Registered number: 03341743

SMITH INSTITUTE

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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COMPANY INFORMATION

Directors	Prof. M B Giles Dr. L O Hazelden (resigned 5 May 2023) Mr G N Hobbs Dr. R A Leese Ms. T A Lucas Ms. R A Dalton Dr. H Tewkesbury Dr. L A Wallen
Company secretary	Mr G.N. Hobbs
Registered number	03341743
Registered office	1 Minster Court Tuscam Way Camberley Surrey GU15 3YY
Independent auditor	Crowe U.K. LLP Aquis House 49 - 51 Blagrave Street Reading Berkshire RG1 1PL
Bankers	Barclays Bank PLC Aldermore Bank PLC

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Summary

The Smith Institute is creating a positive and visible impact on the environment, economy and society through the application of advanced mathematical, data science and AI techniques.

This financial year saw strengthened relationships with major customers in energy, telecommunications, transport, fast-moving consumer goods, defence and security.

We are helping to secure a sustainable future with Net Zero emissions, ensure nuclear reactors continue to operate safely, and mitigate risks arising from climate change.

Governance

The Smith Institute is an independent Company Limited by Guarantee. We do not distribute profits and instead reinvest in our business, enabling us to grow. Our Board has a majority of non-executive Directors to provide a high level of scrutiny and challenge. Our Board of Directors is ultimately responsible for the success of the company.

Customers

This Financial Year saw an increase in our work in key markets of Energy and Telecommunications. We also maintained our position in Transport, Fast Moving Consumer Goods and Security. Across our customers in business and government we recognise a common need to understand incredibly complex systems and to generate robust evidence to support decision-making. We do this using advanced mathematics, data science, analytics and explainable AI as the most rigorous approaches we can present to our customers.

Our relationships with customers are built on trust. Our project teams work closely with our customers and are supported by direct access to senior stakeholders, which demonstrates the importance of our work to our customers.

Capabilities

We specialise in the technical areas of optimisation, forecasting, AI and algorithm auditing. Within each of these areas we are constantly developing new methods to address our customers' needs. The mentoring provided to our staff through our Scientific Board keeps us abreast of academic research and we embrace partnerships through our extended networks where we all benefit.

Our investment in innovation this year has led to new background IP and projects with customers. We will be continuing our investment into FY23-24 to be prepared for the future challenges that our customers face. Our investment programme helps us to identify new markets, customers and deliverables as part of our strategic intent to grow.

Our Team

This Financial Year our staff numbers increased by 6%. 45% of our staff, 57% of our Executive Group and 43% of our Board members as of May 2023 identify as female. Enabling diversity of thought and expertise is important to us. We have continued to be able to attract exceptional people through our recruitment programme, at all levels from Apprentices to Directors.

Our whole team of Staff, Directors, and our Scientific Board help to shape the future of our business. We value creativity, motivation, support, integrity, pace and clarity.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Working environment

Our staff have the option of remote, hybrid or office working. We have retained flexibility in working hours for all and have been rewarded by incredible staff loyalty and commitment. We have also introduced enhanced bereavement and dependency leave and offer a generous pension scheme to staff.

We are ISO9001:2015 accredited and hold Cyber Essentials Plus, enabling us to maintain quality and security of our systems.

Financials

Our main customers this year continued to be in sectors representing critical infrastructure which continued apace even during the pandemic, resulting in a revenue of £2.92m. We recorded a profit before our innovation work of £152k. Our investment this year in innovation work is expected to return future positive cashflows and accelerated profit, in addition to more qualitative benefits to the business of creativity in problem solving. This investment led to a loss before tax of £18k. We are investing in our future capability and have the reserves to weather business turbulence as it arises.

Our exposure to the USS pension deficit is now limited as all new recruits are offered a more flexible Defined Contributions scheme. Our strong cash balance is more than sufficient to meet our liability.

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 judgments 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:

Prof. M B Giles
Dr. L O Hazelden (resigned 5 May 2023)
Mr G N Hobbs
Dr. R A Leese

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Ms. T A Lucas
Ms. R A Dalton
Dr. H Tewkesbury
Dr. L A Wallen

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 board on 19th July 2023 and signed on its behalf.

