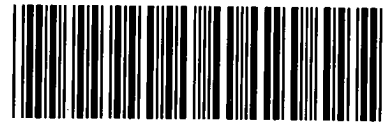


**Behavioural Insights Ltd**

**Report and Financial Statements**  
Year ended 31 March 2022

Company Number 08567792 (England and Wales)

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**Behavioural Insights Ltd**  
General Information  
**Year ended 31 March 2022**

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<b>Directors</b>	Ravi Gurumurthy (Chairman) Edward Richards (Non-Executive Director) David Halpern (Chief Executive Officer) Aisling Ni Chonaire (Employee Representative Director)
<b>Registered office</b>	4 Matthew Parker Street London SW1H 9NP
<b>Registered number</b>	08567792
<b>Independent auditor</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD
<b>Principal Bankers</b>	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

### ***Chairman's message***

I have great pleasure in presenting 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 2022, as we continue to focus on achieving social impact via the application of behavioural science to real world policy problems.

### **UK**

#### **Public Health**

In 2021/22 we continued to work on many important issues in public health at both a local and international level, including:

- Providing expert advice on obesity prevention, including developing and evaluating strategies to tackle obesity in the UK, working with DHSC, Nesta, and Impact on Urban Health.
- Building on our previous work encouraging uptake of vaccinations, delivering interventions in a range of different countries and contexts including COVID-19 and childhood immunisation.
- Supporting frontline healthcare services in the UK with the NHS and internationally, including expanding our work on reducing burnout in clinicians.
- Growing our work in key policy areas such as mental health and global health, for example launching a project to increase the uptake of mental health services in older adults.

#### **Education**

We continue to support learner outcomes from the early years through to adult education. We completed three trials looking at how to improve the impact of the National Tutoring Programme, the government's flagship support programme for students. We completed a multi-year project on interventions to increase gender balance in computing. We supported children in the early years by testing messages to encourage parents to spend more time talking to their children, as this improves speech and language development. We supported schoolteachers by identifying interventions to increase engagement with early career mentoring schemes. Finally, in the post-16 education space, we explored effective forms of career support for disadvantaged young people and investigated ways to improve apprenticeship diversity.

#### **Consumer and Economic Policy**

In September 2021 we kicked off a multi-year Gambling Policy and Research Unit, designed to discover, test and scale ways to reduce gambling-related harm across the UK. In the first few months, we have run a series of online experiments showing how changes to features on gambling sites can help people make better choices and manage their money, and we have produced evidence reviews for policymakers on the effectiveness of gambling management tools such as deposit limits. We also published our report for the Centre for Data Ethics and Innovation on *Active Online Choices*, showcasing the results of experiments on how to empower users of online platforms to make informed decisions about how their data is handled online.

We are wrapping up the final stages of our multi-year Financial Capability Lab, funded by the Money and Pensions Service, including a trial with a large employer on how to boost payroll savings. We are increasingly looking at how to 'green' the financial services sector and produced a report on *Greening Pensions: a Behavioural Perspective*.

We have continued working with BEIS on designing interventions and trials to improve business productivity, in particular via the take-up of business support programmes such as Help to Grow.

### **Equality, Diversity and Inclusion**

We have built on the findings of our large-scale Gender and Behavioural Insights programme, expanding our work into different aspects of equality, diversity and inclusion. This includes work on sexual orientation disclosure in recruitment and how to reduce age bias in the workplace. We have just kicked off a programme of work funded by the JPMorgan Chase Foundation on supporting low-skills, low pay women to progress.

### **Environment & Sustainability**

We continued to rapidly expand our work on Environment & Sustainability in a key year for the UK as host of COP 26. This included work with central government on behavioural drivers of green choices, working with Gumtree on what drives sustainable purchasing and working with Sky on how we can nudge viewers to decarbonise their lifestyles. We have continued to work closely with BEIS under a multi-project framework to deliver high priority behavioural research to underpin the government's overarching Net Zero strategy. We have also worked closely with Nesta on developing new insights on how to decarbonise household heating.

### **Home Affairs & Security**

In Home Affairs & Security, we've continued to address complex policy issues, from violence against women and girls to disinformation, and generate further evidence across policing and crime prevention, including:

- Launching a randomised controlled trial across 30,000 households, evaluating an intervention seeking to reduce vehicle crime
- Wrapping up a 5-year research programme with a UK police force that spanned eight priority areas and included randomised controlled trials across cybersecurity, mobile phone theft and alcohol-related crime
- Completing an assessment of the viability of evaluating a "Navigator" intervention in hospitals to address violence. This evaluation would assess the intervention across five distinct sites, creating an exemplar for evaluating small-scale interventions across multiple sites, which can be particularly challenging.

### **Local Government & Communities**

In 2021/2022 we worked with government departments (including the Ministry of Housing, Communities and Local Government and the Home Office), devolved administrations (Wales and Northern Ireland) and combined and local authorities to provide expert advice and behavioural research.

As evaluation partner for the Home Office Trusted Relationships Fund, we will be completing a four-year evaluation of the programme this year. This project aims to develop evidence for 'what works' in fostering positive and protective relationships to reduce Child Sexual and Criminal Exploitation. The final report will present findings from programme delivery across 11 local authorities for practitioners, commissioners and policy makers.

We worked with several local authorities to expand the application of behavioural science to local services across a range of policy areas, including a project with Salford City Council to support their early intervention efforts to improve community safety for children and families. In addition, we worked with Bristol City Council on Adult Social Care payments, the London Borough of Merton on reducing air pollution, and with Stockport Council to encourage employers to offer placements to young people not in employment, education or training.

We continue to build our relationship with Northern Irish and Welsh devolved administrations, including a project with the Welsh Government to support their campaign to increase civic engagement among 16-17 year olds in Wales.

### **International Development**

In 2021/2022 our international development team resumed travel to visit partners and undertake fieldwork in low- and middle-income countries, including running a BI academy in Ghana and a field visit to Nigeria with our partners. Most of our projects were still delivered remotely following the adjustments we made to continue delivering this portfolio of work during the pandemic to a high standard. Noteworthy projects around the world this year include:

- In Nigeria, we are working with a philanthropic foundation to deliver three series of capacity building workshops (behaviour mapping, power mapping and solution identification) to support approximately 30 civil society organisations working in the anti-corruption space. In the second phase of this program, we are directly providing technical assistance to take 5 organisations through a full TESTS project applying behavioural insights to tackle corruption.
- In Argentina, we worked with a local government and a tech platform to design a chatbot to encourage people to get their second, third and fourth COVID-19 vaccinations, which will be launched and tested later in 2022.
- In Bangladesh, we completed a large-scale randomised controlled trial in the field with a local partner to evaluate interventions to increase the uptake of public handwashing stations to reduce COVID-19 and other disease transmission. We found that “high labour-intensity” interventions (active promotion, the provision of free hand soap and facemasks, and a community message board) increased station usage in the short-term by 15 percent.
- In Kenya, we completed two evaluations of behavioural interventions to encourage uptake of sexual and reproductive health services by adolescent girls. A randomised controlled trial tested variations in behavioural framings of SMS messages on uptake of services and we used a quasi-experimental methodology (difference in difference) to test the impact of framing of incentives on uptake of services.
- In the Middle East, we worked with UNDP Arab States to build 10 Country Office’s capacities in applying behavioural insights to develop solutions to tackle the barriers preventing women and young people from engaging in entrepreneurship. In the UAE, we started work on a behavioural strategy for reducing food waste across the food value chain and the design of a pilot to encourage this behaviour among consumers.
- In North East Nigeria, as part of our involvement in the UK Government-funded Smart Peace programme we completed and published the results of the evaluation of a radio programme that reintegrates former child soldiers and wrote a guide to applying behavioural insights to dialogue facilitation in violent conflict settings.
- In Uganda, Tanzania and Ethiopia, we worked with the International Rescue Committee, War Child Holland and Plan International to prototype and pilot interventions to support learning through play in refugee and host communities. Our collaboration combined our partners on-the ground presence and knowledge of the context and our methods expertise and allowed us to continue intervention development while COVID-19 restricted travel.

### **Research, Experimentation & Evaluation**

This year we progressed and bedded in the restructuring of our research functions across the EMEA region. We have moved to having distributed functions for evaluation and data science.

The big focus for the research team has been the continued growth of online experimentation capacity in our online experimentation platform Predictiv. In this financial year we ran 73 experiments – a record for one year – and expanded this key capability to other offices while standardising our approach and improving efficiency. This has helped us deliver a suite of high-impact online experiments relating to COVID and other priority policy areas such as climate change that we will continue to build on, as well as increasing the technical capabilities of Predictiv.

### **Research, Experimentation & Evaluation (continued)**

We continue to deliver high-quality evaluation projects for a range of funders and continue to innovate in how we approach and think about conducting evaluations. Staff turnover during the year gave us the opportunity to review our senior research team and following this process appointed new heads of quantitative and qualitative methods.

Notable projects have been novel work on developing tools for the creation of synthetic data, wrapping up work on the causal relationship between school exclusion and youth custody, and work on the nature and impact of hate crime.

### **Product Development**

For BITx, our product development team, this year has been about supporting our teams to develop new ideas for projects, including for the National Tutoring Programme. With regards to data science, we have shifted our focus towards developing a closer integration of data science techniques with the application of behavioural insights and will continue to expand on ideas in this space in the coming year.

### **AUSTRALIA**

In Australia, we have worked with a range of Government partners to drive impact on issues ranging from reducing sludge and panic buying, to supporting the uptake of green technology and improving gender equality and community wellbeing. We are also supporting government agencies in adjusting to a series of COVID-related challenges, for example supporting people to return safely to workplaces.

We continue to build the BI capability of our partners and have also increased our focus on scaling successful interventions. For example, we partnered with a local university to scale up the delivery of low-cost interventions to improve student wellbeing and are working with a national charity to roll out the delivery of a program to improve the ethical behaviour of young people online.

In the coming financial year, we will explore further the possibility of opening up a not for profit entity in the region in order for us to work with philanthropic and grant funding institutions to address long term and complex issues.

### **FRANCE**

The last year has seen our France office continue to grow at a fast pace, going from 5 members of staff in April 2021 to 10 in April 2022. The team has continued to work on high impact initiatives with the central government, including:

- Concluding a national-scale project where we developed and tested a nudge to remove barriers to the labour market for disabled jobseekers. This intervention has doubled applications from disabled jobseekers for firms who adopted it.
- Leading two initiatives to improve the process leading to rental eviction, including by i) designing a new official form to be used by all social workers to ensure the process is more equal across France, and now ii) working on improving communications to encourage people facing eviction to present themselves at their audience.
- Launched a project to encourage and help GPs identify victims of violence amongst their female patients.

This year we also won a major new multi-year contract that will give us a key role in public policy in France as we became the sole behavioural sciences advisor to France's public health agency Santé Publique France. Initial projects have seen us working on the design of sexual education policy and mental health promotion.

## **NEW ZEALAND**

We have transitioned our New Zealand work program to being delivered from our Sydney office and are wrapping up our team on the ground in Wellington. Over the past year, we completed work on improving recycling, case management in the justice system, and a number of COVID-related health projects.

## **NORTH, CENTRAL & LATIN AMERICA & THE CARIBBEAN**

In 2021/22, BIT Americas has continued to expand its work into new areas.

First, we formally expanded our work beyond the US and Canada to create “BIT Americas”, reflecting our work across North, Central and Latin America, as well as the Caribbean. This change reflected the growing geographic range of our work and the increased capacity we have in terms of Spanish language capabilities. Our strategic goal is to move towards more locally hired staff, in order to ensure we are tailoring our work to local contexts and avoid an inefficient ‘fly-in, fly-out’ model.

At the same time, and in line with our strategic objectives, we have focused on expanding our work at the US Federal government level, with the launch of a major program of work relating to increasing labour market participation and reducing unemployment.

Finally, we have made a strategic commitment to the Sustainability and Decarbonization agenda by hiring a senior lead for this agenda, Dr Marcos Pelenur, who has both expertise in the policy area and past experience at BIT.

These developments complement our continued work in established areas. 2021/22 saw a new phase in our work with Bloomberg Philanthropies with the launch of the City Data Alliance, which aims to help cities to advance their data practices to improve resident outcomes. 100 cities from North and South America will receive specialised training, expert coaching, and an advanced executive education program.

Our portfolio of private sector projects continues to evolve. We have taken advantage of BIT’s global presence to work with several multinational companies across various locations to achieve social impact goals. We have also hired a new lead for this portfolio, Scott Young, who brings decades of market research experience to our team.

Our Canadian practice, which was established in 2019, continues to grow and generate impact. Among 19 projects conducted this year, the team has published pioneering thinking on the transformation of employment services, supported the Clerk of the Privy Council’s Call to Action on Anti-Racism in the Public Service, and helped low-income families access government benefits. A particularly innovative project saw BIT Canada develop a simulated investment platform to see how various ‘gamification’ tactics might influence investor behaviour – a critical issue in consumer financial protection globally.

## **SINGAPORE**

Our work in Singapore continues to both broaden and deepen. We have worked with a range of Government partners on issues ranging from water conservation to mental health, and with non-Government partners on topics ranging from improving compliance in major financial institutions, to supporting help-seeking among domestic workers. We also expanded our partnership with the Singapore Civil Service College to build BI capability across the public sector, including providing BI training to 250 public officers. Over the past year, we have also stepped up our work in the wider APAC region, supporting work in Indonesia, Bangladesh, India, Malaysia, Japan, Samoa and the Solomon Islands. This work has covered topics ranging from improving hand hygiene and gender justice to financial behaviours and COVID-19 response. We plan to continue the expansion of the international team reporting into the Singapore hub, including exploring growth opportunities in India and Indonesia.

