

Island Research LLP
Report And Financial Statements
31 December 2019

Rees Pollock
Chartered Accountants



MEMBERS' REPORT

For the Year Ended 31 December 2019

The members present their annual report together with the audited financial statements of Island Research LLP (the LLP) for the year ended 31 December 2019.

Principal activities

The principal object of the LLP is to provide software development, research and IT support.

Designated Members

G Edwards and R Harlow were designated members of the LLP throughout the year.

Members' capital and interests

Each member's subscription to the capital of the LLP is repayable following retirement from the LLP.

Details of changes in members' capital in the year ended 31 December 2019 are set out in the Reconciliation of members' interests.

Members are remunerated from the profits of the LLP and are required to make their own provision for pensions and other benefits. Profits are allocated and divided between members after finalisation of the financial statements. Members draw a proportion of their profit shares monthly during the year in which it is made, with the balance of profits being distributed after the year, subject to the cash requirements of the business.

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 LLP and of the profit or loss of the LLP for that period.

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

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

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008).

MEMBERS' REPORT (continued)
For the Year Ended 31 December 2019

They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are members at the time when this Members' report is approved has confirmed that:

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

Auditors

The auditors, Rees Pollock, have indicated their willingness to continue in office.

This report was approved by the members on 9 September 2020 and signed on their behalf by:



R Harlow
Designated member

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISLAND RESEARCH LLP

Opinion

We have audited the financial statements of Island Research LLP (the 'LLP') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Reconciliation of members' interests and the 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).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the Members' responsibilities statement on page 1, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Neal Desai (Senior statutory auditor)

for and on behalf of

Rees Pollock

Chartered Accountants
Statutory Auditors

35 New Bridge Street
London
EC4V 6BW

21 September 2020

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2019

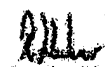
	Note	2019 £	2018 £
Turnover	4	288,528,461	215,017,450
Administrative expenses		(231,707,308)	(167,916,975)
OPERATING PROFIT	5	56,821,153	47,100,475
Interest receivable and similar income		16,365	7,040
Profit for the year before members' remuneration and profit shares		56,837,518	47,107,515
Members' remuneration charged as an expense		(3,330,000)	(3,475,000)
Profit for the financial year available for discretionary division among members		53,507,518	43,632,515

The notes on pages 9 to 13 form part of these financial statements.

BALANCE SHEET
As at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due within one year	8	82,979,906	59,863,875
Cash at bank and in hand		2,480,891	759,891
		<u>85,460,797</u>	<u>60,623,766</u>
Creditors: Amounts Falling Due Within One Year	9	(27,274)	(337,409)
Net current assets		<u>85,433,523</u>	<u>60,286,357</u>
Total assets less current liabilities		<u>85,433,523</u>	<u>60,286,357</u>
Net assets		<u><u>85,433,523</u></u>	<u><u>60,286,357</u></u>
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		190,000	210,000
Other amounts	10	85,243,523	60,076,357
		<u>85,433,523</u>	<u>60,286,357</u>
Total members' interests		<u><u>85,433,523</u></u>	<u><u>60,286,357</u></u>
Amounts due from members (included in debtors)	8	(68,577,220)	(45,265,645)
Loans and other debts due to members	10	85,433,523	60,286,357
		<u>16,856,303</u>	<u>15,020,712</u>

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 7 September 2020



R Harlow
Designated member

The notes on pages 9 to 13 form part of these financial statements.

RECONCILIATION OF MEMBERS' INTERESTS
For the Year Ended 31 December 2019

	EQUITY Members' other interests		DEBT Loans and other debts due to members less any amounts due from members in debtors			Total members' interests
	Other reserves £	Total £	Members' capital (classified as debt) £	Other amounts £	Total £	Total £
Balance at 1 January 2018	-	-	210,000	4,149,715	4,359,715	4,359,715
Members' remuneration charged as an expense	-	-	-	3,475,000	3,475,000	3,475,000
Profit for the year available for discretionary division among members	43,632,515	43,632,515	-	-	-	43,632,515
Members' interests after profit for the year	43,632,515	43,632,515	210,000	7,624,715	7,834,715	51,467,230
Allocated profit for the year	(43,632,515)	(43,632,515)	-	43,632,515	43,632,515	-
Drawings	-	-	-	(29,670,359)	(29,670,359)	(29,670,359)
Net due to corporate members for expenses incurred	-	-	-	(6,776,159)	(6,776,159)	(6,776,159)
Balance at 31 December 2018	-	-	210,000	14,810,712	15,020,712	15,020,712
Members' remuneration charged as an expense	-	-	-	3,330,000	3,330,000	3,330,000
Profit for the year available for discretionary division among members	53,507,518	53,507,518	-	-	-	53,507,518
Members' interests after profit for the year	53,507,518	53,507,518	210,000	18,140,712	18,350,712	71,858,230
Allocated profit for the year	(53,507,518)	(53,507,518)	-	53,507,518	53,507,518	-
Repayment of capital	-	-	(20,000)	-	(20,000)	(20,000)
Drawings	-	-	-	(48,128,182)	(48,128,182)	(48,128,182)
Repayment of loan	-	-	-	201,064	201,064	201,064
Interest accrued on loan	-	-	-	(6,276)	(6,276)	(6,276)
Net due to corporate members for expenses incurred	-	-	-	(7,048,533)	(7,048,533)	(7,048,533)
Balance at 31 December 2019	-	-	190,000	16,666,303	16,856,303	16,856,303

At 31 December 2019 amounts due to members included in other amounts was £85,243,523 (2018: £60,076,357; 2017: £30,483,668) and amounts due from members included in other amounts was £68,577,220 (2018: £45,265,645; 2017: £26,333,953).

