

Island Research LLP
Report and Financial Statements
31 December 2017

Rees Pollock
Chartered Accountants



MEMBERS' REPORT

For the Year Ended 31 December 2017

The members present their annual report together with the audited financial statements of Island Research LLP (the LLP) for the year ended 31 December 2017.

Principal activities

The principal activity of the LLP is to provide software development, research and I.T. 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 2017 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Company law, as applied to LLPs, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, as applied to LLPs, 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 enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. 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.

MEMBERS' REPORT (continued)
For the Year Ended 31 December 2017

Provision of information to auditors

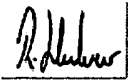
Each of the persons who are members at the time when this Members' report is approved has confirmed that:

- 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 23 April 2018 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 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Reconciliation of members' interests and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2017 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISLAND RESEARCH LLP (CONTINUED)

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.

Philip Vipond (Senior statutory auditor)
for and on behalf of
Rees Pollock
Statutory Auditors
23 April 2018

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	129,666,077	106,234,356
Administrative expenses		(105,153,367)	(81,772,463)
		<hr/>	<hr/>
OPERATING PROFIT		24,512,710	24,461,893
Fair value movements		-	2,150,458
Interest receivable and similar income		749	5,094
		<hr/>	<hr/>
PROFIT FOR THE YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES		<u>24,513,459</u>	<u>26,617,445</u>
Members' remuneration charged as an expense		(2,296,000)	(2,044,086)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR AVAILABLE FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>22,217,459</u>	<u>24,573,359</u>

BALANCE SHEET
As at 31 December 2017

	Note		2017 £	2016 £
Current assets				
Debtors: Amount falling due within one year	8	26,391,297	18,753,847	
Current asset investments	9	-	4,399	
Cash at bank and in hand		23,852,668	580,750	
		<u>50,243,965</u>	<u>19,338,996</u>	
Creditors: Amounts falling due within one year	10	(19,550,297)	(13,000)	
Net current assets			<u>30,693,668</u>	<u>19,325,996</u>
Total assets less current liabilities			<u>30,693,668</u>	<u>19,325,996</u>
Net assets attributable to members			<u><u>30,693,668</u></u>	<u><u>19,325,996</u></u>
Represented by:				
Loans and other debts due to members within one year				
Members' capital classified as a liability	11	210,000	194,400	
Amounts due to members	11	30,483,668	19,131,596	
		<u>30,693,668</u>	<u>19,325,996</u>	
TOTAL MEMBERS' INTERESTS				
Amounts due from members (included in debtors)		(26,333,953)	-	
Loans and other debts due to members		30,693,668	19,325,996	
		<u>4,359,715</u>	<u>19,325,996</u>	

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 23 April 2018



R Harlow
Designated member

RECONCILIATION OF MEMBERS' INTERESTS
For the Year Ended 31 December 2017

	EQUITY		DEBT		Total members'	
	Members' other interests		Loans and other debts due to members less any amounts due from members in debtors		interests	
	Other reserves	Total	Members' capital	Other amounts	Total	Total
	£	£	£	£	£	£
BALANCE AT 1 JANUARY 2016	1,940,847	1,940,847	10,376,925	6,102,623	16,479,548	18,420,395
Members' remuneration charged as an expense	-	-	-	2,044,086	2,044,086	2,044,086
Profit for the year available for discretionary division among members	24,573,359	24,573,359	-	-	-	24,573,359
MEMBERS' INTERESTS AFTER PROFIT FOR THE YEAR	26,514,206	26,514,206	10,376,925	8,146,709	18,523,634	45,037,840
Allocated profit for the year	(26,514,206)	(26,514,206)	-	26,514,206	26,514,206	-
Repayment of capital	-	-	(10,182,525)	-	(10,182,525)	(10,182,525)
Drawings	-	-	-	(28,134,462)	(28,134,462)	(28,134,462)
Net due to corporate members for expenses incurred	-	-	-	12,605,143	12,605,143	12,605,143
BALANCE AT 31 DECEMBER 2016	-	-	194,400	19,131,596	19,325,996	19,325,996
Members' remuneration charged as an expense	-	-	-	2,296,000	2,296,000	2,296,000
Profit for the year available for discretionary division among members	22,217,459	22,217,459	-	-	-	22,217,459
MEMBERS' INTERESTS AFTER PROFIT FOR THE YEAR	22,217,459	22,217,459	194,400	21,427,596	21,621,996	43,839,455
Allocated profit for the year	(22,217,459)	(22,217,459)	-	22,217,459	22,217,459	-
Amounts introduced by members	-	-	20,000	-	20,000	20,000
Repayment of capital	-	-	(4,400)	-	(4,400)	(4,400)
Drawings	-	-	-	(24,667,304)	(24,667,304)	(24,667,304)
Net due to corporate members for expenses incurred	-	-	-	(14,828,036)	(14,828,036)	(14,828,036)
BALANCE AT 31 DECEMBER 2017	-	-	210,000	4,149,715	4,359,715	4,359,715