### ***Financial review***

Revenues for the year amounted to £22.5m (2021 - £21.1m) of which £10.0m (2021 - £8.7m) is from work carried out by the overseas offices. Group considers revenue growth to be a key performance indicator and strong revenue levels to be a key commercial success factor. The 2021/22 revenue of £22.5m represented 7% growth driven by a continued increase in demand in overseas offices, particularly France which operated for its first full year of trading (see details on individual offices on pages 6-7 of the Directors' Report). Another key performance indicator for the Group is profit margin; excluding the impact of the change in shareholding during the year (see 'Change in Shareholding' section below) the Group delivered an adjusted pre-tax margin of 3% (2021 - 11%). The group margin reduced from 11% to 3% as a result of investment in areas of strategic focus (e.g., international expansion) and revenue growth being slower than anticipated.

### ***Change in shareholding***

On 10 December 2021, Nesta, a joint controlling shareholder, purchased all remaining shares in BIT and became the 100% owner of the Group on that date. This transaction resulted in a distribution to employees, being beneficiaries of the Employee Benefits Trust, which prior to the transaction, held 27.5% of shares in the Group. These amounts have been separately disclosed as "Share based remuneration and related payroll costs" (£5.8m) in the Consolidated Statement of Comprehensive Income in order to aid users of the accounts to understand the impact of this transaction. A further £0.7m was distributed to employees on behalf of the EBT, these expenses are included within Administrative Expenses within the Statement of Comprehensive Income. The total impact in the Consolidated Statement of Comprehensive Income in the year is £6.5m.

Our principal operational costs continue to relate to the employment of our staff. These are set out in detail in note 5 to the accounts.

A strong financial performance across 2020/2021 enabled us to declare and pay to our shareholders dividends of £116.20 per ordinary share during the year.

### ***Risk Management Activities***

The Group maintains a Risk Assessment Framework which it uses to identify and prioritise (based on impact and likelihood of occurrence) risk, identify mitigations and track trends. The Risk Assessment Framework is updated on a quarterly basis and reviewed by the Risk Evaluation Group (which comprises of the Group's Finance Director, General Counsel, HR Director, Managing Director and Chief Executive Officer) who in turn provide quarterly updates to the Audit Committee who challenge and validate the key risks identified. The level of risk is compared to the Board's risk appetite to determine whether the level and nature of the response is appropriate.

### ***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 categorised list is not intended to be exhaustive, and the ordering of the risks is not an indication of exposure.

#### **Coronavirus pandemic (COVID-19) and going concern**

Whilst no longer the primary risk that the Group faces, the effects of the COVID-19 pandemic remain a concern. The Group's priorities since the start of the pandemic have been the safety of employees, the delivery of excellent work for clients, maintaining close controls on costs and the preservation of cash.

As a result of the actions taken in the previous financial year, and the ongoing monitoring of future sales, profit and cash levels, management has assessed the situation and has prepared cashflow forecasts through to March 2024, and has concluded that the business remains a going concern.

Commercial, financial and operational

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

- Pricing: Optimal rate-cards achieved with clients;
- Sales mix: Achieving the right balance of higher-margin and higher-social impact (and possibly lower margin) work;
- Resource allocation: Achieving utilisation targets;
- Project management: Accurate project planning and limiting project over-runs; and
- 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 2021/22 and will continue to do so in 2022/23.

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;

- Strengthening our employee engagement, as more fully described in "Employee involvement" on page 13 of the Directors' Report;
- An annual survey (including a diversity survey) is undertaken to measure staff engagement and identify any areas for further management attention;
- We undertake succession planning process and report on this to the Remuneration Committee to ensure there are clear successors for all business-critical leadership roles and associated risks are proactively managed; and
- The Group conducts periodic salary benchmarking to ensure remuneration is competitive across all markets and levels with additional ad-hoc recognition and reward programmes.

General

The consultancy market in which we operate is very competitive. 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. 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;

**General (continued)**

- The Group seeks to rapidly respond to any activity that may impact its ability to grow the business and competitor activity is monitored, enabling strategic decision making; and
- The Group continually seeks to improve its Research and Development capability (see “Research, Experimentation & Evaluation” on page 5 and “Product development” on page 6 of this 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.

The war in Ukraine has not had any material impact on the Group’s business or risk levels in the year.

**Regulatory and legal**

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 three person legal team in the UK and a Senior Legal Counsel in the US to advise on legal issues and developments, and to monitor compliance with formal regulatory requirements. Where appropriate, this expertise is supplemented by specialist external support relevant to a specific discipline or jurisdiction. The Company’s paralegal undertakes regular horizon scanning of any changes to, or new, legislation and, together with external legal advisers, assist the Group in developing appropriate responses to such legislation.

Pursuant to its obligations under the General Data Protection Regulation (GDPR), the Group has appointed its General Counsel as the Data Protection Officer (DPO), who reports directly to the Board. The General Counsel is accredited by the International Association of Privacy Professionals as Certified Information Privacy Manager and Certified Information Privacy Professional (Europe). The IT team continues to enhance the Group’s data security to keep pace with increasing threats and BIT continues to maintain Cyber Essentials Plus Certification (a certification developed as part of the UK’s National Cyber Security Programme) and ran a cyber security training programme for employees during the year.

Given the nature of our work, as an organisation we hold a large amount of personal data and we have made, and will continue to make, significant investments across the Group to ensure we comply with the requirements of GDPR in Europe, and any other relevant legislation globally.

**Approval**

This Strategic Report was approved by order of the Board of Directors on 04 October 2022 and signed on its behalf by



**Ravi Gurumurthy**

Chairman

The Directors present their report together with the financial statements for the year ended 31 March 2022.

***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:

Ravi Gurumurthy, Chairman (appointed 10 December 2021)  
Sir John Gieve, Non-Executive Director (appointed 10 December 2021 and resigned on 31 July 2022)  
David Halpern, Chief Executive Officer  
Janet Baker, Non-Executive Director (resigned 10 December 2021)  
Nathan Elstub, Non-Executive Director (resigned 26 May 2021)  
Trevor Richards, Non-Executive Director (appointed 26 May 2021 and resigned on 31 March 2022)  
Elisabeth Costa, Managing Director (resigned 24 May 2022)  
Robert Taylor, Chairman (resigned 10 December 2021)  
Ian West, Finance Director (resigned 10 December 2021)

Post year end, the following appointments were made:

Edward Richards, Non-Executive Director (appointed 25 April 2022)  
Aisling Ni Chonaire, Employee Representative Director (appointed 24 May 2022)

***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.

***Committee membership during the period 1 April 2021 to 10 December 2021***

Janet Baker was the Chairman of both the Remuneration and Appointments Committee and the Audit Committee, and the other members of the Remuneration and Appointments Committee were Nathan Elstub (up to 26 May 2021) Trevor Richards (from 26 May 2021) and Robert Taylor. The other member of the Audit Committee was Nathan Elstub (up to 26 May 2021) and Trevor Richards (from 26 May 2021). All members were Non-Executive Directors.

