and possible future salary increases. The result shows an increase from our last pension deficit provision of £286,942 to an amount of £607,724 an increase of £320,782, broken down as net pension interest expense of £12,860 in the Income Statement and the pension deficit of £307,922 in the Statement of Comprehensive Income.

This pension deficit amount in accordance with FRS 102 flows through the 'Statement of Income and Retained Earnings' even though it was not incurred just in that year but has accumulated over many years, recently increasing due to low bond yields and other technical assumptions.

The 2017 pension scheme valuation shows an increased substantial deficit to the pension fund and although this does not have an immediate effect on cash, Smith Institute will be liable to an increased pension contribution going forward.

Following the publication of the Universities Superannuation scheme deficit recovery plan on 16 September 2019 we would draw your attention to the post balance sheet event on note 11.

9. Commitments under operating leases

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	7,900	29,256
	<u>7,900</u>	<u>29,256</u>

10. Related party transactions

The Directors consider there to be no controlling party.

During the year, Gordon & Co., a business owned by Dr B.G. Smith, invoiced the company £750 (2018: £14,256) with respect to office facilities made available to the company. Dr B.G. Smith was a Director of the company.

During the year the company was charged £24,684 (2018: £42,633) by Mr D. Miller for accountancy services. Mr D Miller is a Director of the company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. Post balance sheet events

Full details of the USS pension scheme are detailed in Notes 2.8 and 8, all this information being based on the latest information from USS derived out of the '2017 Valuation' as available at 31st March 2019. Prior to these accounts being approved and signed by Directors, USS published an update based on the '2018 Valuation'. This later valuation has now been approved by the Pension Trustees and the Pension Regulator.

The 2018 Valuation entails updated financial and demographic assumptions and a new Deficit Recovery Plan. Under current accounting standards, the 2018 Valuation represents a non-adjusting event after the end of this reporting period and therefore its effects have not been recognised in these financial statements however an estimate of its financial effect were it to be included has been disclosed below:

- The USS pension deficit for the Smith Institute would reduce from £607,724, shown in these accounts at page 9, down to £397,654.
- The USS pension deficit movement on page 8 would reduce from -£307,992 to -£97,922.
- The Capital and reserves shown in the 'Statement of Financial Position', page 9, would increase from £941,079 to £1,151,149.
- The Operating profit would be unaffected, and remains at £17,889 as shown on page 7.
- The Profit before tax would be unaffected and remains at £10,143 as shown on page 7.
- The Profit would be unaffected and remains at £10,290 as shown on page 7.
- The Total comprehensive loss for the year on page 8 would reduce from £297,632 to £87,562.