At 31 December 2017 amounts due to members included in other amounts was £30,483,668 (2016: £19,131,596; 2015: £14,662,634) and amounts due from members included in other amounts was £26,333,953 (2016: £nil; 2015: £8,560,011)

STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	24,513,459	26,617,445
ADJUSTMENTS FOR:		
Interest received	(749)	(5,094)
Increase in debtors	4,605,197	1,318,699
Increase/(decrease) in creditors	19,537,297	(38,700)
Change in amount due to/from corporate members for expenses incurred	(14,828,036)	(1,486,166)
Payments to members relating to profit share	(24,667,304)	(24,043,152)
Movement in respect of cash treated as investments	-	182,526
Fair value movement recognised in P&L	-	(2,150,458)
Net cash generated from operating activities	9,159,864	395,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	749	5,094
Sale of unlisted and other investments	14,095,705	-
Net cash from investing activities	14,096,454	5,094
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital introduced by members	20,000	-
Repayment of capital and debt to members	(4,400)	(182,526)
Net cash used in financing activities	15,600	(182,526)
Net increase in cash and cash equivalents	23,271,918	217,668
Cash and cash equivalents at beginning of year	580,750	363,082
Cash and cash equivalents at the end of year	23,852,668	580,750

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

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 I.T. 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 United Kingdom 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 entity's accounting policies.

2.2 Turnover

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

2.3 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 company 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

2. ACCOUNTING POLICIES (continued)

2.4 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 the spot exchange rates at the dates of the transactions.

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

2.5 Current asset investments

Current asset investments include cash to the extent that it is separately identified by the LLP as being held specifically for investment purposes rather than forming part of the LLP's operating working capital.

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 2017

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Auditors' remuneration	15,000	13,250
Differences on exchange differences	10,585	(28,672)
	<u>15,585</u>	<u>(15,422)</u>

6. STAFF COSTS

The entity has no employees.

7. INFORMATION IN RELATION TO MEMBERS

	2017 Number	2016 Number
The average number of members during the year was	17	15
	<u>17</u>	<u>15</u>
	2017 £	2016 £
The amount of profit attributable to the member with the largest entitlement was	11,660,357	13,746,790
	<u>11,660,357</u>	<u>13,746,790</u>

8. DEBTORS

	2017 £	2016 £
Due within one year		
Amounts owed by related parties	55,675	4,657,537
Other debtors	1,669	14,096,310
Amounts due from members	26,333,953	-
	<u>26,391,297</u>	<u>18,753,847</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2017

9. CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Unlisted investments	-	4,399
	<u>-</u>	<u>4,399</u>

Included above is cash of £nil (2016: £4,399) which has been designated as being for investment purposes and is included here in accordance with the accounting policy in note 1.

10. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	19,924	-
Amounts owed to related parties	19,515,373	-
Accruals and deferred income	15,000	13,000
	<u>19,550,297</u>	<u>13,000</u>

11. LOANS AND OTHER DEBTS DUE TO MEMBERS

	2017 £	2016 £
Members' capital treated as debt	210,000	194,400
Amounts due to members	30,483,668	19,131,596
	<u>30,693,668</u>	<u>19,325,996</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2017

12. RELATED PARTY TRANSACTIONS

During the year, the LLP earned fees of £129,666,077 (2016: £106,234,356) from entities that are deemed related parties by virtue of common influence.

During the year, the LLP was charged expenses of £104,861,807 (2016: £81,748,046) by entities that are deemed related parties by virtue of common influence.

During the year, the LLP allocated trading profit for the year of £11,660,357 (2016: £9,655,484) and realised gains relating to current asset investments of £nil (2016: £4,091,306) to an entity that is deemed a related party by virtue of common influence.

At the balance sheet date, £26,389,628 (2016: £4,657,537) was due from entities that are deemed related parties by virtue of common influence. At the balance sheet date, £43,364,698 (2016: £10,338,535) 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 £12,853,102 (2016: £14,811,503).