***Committee membership during the period 10 December 2021 to 31 March 2022***

Ravi Gurumurthy was the Chairman of the Remuneration and Appointments Committee, and the other member of the Remuneration and Appointments Committee was David Halpern. Ian Gomes (a Nesta Trustee) was Chairman of the Audit Committee, and the other member of the Audit Committee was Ravi Gurumurthy.

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; 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 Risk Evaluation Group and its activities; and
- 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***

<b>Director</b>	<b>Board (Maximum 12)</b>	<b>Audit Committee (Maximum 3)<sup>(1)</sup></b>	<b>Remuneration and Appointments Committee (Maximum 2)<sup>(1)</sup></b>
Janet Baker <sup>(2)</sup>	7/12	2/3	1/2
Elisabeth Costa	12/12	0/3	1/2
Nathan Elstub <sup>(3)</sup>	1/12	0/3	0/2
John Gieve <sup>(4)</sup>	3/12	0/3	1/2
Ravi Gurumurthy <sup>(5)</sup>	5/12	1/3	1/2
David Halpern	12/12	1/3	2/2
Trevor Richards <sup>(6)</sup>	11/12	3/3	1/2
Robert Taylor <sup>(7)</sup>	7/12	0/3	1/2
Ian West <sup>(8)</sup>	7/12	2/3	0/2

When Directors have not been able to attend meetings due to conflicts in their schedule, they receive and read the papers for consideration at that meeting and have the opportunity to relay their comments in advance, and if necessary, follow up with the relevant Chairman of the meeting.

<sup>(1)</sup> Elisabeth Costa, John Gieve, David Halpern, Robert Taylor and Ian West were not members of the Audit Committee - attendance by invitation only. Elisabeth Costa, John Gieve, and Ian West were not members of the Remuneration and Appointments Committee - attendance by invitation only.

<sup>(2)</sup> Janet Baker resigned from office on 10 December 2021 but attended all meetings during the period for which she was in office.

<sup>(3)</sup> Nathan Elstub resigned from office on 26 May 2021 but attended all meetings during the period for which he was in office.

<sup>(4)</sup> John Gieve was appointed on 10 December 2021 and has attended 3 of the 5 meetings during the period for which he has been in office.

<sup>(5)</sup> Ravi Gurumurthy was appointed on 10 December 2021 and has attended all meetings during the period for which he has been in office.

<sup>(6)</sup> Trevor Richards was appointed on 26 May 2021 and has attended all meetings during the period for which he has been in office.

<sup>(7)</sup> Robert Taylor resigned from office on 10 December 2021 but attended all meetings during the period for which he was in office.

<sup>(8)</sup> Ian West resigned from office on 10 December 2021 but attended all meetings during the period for which he was in office.

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

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

### ***Dividends***

Dividends of £Nil (2021 - £842,450) were declared post year end to all shareholders.

### ***Financial risk management***

Details of financial risks posed to the Group and how these are identified, mitigated and monitored are included within the Strategic Report.

### ***Future developments***

Information on likely future developments in the business of the Group has been included in the Strategic Report on pages 3 to 10.

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

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

### ***Existence of subsidiaries of the Company outside of the United Kingdom***

The Group continues to service its US and Canadian clients through its subsidiary companies in New York, USA and Toronto, Canada, to deliver contracts with clients in the Asia Pacific region through its subsidiaries based in Australia, Singapore, and New Zealand and to deliver services to French clients through its subsidiary based in Paris, France.

### ***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's intranet "Norm" is also a valuable platform for knowledge sharing. 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 feedback to their line manager.

Up until 10 December 2021 the Employee Benefit Trust ("EBT") held 27.5% of shares in the Company and acted on behalf of employees. As part of the agreement of its sale of its shares to Nesta, the EBT secured a commitment from Nesta to maintain an employee representative Director on the Board of the Company up until 10 December 2024.

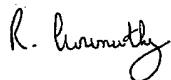
### ***Auditors***

All 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 04 October 2022 and signed on its behalf by



**Ravi Gurumurthy**  
Chairman

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

The Directors are responsible for preparing the Strategic report, 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 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; and
- 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

***Opinion on the financial statements***

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Behavioural Insights Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, and notes to the financial statements, 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).

***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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Independence***

We are independent of the of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

***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 Group's and Parent 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.

***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 auditor's 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. 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.

***Other Companies Act 2006 reporting***

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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

***Responsibilities of Directors***

As explained more fully in the Directors' Responsibilities Statement, 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 Group's and the Parent 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 Group or the Parent 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.

***Extent to which the audit was capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud.
- We considered the Group's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law as it applies to Limited Companies and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Group's financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of the Directors as to the risks of non-compliance and any instances thereof.
- We addressed the risks of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.
- We sample tested revenue transactions during the year to supporting documentation to ensure revenue was appropriately recognised in terms of UK GAAP and tested unusual journals posted to revenue to identify any evidence of fraud or management override.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Behavioural Insights Ltd**

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

**Year ended 31 March 2022**

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***Use of our report***

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
143AC2A42F624CC...

**Mark Hutton (Senior Statutory Auditor)**

For and on behalf of BDO LLP, Statutory Auditor  
Guildford, UK

Date: 06 October 2022

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 2022**

	<b>Notes</b>	<b>Year ended 31 March 2022 £</b>	<b>Year ended 31 March 2021 £</b>
<b>Turnover</b>	<b>2</b>	<b>22,518,547</b>	<b>21,100,696</b>
Cost of sales		(14,753,884)	(12,720,738)
<b>Gross profit</b>		<b>7,764,663</b>	<b>8,379,958</b>
Administrative expenses		(8,004,635)	(6,938,006)
Share based remuneration and related payroll costs	19	(5,812,628)	-
Other operating income	3	216,221	821,313
<b>Operating (loss)/ profit<sup>1</sup></b>	<b>4</b>	<b>(5,836,379)</b>	<b>2,263,265</b>
Interest receivable and similar income		381	1,505
Interest payable and similar charges		(5,043)	-
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(5,841,041)</b>	<b>2,264,770</b>
Taxation on profit on ordinary activities	7	1,269,683	(328,648)
<b>(Loss)/profit for the financial year</b>		<b>(4,571,358)</b>	<b>1,936,122</b>
Exchange differences on retranslation of subsidiary undertakings		63,509	(132,749)
<b>Total other comprehensive gain/(loss)</b>		<b>63,509</b>	<b>(132,749)</b>
<b>Total comprehensive income for the year</b>		<b>(4,507,849)</b>	<b>1,803,373</b>

The notes on pages 27 to 44 form part of these financial statements.

<sup>1</sup> This includes one-off costs related to payments made to employees on behalf of the EBT in the year of £6,511,744. Stripping these costs out gives a group operating profit of £675,365.