Mr G N Hobbs
Director

INDEPENDENT AUDITOR'S 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 2023, which comprise the statement of comprehensive income, the balance sheet 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 2023 and of its loss 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 Auditor's 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out 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.

Auditor's 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 Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context for the Company were the Companies Act 2006 and the accounting standard FRS 102. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the recognition of income, specifically the accuracy of accrued and deferred income as well as the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, substantive testing of income, deferred income and accrued income, cut off, sample testing on the posting of journals and reviewing accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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 Auditor's report.

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

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 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.

Janette Joyce (senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Aquis House
49 - 51 Blagrave Street
Reading
Berkshire
RG1 1PL
Date: 31 July 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Turnover	**2,921,903**	*3,062,126*
Cost of sales	**(2,606,412)**	*(2,275,394)*
Gross profit	**315,491**	*786,732*
Administrative expenses	**(307,480)**	*(324,185)*
Operating profit	**8,011**	*462,547*
Movement on pension liability	**(14,350)**	*(31,947)*
(Loss)/profit on ordinary activities before interest	**(6,339)**	*430,600*
Interest receivable and similar income	**12,283**	*(341)*
Interest payable and similar expenses	**(23,659)**	*(20,134)*
(Loss)/profit before tax	**(17,715)**	*410,125*
Tax on (loss)/profit	**2,324**	*(54,020)*
(Loss)/profit for the financial year	**(15,391)**	*356,105*
Other comprehensive income for the year		
Total comprehensive income for the year	**(15,391)**	*356,105*

The notes on pages 10 to 19 form part of these financial statements.

SMITH INSTITUTE
REGISTERED NUMBER: 03341743

BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	5		**31,574**		*47,747*
			31,574		*47,747*
Current assets					
Debtors: amounts falling due after more than one year	6	**24,000**		*24,000*	
Debtors: amounts falling due within one year	6	**1,007,787**		*925,591*	
Cash at bank and in hand	8	**2,462,662**		*2,686,185*	
		3,494,449		*3,635,776*	
Creditors: amounts falling due within one year	9	**(649,275)**		*(749,150)*	
Net current assets			**2,845,174**		*2,886,626*
Total assets less current liabilities			**2,876,748**		*2,934,373*
Pension liability	10		**(457,585)**		*(499,819)*
Net assets			**2,419,163**		*2,434,554*
Capital and reserves					
Profit and loss account			**2,419,163**		*2,434,554*
			2,419,163		*2,434,554*

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 board and were signed on its behalf on 19 July 2023.

H Tewkesbury

Dr. H Tewkesbury
Director

R A Dalton

Ms. R A Dalton
Director

The notes on pages 10 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Smith Institute is a private company, limited by guarantee, and registered and domiciled in England and Wales. The company's registered number is 03341743. The registered office is 1 Minster Court, Tuscam Way, Camberley, Surrey, GU15 3YY. The principal place of business is Willow Court, West Way, Minns Business Park, Oxford, OX2 0JB.

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 following principal accounting policies have been applied:

2.2 Going concern

In their assessment of going concern the directors have considered the impact on the business as a result of current economic uncertainties. This has not had an on-going impact on the company's operations due to the agility of the business. At the date of approval of these financial statements, the company has cash resources and no expected requirement for external funding.

The directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future and that the going concern basis of accounting is appropriate in preparing the annual financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2. Accounting policies (continued)

2.4 Revenue

Revenue represents amounts recoverable from customers for the provision of services during the year. It 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.

Income arising from fixed fee assignments is recognised based on the degree of completion of the relevant service which is assessed on the basis of time spent. Where income is dependent on the occurrence of a critical event, no income is recognised until that event has occurred and the recovery of income is assured.

Amounts recoverable from customer assignments in excess of amounts billed are included as accrued income in receivables. Amounts invoiced to customers in excess of the income arising are included as deferred income in current liabilities.

2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to profit or loss 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.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to profit or loss 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.

2.8 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 company 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 company has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the company recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore a positive or negative movement is recognised. I

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.11 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.

2. Accounting policies (continued)

2.11 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:

Fixtures, fittings and IT equipment	-	20 - 33.3%

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 profit or loss.