The notes on pages 9 to 13 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	56,837,518	47,107,515
Adjustments for:		
Interest received	(16,365)	(7,040)
Decrease/(increase) in debtors	195,544	(14,540,886)
(Decrease) in creditors	(310,135)	(19,212,888)
Change in amount due to/from corporate members for expenses incurred	(7,048,533)	(6,776,159)
Payments to members relating to profit share	(48,128,182)	(29,120,361)
Net cash generated from operating activities before transactions with members	<u>1,529,847</u>	<u>(22,549,819)</u>
Cash flows from investing activities		
Interest received	10,089	7,040
Net cash from investing activities	<u>10,089</u>	<u>7,040</u>
Cash flows from financing activities		
Repayment of capital to members	(20,000)	-
Repayment/(drawdown) of loans by members	201,064	(549,998)
Net cash used in financing activities	<u>181,064</u>	<u>(549,998)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,721,000</u>	<u>(23,092,777)</u>
Cash and cash equivalents at beginning of year	759,891	23,852,668
Cash and cash equivalents at the end of year	<u><u>2,480,891</u></u>	<u><u>759,891</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u><u>2,480,891</u></u>	<u><u>759,891</u></u>

The notes on pages 9 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

1. General information

Island Research LLP is a limited liability partnership incorporated in the UK and registered in England and Wales.

The LLP's registered address is 5th Floor, Whittington House, Bloomsbury, London, WC1E 7EA.

The principal activity of the LLP is to provide software development, research and IT support.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

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

2.2 Going concern

After making enquiries and considering the impact of COVID-19, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for some time. Accordingly, the members continue to adopt the going concern basis in preparing the annual report and financial statements.

2.3 Turnover

Turnover comprises revenue recognised by the LLP in respect of services supplied, exclusive of value added tax.

2.4 Financial instruments

The LLP enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the LLP would receive for the asset if it were to be sold at the balance sheet date.

Financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Financial instruments (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2.5 Foreign currency translation

Functional and presentation currency

The LLP's functional and presentational currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using monthly exchange rates.

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

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the LLP's accounting policies:

Due to the straight forward nature of the business no critical judgements have been made in applying the LLP's accounting policies.

Key accounting estimates and assumptions:

There are no key accounting estimates or assumptions made that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4. Turnover

The whole of the turnover is attributable to the LLP's principal continuing activity.

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Auditors' remuneration - audit	8,000	8,000
Auditors' remuneration - non-audit services	7,500	5,000
Foreign exchange differences	11,433	14,543
	<u>11,433</u>	<u>14,543</u>

6. Staff costs

The entity has no employees.

7. Information in relation to members

	2019 Number	2018 Number
The average number of members during the year was	15	17
	<u>15</u>	<u>17</u>

	2019 £	2018 £
The amount of profit attributable to the member with the largest entitlement was	26,132,269	19,588,613
	<u>26,132,269</u>	<u>19,588,613</u>

8. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	14,402,255	14,579,280
Other debtors	431	18,950
Amounts due from members	68,577,220	45,265,645
	<u>82,979,906</u>	<u>59,863,875</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	14,278	-
Amounts owed to group undertakings	-	324,409
Accruals and deferred income	12,996	13,000
	<u>27,274</u>	<u>337,409</u>

10. Loans and other debts due to members

	2019 £	2018 £
Members' capital treated as debt	190,000	210,000
Other amounts due to members	85,243,523	60,076,357
	<u>85,433,523</u>	<u>60,286,357</u>

Loans and other debts due to members rank equally with debts due to ordinary creditors in the event of a winding up.

11. Analysis of Net Debt

	At 1 January 2019 £	Arising from cash flows £	At 31 December 2019 £
Cash at bank and in hand	759,891	1,721,000	2,480,891
Net debt (before members' debt)	<u>759,891</u>	<u>1,721,000</u>	<u>2,480,891</u>
<i>Loans and other debts due to members</i>			
Members' capital	(210,000)	20,000	(190,000)
Other amounts due to members	(60,076,357)	(25,167,166)	(85,243,523)
	<u>(59,526,466)</u>	<u>(23,426,166)</u>	<u>(82,952,632)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

12. Related party transactions

During the year, the LLP earned fees of £288,528,461 (2018: £215,017,450) from entities that are deemed related parties by virtue of common influence.

During the year, the LLP was charged expenses of £231,402,001 (2018: £167,593,065) by entities that are deemed related parties by virtue of common influence.

During the year, the LLP allocated trading profit for the year of £26,132,269 (2018: £19,588,613) to an entity that is deemed a related party by virtue of common influence.

At the balance sheet date, £82,979,475 (2018: £59,294,930) was due from entities that are deemed related parties by virtue of common influence. At the balance sheet date, £66,739,810 (2018: £43,707,527) was due to entities that are deemed related parties by virtue of common influence.

The amounts due to the LLP from related parties and amounts due from the LLP to related parties are interest free and have no fixed repayment date.

Key management personnel (all non-corporate members) have been allocated profit for the year of £30,705,249 (2018: £27,518,902).

13. Subsequent events

The full impact and duration of the COVID-19 pandemic is unknown and the consequences are difficult to project. The LLP's disaster recovery plan proved effective and the LLP continues to operate at a high level of efficiency via remote working. The LLP can, if necessary, continue to operate in this manner for some time.