**Behavioural Insights Ltd**  
Consolidated Statement of Financial Position  
**Year ended 31 March 2022**  
Company registration number 08567792

	Notes	2022	2021
		£	£
<b>Fixed assets</b>			
Tangible assets	9	458,945	323,180
Investments	10	40,323	40,323
		<u>499,268</u>	<u>363,503</u>
<b>Current assets</b>			
Debtors	11	10,555,444	8,387,846
Investments		-	10,205
Cash at bank		2,357,910	4,418,932
		<u>12,913,354</u>	<u>12,816,983</u>
<b>Creditors: amounts falling due within one year</b>	12	(6,600,294)	(5,937,827)
<b>Net current assets</b>		<u>6,313,060</u>	<u>6,879,156</u>
<b>Total assets less current liabilities</b>		6,812,328	7,242,659
<b>Creditors: amounts falling due after more than one year</b>	13	(187,958)	(390,038)
Provisions for liabilities	14	(176,104)	(144,481)
<b>Net assets</b>		<u>6,448,266</u>	<u>6,708,140</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Share premium account		64,935	64,935
Shares held by Employee Benefit Trust	16	-	(22,505)
Profit and loss account		6,383,231	6,665,610
		<u>6,448,266</u>	<u>6,708,140</u>

The notes on pages 27 to 44 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 04 October 2022.

**Ravi Gurumurthy**  
Chairman




**Behavioural Insights Ltd**  
Company Statement of Financial Position  
**Year ended 31 March 2022**  
Company registration number 08567792

	Notes	2022	2021
		£	£
<b>Fixed assets</b>			
Tangible assets	9	309,915	200,359
Investments	10	1,599,725	471,752
		<u>1,909,640</u>	<u>672,111</u>
<b>Current assets</b>			
Debtors	11	9,428,584	6,111,517
Cash at bank		566,689	2,524,135
		<u>9,995,273</u>	<u>8,635,652</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,813,413)</u>	<u>(4,428,496)</u>
<b>Net current assets</b>		<u>4,181,860</u>	<u>4,207,156</u>
<b>Total assets less current liabilities</b>		6,091,500	4,879,267
<b>Creditors: amounts falling due after more than one year</b>	13	(187,958)	(130,872)
Provisions for liabilities	14	(161,929)	(127,890)
<b>Net assets</b>		<u>5,741,613</u>	<u>4,620,505</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Share premium account		64,935	64,935
Shares held by Employee Benefit Trust	16	-	(22,505)
Profit and loss account		5,676,578	4,577,975
		<u>5,741,613</u>	<u>4,620,505</u>

The notes on pages 27 to 44 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 loss for the year was £3,126,867 (2021 profit - £1,185,358). The parent company's operating loss for the year was £3,943,748<sup>2</sup> (2021 profit - £1,502,874).

These financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 04 October 2022.



**Ravi Gurumurthy**  
Chairman

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<sup>2</sup> This includes one-off costs related to payments made to employees on behalf of the EBT in the year of £4,541,712. Stripping these costs out gives a company operating profit of £597,964.

**Behavioural Insights Ltd**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 March 2022**

	Notes	2022 £	2021 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the financial year		(4,571,358)	1,936,122
Adjustments for:			
Depreciation of tangible assets		134,721	286,472
Loss on disposal of tangible fixed assets		4,747	5,074
Net fair value losses on options recognised in profit or loss		(684,285)	-
Interest received		(381)	(1,505)
Interest paid		5,043	-
Taxation expense		(1,269,683)	328,648
(Increase)/decrease in debtors		(883,268)	711,405
Increase/(decrease) in creditors		522,721	(125,236)
Foreign exchange		58,437	(126,802)
<b>Cash from operations</b>		<b>(6,683,306)</b>	<b>3,014,178</b>
Corporation tax paid		(244,459)	(268,298)
<b>Net cash flow (used in)/generated from operating activities</b>		<b>(6,927,765)</b>	<b>2,745,880</b>
<b>Investing activities</b>			
Interest received		381	1,505
Payments to acquire tangible fixed assets		(270,161)	(178,611)
Payments to acquire current asset investments		-	(10,205)
Receipts from maturity of current asset investments		10,205	9,730
Receipts from disposal of associate		-	-
<b>Net cash flow (used in) investing activities</b>		<b>(259,575)</b>	<b>(177,581)</b>
<b>Financing activities</b>			
Equity dividends paid		(842,450)	(872,175)
Interest paid		(5,043)	-
Receipts from disposal of shares		5,973,811	-
<b>Net cash flow from/(used in) financing activities</b>		<b>5,126,318</b>	<b>(872,175)</b>
(Decrease)/increase in cash and cash equivalents		(2,061,022)	1,696,124
Cash and cash equivalents at 1 April 2021	18	4,418,932	2,722,808
Cash and cash equivalents at 31 March 2022	18	2,357,910	4,418,932

**Behavioural Insights Ltd**  
**Consolidated Statement of Changes in Equity**  
**Year ended 31 March 2022**

	Called up share capital	Share premium	Shares held by Employee Benefit Trust	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	100	64,935	(22,505)	5,734,412	5,776,942
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,936,122	1,936,122
Other comprehensive income	-	-	-	(132,749)	(132,749)
Total comprehensive income for the year	-	-	-	1,803,373	1,803,373
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 8)	-	-	-	(872,175)	(872,175)
At 31 March 2021	100	64,935	(22,505)	6,665,610	6,708,140
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(4,571,358)	(4,571,358)
Sale of shares held by Employee Benefit Trust	-	-	22,505	(22,505)	-
Employee benefit share based payment (see note 19)	-	-	-	5,090,425	5,090,425
Other comprehensive income	-	-	-	63,509	63,509
Total comprehensive income for the year	-	-	22,505	560,071	582,576
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 8)	-	-	-	(842,450)	(842,450)
At 31 March 2022	100	64,935	-	6,383,231	6,448,266

**Behavioural Insights Ltd**  
**Company Statement of Changes in Equity**  
**Year ended 31 March 2022**

	Called up share capital	Share premium	Shares held by Employee Benefit Trust	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2020	100	64,935	(22,505)	4,264,792	4,307,322
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,185,358	1,185,358
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,185,358	1,185,358
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 8)	-	-	-	(872,175)	(872,175)
At 31 March 2021	100	64,935	(22,505)	4,577,975	4,620,505
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(3,126,867)	(3,126,867)
Sale of shares held by Employee Benefit Trust	-	-	22,505	(22,505)	-
Employee benefit share based payment (see note 19)	-	-	-	5,090,425	5,090,425
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	22,505	1,941,053	1,963,558
<b>Contributions by and distributions to owners</b>					
Equity dividends paid (see note 8)	-	-	-	(842,450)	(842,450)
At 31 March 2022	100	64,935	-	5,676,578	5,741,613

## **1. Accounting policies**

### **Company information**

Behavioural Insights Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4 Matthew Parker Street, 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. The judgements, estimates and assumptions made are detailed on page 28.