2.12 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price.

2.15 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 profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 balance sheet.

2. Accounting policies (continued)

2.16 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, directors are required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The calculation of the pension reserve provision has relied on the actuary's overall view of the funding of the scheme and Smith Institute's assumptions on future salary costs and the most appropriate discount rate to be applied. Variations in these estimates could lead to a significant change in the provision.

4. Employees

The average monthly number of employees, including directors, during the year was 48 *(2022 - 45)*.

5. Tangible fixed assets

	Fixtures, fittings and IT equipment £
Cost or valuation	
At 1 April 2022	**162,250**
Additions	**6,499**
At 31 March 2023	**168,749**
Depreciation	
At 1 April 2022	**114,503**
Charge for the year on owned assets	**22,672**
At 31 March 2023	**137,175**
Net book value	
At 31 March 2023	**31,574**
At 31 March 2022	*47,747*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Debtors

	2023 £	2022 £
Due after more than one year		
Other debtors	**24,000**	*24,000*
	24,000	*24,000*

	2023 £	2022 £
Due within one year		
Trade debtors	**501,042**	*610,050*
Other debtors	**1,814**	*36*
Prepayments and accrued income	**39,034**	*38,961*
Amounts recoverable on long-term contracts	**349,242**	*162,213*
Tax recoverable	**7,560**	-
Deferred taxation	**109,095**	*114,331*
	1,007,787	*925,591*

7. Deferred taxation

	2023 £
At beginning of year	**114,331**
Charged to profit or loss	**(5,236)**
At end of year	**109,095**

The deferred tax asset is made up as follows:

	2023 £	2022 £
Fixed asset timing differences	**(7,546)**	*(11,589)*
Short term timing differences	**116,641**	*125,920*
	109,095	*114,331*

8. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	**2,462,662**	*2,686,185*
	2,462,662	*2,686,185*

9. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	**442**	-
Corporation tax	-	*89,423*
Other taxation and social security	**158,530**	*144,606*
Other creditors	**37,785**	*20,886*
Accruals and deferred income	**452,518**	*494,235*
	649,275	*749,150*

10. Pension commitments

The costs charged to the Statement of Comprehensive Income are:

	2023	*2022*
	£	£
- interest in the form of discount unwind	23,659	*20,134*
- movement in pension liability	14,350	*31,947*
	38,009	*52,081*

As at the year end, the latest complete actuarial valuation of the Retirement Income Builder section of scheme was at 31 March 2020 (the valuation date), which was carried out using the projected unit method.

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 2020 valuation was the sixth 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 £66.5 billion and the valuation of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 82.6%.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles.

Market derived price inflation	In line with the difference between fixed interest & index-linked yield curves
Inflation Risk Premium (IRP)	0.0% p.a.
Price Inflation (RPI)	Market derived price inflation less IRP
RPI/CPI gap	1.1% p.a.
Price inflation (CPI)	RPI less RPI/CPI gap
Pension increases in payment	CPI assumption + 5 bps (for both pre and post 2011 benefits)
Discount rate:	Fixed interest gilt yield curve plus: Pre-retirement: with anticipated benefit reform 2.75% Without anticipated benefit reform Post-retirement: 1.0%

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 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

The current life expectancies on retirement at age 65 are:	101% of S2PMA "light" for males and 95% of SD3PFA for females

10. Pension commitments (continued)

Pension fund deficit

The deficit recovery plan put in place as part of the 2020 valuation shows substantial unfunded liabilities, 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.

This pension movement amount in accordance with FRS 102 flows through the statement of comprehensive income even though it was not incurred just in that year but has accumulated over many years.

Entry to the Universities Superannuation Scheme closed in 2022 and a new defined contribution scheme, the Smart Pension Scheme was opened. All new staff are auto-enrolled in the new scheme.

11. Commitments under operating leases

At 31 March 2023 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	*2022*
	£	*£*
Not later than 1 year	**40,000**	*40,000*
Later than 1 year and not later than 5 years	**227,804**	*13,333*
Later than 5 years	**77,989**	-
	345,793	*53,333*

12. Related party transactions

During the year, the company has paid £3k to Dr B G Smith as a fee for his office as President and Founder.