### **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; and
- 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.

### **Going concern**

At 31 March 2022, the Group held net assets of £6,448,266 (2021 - £6,708,140) and held no debt.

Although the Group recorded an operating loss in the year to 31 March 2022 of £(5,836,379) (2021 – operating profit £2,263,265) this includes one-off costs related to payments made to employees on behalf of the EBT in the year of £6,511,744. Stripping these costs out gives an operating profit of £675,365.

Additionally, the Group retains a satisfactory level of liquidity, with cash reserves of £2,357,910 (2021 - £4,418,932) held at the year end.

In terms of risk assessment, the Group reports on key profit, balance sheet and cashflow metrics to the board each month and performs a quarterly reforecast for the current financial year. The most recent (Q1) forecast for the financial year to 31 March 2023 predicts a profit for the year, continuing to build on the Group's already strong net asset and liquidity base.

The Group has sufficient cash reserves and has prepared cashflow forecasts through to March 2024 such that the Board is satisfied that the Group is able to operate as a going concern for the period of at least 12 months from the signature date of these accounts.

### **1. Accounting policies (continued)**

#### ***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 or estimates:

- 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 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.
- Determine the fair value of share options at grant date be charged to the profit or loss over the vesting period. The valuation considers both non-market and market vesting conditions.

#### ***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.

**1. Accounting policies (continued)**

**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 comprehensive 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.

**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.

**1. Accounting policies (continued)**

***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'. Other assets and liabilities of the EBT are recognised as assets and liabilities of the parent company. During the year, the shares held by the EBT were sold and the proceeds were distributed to the beneficiaries of the EBT which were recognised as share based payments in the P&L and directly in equity.

***Share-based payments***

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition. The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme). Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

***Financial instruments***

Financial assets and financial liabilities are initially measured at transaction price and subsequently held at amortised cost, less any impairment.

**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.
- Share reserve represents the unrealised fair value of the shares of the Company held by the employee benefit trust on behalf of its beneficiaries. As at 31 March 2022, all shares and options has been fully exercised so the reserve has been transferred to the profit and loss account.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**2. Turnover**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Analysis by geographical location:		
United Kingdom	10,417,823	10,602,226
Rest of Europe	1,775,360	902,827
Rest of the world	10,325,364	9,595,643
	<u>22,518,547</u>	<u>21,100,696</u>

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Analysis by category:		
Contract/project income	20,695,889	18,602,796
Grant income	1,822,658	2,497,900
	<u>22,518,547</u>	<u>21,100,696</u>

**3. Other operating income**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
COVID-related reliefs	149,282	817,485
Other operating income	66,939	3,828
	<u>216,221</u>	<u>821,313</u>

The amount recorded under 'COVID-related reliefs' comprises of government wage subsidies and business grants received in the APAC region.

#### **4. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	134,721	286,472
Loss on disposal of tangible fixed assets	4,747	5,074
Fees payable to the Company's auditor for the audit of the Company's annual accounts	52,788	36,460
Fees payable to the Company's auditor and its associates for other services:		
Taxation compliance services	76,370	46,883
Taxation advisory services	47,042	22,894
Other services	30,425	65,737
Difference on foreign exchange	56,681	51,188
Operating lease expense		
Property	955,779	849,220
Office equipment	8,589	10,619
Share based remuneration expense	5,090,426	-
Employer payroll costs related to share based remuneration	722,202	-
EBT bonus	699,116	-

As detailed in the Strategic Report on pages 5 & 6, 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 5. For more details on the share based remuneration expense and associated employer payroll costs see note 19.

#### **5. Staff costs**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>£</b>	<b>2021</b>	<b>£</b>	<b>2021</b>
		<b>£</b>		<b>£</b>
Wages and salaries	19,470,820	12,686,050	11,347,770	6,950,984
Social security costs	2,013,065	1,140,469	1,461,685	811,951
Other pension costs	928,891	750,492	480,145	439,370
	<u>22,412,776</u>	<u>14,577,011</u>	<u>13,289,600</u>	<u>8,202,305</u>

Included in the above figures is share based remuneration and associated employer payroll costs of:

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>£</b>	<b>2021</b>	<b>£</b>	<b>2021</b>
		<b>£</b>		<b>£</b>
Wages and salaries	5,090,426	-	3,962,453	-
Social security costs	680,925	-	579,259	-
Other pension costs	41,277	-	-	-
	<u>5,812,628</u>	<u>-</u>	<u>4,541,712</u>	<u>-</u>

#### **5. Staff costs (continued)**

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 £928,891 (2021 - £750,492). Contributions amounting to £75,397 (2021 - £52,270) were payable to the funds and are included in creditors.

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

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>Number</b>	<b>2021</b>	<b>Number</b>	<b>2021</b>
		<b>Number</b>		<b>Number</b>
Directors	3	3	3	3
Advisors	187	172	116	106
Operations	52	39	31	25
	<b>242</b>	<b>214</b>	<b>150</b>	<b>134</b>

#### **6. Directors' remuneration**

Remuneration in respect of the Group's Directors was as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Emoluments	376,376	410,192
Share based remuneration	277,204	-
Company contributions to defined contribution pension scheme	26,054	27,815

There were 4 (2021 – 4) directors in the Group's defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Emoluments	113,572	147,479
Share based remuneration	131,195	-
Company contributions to defined contribution pension scheme	7,842	10,247

**7. Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>UK corporation tax</b>		
Tax loss carried back	(629,155)	-
Current tax on profits for the year	-	302,979
Adjustments in respect of previous periods	-	-
(Under) provision of current year tax	155	-
	<u>(629,000)</u>	<u>302,979</u>
<b>Foreign tax</b>		
Current tax on foreign income for the year	31,479	32,523
Adjustments in respect of previous periods	(80,931)	(134,386)
Over provision of current year tax	-	-
Total current tax	<u>(678,452)</u>	<u>201,116</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(618,760)	43,003
Changes to tax rates	(45,599)	39,739
Adjustments in respect of prior periods	68,440	44,790
Over provision of deferred tax	4,688	-
Total deferred tax	<u>(591,231)</u>	<u>127,532</u>
Taxation on profit on ordinary activities	<u>(1,269,683)</u>	<u>328,648</u>

The tax assessed for the year is lower than (2021 – lower than) the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>(5,841,041)</u>	<u>2,264,770</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,109,798)	430,306
Effects of:		
Differences in foreign tax rates	(112,513)	5,274
Expenses not deductible for tax purposes	156,921	45,409
Tax deductible expenses not recognised in profit and loss	(93,118)	-
Income not taxable for tax purposes	(30,938)	(116,440)
Foreign tax credits	(7,228)	(13,326)
Adjustments in respect of prior periods	(12,491)	(89,596)
Deferred tax not recognised	(1,915)	35,695
Effect of change to tax rate on deferred tax balance	(52,605)	39,739
Other movements	(10,783)	(8,390)
Over/(under) provision of tax	4,785	(23)
Total tax charge for the year	<u>(1,269,683)</u>	<u>328,648</u>

**7. Taxation (continued)**

**Deferred tax**

The deferred tax included in the balance sheet is as follows:

	2022	2021
	£	£
Included in debtors (note 11)	773,046	177,990
Included in provisions for liabilities (note 14)	(2,790)	(6,131)
	<u>770,256</u>	<u>171,859</u>
	2022	2021
	£	£
Fixed asset timing differences	(72,633)	(33,735)
Short term timing differences	178,134	131,549
Losses and other deductions	664,754	74,045
	<u>770,255</u>	<u>171,859</u>
		£
At 1 April 2021		(171,859)
Deferred tax credit in Consolidated Statement of Comprehensive Income		(591,231)
Foreign exchange movement		(7,165)
At 31 March 2022		<u>(770,255)</u>

**8. Dividends**

	2022	2021
	£	£
Payable during the year of £116.20 (2021 - £120.30) per share	<u>842,450</u>	<u>872,175</u>
Declared post year end of £Nil (2021 - £116.20) per share	<u>-</u>	<u>842,450</u>

The EBT waived its right to the dividend in both current and prior years and instead staff receive a bonus through payroll.

**9. Tangible fixed assets**

Group	Leasehold improvements £	Computer hardware £	Computer software £	Office equipment £	Total £
<b>Cost</b>					
At 1 April 2021	557,800	419,006	245,995	127,836	1,350,637
Additions	15,889	155,737	98,350	186	270,162
Disposals	-	(8,314)	(20,266)	(19,929)	(48,509)
Foreign exchange movement	-	7,477	2,923	4,047	14,447
At 31 March 2022	573,689	573,906	327,002	112,140	1,586,737
<b>Depreciation</b>					
At 1 April 2021	526,759	276,086	121,845	102,767	1,027,457
Charge for the year	(38,476)	107,926	55,108	10,163	134,721
On disposals	-	(6,533)	(19,564)	(17,665)	(43,762)
Foreign exchange movement	-	4,618	1,038	3,720	9,376
At 31 March 2022	488,283	382,097	158,427	98,985	1,127,792
<b>Net book value</b>					
At 31 March 2022	85,406	191,809	168,575	13,155	458,945
At 1 April 2021	31,041	142,920	124,150	25,069	323,180

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

Company	Leasehold improvements £	Computer hardware £	Computer software £	Office equipment £	Total £
<b>Cost</b>					
At 1 April 2021	557,799	255,175	181,917	100,820	1,095,711
Additions	15,889	97,481	58,109	-	171,479
Disposals	-	-	(17,626)	-	(17,626)
At 31 March 2022	573,688	352,656	222,400	100,820	1,249,564
<b>Depreciation</b>					
At 1 April 2021	526,758	182,313	99,595	86,686	895,352
Charge for the year	(38,476)	56,013	35,870	8,501	61,907
On disposals	-	-	(17,610)	-	(17,610)
At 31 March 2022	488,282	238,326	117,855	95,186	939,649
<b>Net book value</b>					
At 31 March 2022	85,406	114,330	104,545	5,634	309,915
At 1 April 2021	31,041	72,862	82,322	14,134	200,359

**10. Fixed asset investments**

<b>Group</b>		<b>Other Investments £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2021		40,323	40,323
Additions		-	-
Disposals		-	-
At 31 March 2022		<u>40,323</u>	<u>40,323</u>
<b>Net book value</b>			
At 31 March 2022		<u>40,323</u>	<u>40,323</u>
At 1 April 2021		<u>40,323</u>	<u>40,323</u>
<b>Company</b>	<b>Investment in subsidiaries £</b>	<b>Other Investments £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2021	431,429	40,323	471,752
Additions	1,127,973	-	1,127,973
Disposals	-	-	-
At 31 March 2022	<u>1,559,402</u>	<u>40,323</u>	<u>1,599,725</u>
<b>Net book value</b>			
At 31 March 2022	<u>1,559,402</u>	<u>40,323</u>	<u>1,599,725</u>
At 1 April 2021	<u>431,429</u>	<u>40,323</u>	<u>471,752</u>

During the year, capital contributions were made from the parent company to subsidiaries totalling £1,127,973 (2021 - £Nil).

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

**Interests in subsidiaries**

At 31 March 2022, the Group had interests in the following subsidiaries:

<b>Subsidiaries</b>	<b>Type of shares held</b>	<b>Proportion held (%)</b>	<b>Country of incorporation</b>	<b>Registered office</b>	<b>Nature of business</b>
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	1 Dock 72 Way 7th Floor Brooklyn, NY 11205, USA	Consultancy
Behavioural Insights (Singapore) Pte Ltd	Ordinary	100	Singapore	9 Raffle Place, Level 4 Republic Plaza, 048619, Singapore	Consultancy
Behavioural Insights (Australia) Pty Ltd	Ordinary	100	Australia	Level 27, 123 Pitt St, Sydney NSW 2000, Australia	Consultancy
Behavioural Insights (New Zealand) Limited	Ordinary	100	New Zealand	4 Graham Street, Auckland, 1010, New Zealand	Consultancy
Behavioural Insights (Canada) Ltd	Ordinary	100	Canada	c/o WeWork, 240 Richmond St. W, Toronto, ON, M5V 1V6, Canada	Consultancy
Behavioural Insights (France) SAS	Ordinary	100	France	1 rue Favart, 75002, Paris, France	Consultancy

**11. Debtors**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
	<b>£</b>	<b>2021</b>	<b>£</b>	<b>2021</b>
		<b>£</b>		<b>£</b>
Trade debtors	5,062,687	4,215,968	3,890,836	2,839,740
Prepayments and accrued income	3,564,647	3,611,268	2,153,119	2,246,941
Other debtors	1,155,064	382,620	683,075	6,244
Amounts owed by group undertakings	-	-	2,511,554	1,017,092
Deferred tax asset	773,046	177,990	190,000	1,500
	<b>10,555,444</b>	<b>8,387,846</b>	<b>9,428,584</b>	<b>6,111,517</b>

All amounts shown under debtors for Group and Company fall due within one year except the Group deferred tax asset recognised in respect of timing differences and an amount for the Group of £39,730 (2021 - £37,966) being a rental bond held by a third party, included within other debtors. The deferred tax asset was recognised in respect of unused tax losses that are available for offset against future taxable profits of the subsidiary in which the losses arose and short-term timing differences arising on remuneration and other trading activity.

The impairment loss recognised in the Group profit or loss for the year in respect of bad and doubtful debtors was £6,563 (2021 - £29,778). The impairment loss recognised in the Company profit or loss for the year in respect of bad and doubtful debtors was £166,176 (2021 - £149,778).

**12. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
		<b>2021</b>		<b>2021</b>
Trade creditors	539,222	232,414	436,237	201,911
Corporation tax	28,250	258,061	-	228,179
Social security and other taxes	1,059,846	1,373,714	920,189	1,226,669
Accruals and deferred income	4,444,097	3,816,133	3,387,972	2,417,688
Other creditors	528,879	257,505	367,123	186,301
Amounts owed to group undertakings	-	-	701,892	167,748
	<b>6,600,294</b>	<b>5,937,827</b>	<b>5,813,413</b>	<b>4,428,496</b>

**13. Creditors: Amounts falling due after more than one year**

	<b>2022</b>	<b>Group</b>	<b>2022</b>	<b>Company</b>
		<b>2021</b>		<b>2021</b>
Social security and other taxes		26,636		-
Accruals and deferred income	187,958	363,402	187,958	130,872
	<b>187,958</b>	<b>390,038</b>	<b>187,958</b>	<b>130,872</b>

**14. Provisions for liabilities**

Group	Deferred tax (note 7) £	Dilapidations provision £	Total £
<b>Cost</b>			
At 1 April 2021	6,131	138,350	144,481
Charged to profit or loss	(3,341)	34,964	31,623
At 31 March 2022	<u>2,790</u>	<u>173,314</u>	<u>176,104</u>
<b>Company</b>		<b>Dilapidations provision £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2021		127,890	127,890
Charged to profit or loss		34,039	34,039
At 31 March 2022		<u>161,929</u>	<u>161,929</u>

The dilapidations provision has been recognised in respect of reinstatement costs on rental property occupied by the Group. The recognition of the provision is in accordance with the current length of terms on the lease agreement. The provision recognised for deferred tax relates to accelerated capital allowances and short-term timing differences arising on remuneration and other trading activity. The provision is expected to be substantially released within the next year at the end of the lease agreement.

**15. Called up share capital**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
3,000 Ordinary A shares of £0.01 each	-	30
3,000 Ordinary B shares of £0.01 each	-	30
4,000 Ordinary C shares of £0.01 each	-	40
10,000,000 Ordinary shares of £0.00001 each	100	-
	<u>100</u>	<u>100</u>

During the year, the 3,000 A, 3,000 B & 4,000 C Ordinary shares were subdivided into 3,000,000 A, 3,000,000 B and 4,000,000 C Ordinary shares respectively. Subsequently all existing share classes were redesignated as Ordinary shares. Before redesignation, the A, B and C Ordinary shares ranked pari passu in all respects.

#### **16. Shares held by Employee Benefit Trust (EBT)**

The EBT was established at the time the Company commenced trading. The EBT has a corporate trustee, Behavioural Insights Trustee Company Ltd (the "Trustee"). During the year, the Directors of the Trustee were Ruth Persian, Elisabeth Costa, Peter Hinchliffe (resigned 2 March 2022) and Sebastian Salomon-Ballada. The EBT was established to hold shares for the benefit of the employees of the Group. As at 31 March 2022 0 (2021 - 2,750 Ordinary C shares of £0.01) Ordinary shares of £0.00001 were held by the EBT as during the year the EBT sold its entire shareholding in the Company to Nesta.

#### **17. Financial instruments**

The Group and the Company's financial assets and liabilities are all recognised at amortised cost. No financial instruments are measured at fair value.

#### **18. Analysis of changes in net debt**

The Group's net debt position is as follows:

	<b>At Apr 1 2021</b>	<b>Cash flows</b>	<b>Other non- cash changes</b>	<b>At 31 Mar 2022</b>
Cash	4,418,932	(2,061,022)	-	2,357,910
	<u>4,418,932</u>	<u>(2,061,022)</u>	<u>-</u>	<u>2,357,910</u>

#### **19. Share based payments**

##### **Exit Only Options: equity settled share based payment**

In the year ended 31 March 2016, share options were granted to a number of employees. The options were only exercisable in the event of a Listing, a Share Sale (other than a Reorganisation) or an Asset Sale (together, being 'Exit Events'). Until 21/22, the probability of an Exit Event taking place was deemed to be remote and therefore no value has been assigned to these options in previous years. All options are deemed to be granted in the year ended 31 March 2022 as it was only in this financial year that the probability of an Exit Event became likely. The options vested on 3 February 2017 and 1 April 2018. During the year, an Exit Event occurred and therefore all the options became exercisable and were exercised. An EBITDA multiplier methodology, as enshrined in the original group shareholder purchase agreement, was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

	<b>Weighted average exercise price (pence) 2022</b>	<b>Number 2022</b>
Outstanding at 1 April 2021	-	-
Granted during the year	13	600,000
Exercised during the year	(13)	(600,000)
Outstanding at 31 March 2022	<u>-</u>	<u>-</u>

## 19. Share based payments (continued)

### Employee Distribution: equity settled share based payment

During the year, the Employee Benefit Trust sold its entire shareholding in Behavioural Insights Limited to Nesta. This transaction resulted in a distribution to employees which, for accounting purposes, has been considered an equity settled share based payment. The distribution was made to employees in various forms; options, shares and cash in lieu of shares. Where options were granted, they were granted and vested on 19 November 2021 and were exercised on completion of the sale for an exercise price of £Nil and the underlying shares were immediately sold to Nesta. Where shares were transferred, they were transferred to employees immediately before completion of the sale for £Nil consideration and sold immediately to Nesta. Where cash in lieu of shares was provided this was payable to employees at completion of the sale. The fair value of the options, shares and cash in lieu of shares has been deemed to be the cash consideration paid by Nesta of £2.20 per share.

	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at 1 April 2021	-	-
Granted during the year	-	2,150,000
Exercised during the year	-	(2,150,000)
Outstanding at 31 March 2022	-	-

The share-based remuneration expense comprises:

	2022 £	2021 £
Exit Only Options	477,168	-
Employee Distribution	4,613,258	-
Equity settled schemes	5,090,426	-
Employer payroll costs related to share based remuneration	722,202	-

## 20. 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:

	2022	Group 2021	2022	Company 2021
Within one year	850,484	873,713	550,961	454,385
In two to five years	102,367	142,912	100,277	75,616
	952,851	1,016,625	651,238	530,001

**21. Related party transactions**

At year end, the parent undertaking and ultimate controlling party of Behavioural Insights Ltd is Nesta. During the year Nesta acquired the shareholding the EBT held in the Company (see note 16).

The following transactions took place between the Group and Nesta, the parent undertaking of the Group.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Income received from Nesta	808,291	435,455
Purchases of goods and services from Nesta	(162,782)	(30,801)
Dividends payable to Nesta	(348,600)	(360,900)

At 31 March 2022 there was an amount payable of £(347,631) (2021 – receivable £14,105) owed to (2021 – from) Nesta.

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. Total remuneration in respect of these individuals is £1,873,169 (2021 - £1,143,653) for the year which includes share based remuneration of £711,004 (2021 - £Nil).

**Transactions with directors**

The director received dividends in aggregate on the same terms as the other shareholders of £87,150 (2021 - £90,225).

See note 6 for details of share based remuneration paid to directors during the year.