

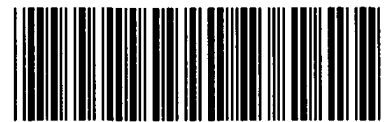
**Style Analytics Limited**  
**(formerly Style Research Limited)**

**Annual report and financial statements**

**Registered number 03344323**

**31 March 2018**

SATURDAY



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22/12/2018  
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## **Strategic Report**

The directors present their Strategic Report for the year ending 31 March 2018 for Style Analytics Limited (formerly Style Research Limited) (the 'Company'). On 4th September 2015, Lyceum Capital Fund III invested into Style Analytics in order to obtain a majority interest in the Company. The remaining shares are owned by the management team.

### **STRATEGIC REVIEW**

The principal activity of the Group in the year under review continues to be the provision of Portfolio Analytics software and services to institutional investors globally. On 18 June 2018, the Company changed its name from Style Research Limited to Style Analytics Limited to more closely reflect the nature of the business offering.

#### **Overview**

Style Analytics is an independent, global software provider for investment professionals. Our technology is delivered over a software as a service (SaaS) platform. This gives our customers the ability to use the technology without the requirement of lengthy and costly implementations as well as up to date enhancements without IT intervention. We administer the highest level of security and reliability in delivering our services to provide our customers added assurance.

The technology is intuitive and easy to use, giving our customers the power to build objective and comprehensive factor analysis on markets, peer groups and individual portfolios. Style Analytics has over 20 years' experience in factor analysis and serves over 280 investment institutions across 30 countries.

We sell to businesses of all sizes and segments in the institutional investment market on a subscription licence basis, primarily through our direct sales efforts and indirectly through partners. Our service offering includes automation, customer service and support.

Our core mission is to build investor confidence in the financial services industry by providing transparency throughout the investment lifecycle, from fund selection through to fund monitoring. As an independent provider of factor analytics tools, we allow the investment community to communicate effectively, instilling trust between investors and their service providers.

Central to providing investor confidence is solving current and future transparency issues in the industry. By being at the forefront of the market trends, we give our customers peace of mind when innovating and developing our platform for the future. As an example, to overcome the performance fee discussion, our solution provides validation in the stock picking skills of asset managers, giving greater comfort to the investor that they are paying for the performance and skill they expect. Similarly, we are also able to give investors peace of mind by uncovering ESG (environmental, social & governance) drivers in a given portfolio. ESG has become the central pillar of the investor's social conscience.

As new trends such as the rise of factor investing products, which are predicted to increase from \$1.9tn to \$3.4tn by 2022 continue, we harness our breadth and depth of industry knowledge and expertise to bring superior tools and innovations to support our customers' needs.

## Strategic Report (continued)

### Strategic review (continued)

#### Our Software as a Service offering

Our platform is fully integrated, standardised and able to take in multiple data feeds to provide analysis quickly and simply across markets, peer groups and individual portfolios. By providing an integrated solution, our customers are able to bypass the many manual processes to gain consistent analysis.

- **Portfolio Analyzer (Enterprise):** Style Analytics' flagship product provides holdings-based analysis which customers use to drill down into the investment style of a portfolio and gain insights on portfolio structure, risk and performance.
- **Peer Insights:** Delivers a deeper understanding of what is truly driving each portfolio relative to others. Peer Insights compares style factors between individual funds or a peer group. It also shows the comparative exposures to risk and differentiates funds.
- **Markets Analyzer:** A tool to research and appraise return characteristics of equity investment strategies across global regions. Our customers use this to specify, run and statistically verify style based and factor based research enquiries.
- **Portfolio Labs:** A product which allows 'what if' modelling to determine how a portfolio might behave when positions are replaced by other fund / stock choices.

#### Business benefits of using our solution

The key advantages of using our tools are listed below:

**Independent:** We are an independent software provider of objective factor analytics. Our independence provides the investment community with an industry standard framework for using factors to articulate the drivers of risk and performance. Independence and Transparency are required when assessing ongoing manager and investment performance across multiple fund types.

**Ease of use:** We have designed our solutions to be intuitive and easy to use. Our solutions allow comprehensive analysis and understanding of style factors driving market and portfolio performance without the necessity of building complex formulas or in depth data cleansing. The user interface contains many modern and recognisable tools and features that are similar to popular consumer websites. This provides the user with a ready to use solution with minimal training required.

**Reduction of systems and manual processes:** Our platform provides a clear and concise picture across markets, peer groups and individual portfolios. This reduces the amount of systems and manual processes that many businesses require to obtain the same analysis in a holistic way. It also allows a like for like comparison without the need for multiple analytical approaches.

**Rapid deployment and lower total cost of ownership:** Our services can be deployed rapidly since our customers do not have to spend time procuring, installing or maintaining servers, storage, networking equipment, security products or other hardware and software. We enable customers to achieve up-front savings relative to the traditional enterprise software model. We further reduce the total cost of ownership of our cloud services over the subscription term by delivering multiple releases per year which automatically introduce new features and functionality, while preserving previous customisations and integrations that minimise additional customer engineering investment for compatibility.

**Secure, private, scalable and reliable:** Our services have been designed to provide our customers with high levels of performance, reliability and security. We have built, and continue to invest in a comprehensive security infrastructure, including firewalls, intrusion detection systems and encryption for transmission over the internet, which we monitor, test and update on an ongoing basis. We built and maintain a multi-tenant application architecture that has been designed to enable our services to scale securely, reliably and cost effectively. Our multi-tenant application architecture maintains the integrity and separation of customer data while still permitting all customers to use the same application functionality simultaneously. Our cloud services receive an extensive set of tests from a leading third-party security provider.

## Strategic Report (continued)

### Strategic review (continued)

**Continuous innovation:** We release dozens of new features multiple times a year. We continually research and test our theories and understandings with our customers through our Advisory Board meetings, to build a roadmap of new features for future releases. Because we deploy all upgrades via SaaS, new features and functionality automatically become part of our service on the upgrade release date, benefiting all of our customers immediately.

**Positive environmental impact:** Our multi-tenant cloud computing model has a much smaller environmental footprint than traditional Information Technology (IT) hardware and software. There is no requirement to add additional hardware, reducing energy use and the carbon footprint compared to traditional, on-premises solutions.

### Our Growth Strategy

We invest for future growth by focusing on the following key priorities:

**Cross selling and upselling:** We see significant opportunity to deepen our relationships with our existing customers. As our customers realise the benefits of additional services, we aim to upgrade the customer experience with additional subscriptions by targeting new functional areas and business units.

**Extending existing service offerings:** We offer multiple editions of our service offerings to meet the needs of customers of different sizes and we have designed our solutions to accommodate new features and functionalities. We will continue to extend all editions of our service offerings with new features, functions and increased security through our own development, acquisitions and partnerships.

**Expanding and strengthening the partner ecosystem:** We continue to work with strategic data vendors to provide more coverage of markets and segments such as ESG. This addresses much of the industry's current pain points and opens our doors to new opportunities in both new and existing markets.

**International expansion:** We continue to increase investment in our international go-to-market resources, operations and infrastructure, adding direct presence in new geographies including continental Europe and Asia. This ensures that we continue to deliver the highest quality of service to our customers around the world.

In addition to the key elements of our business strategy described above, from time to time, we evaluate opportunities to acquire or invest in complementary businesses, services, technologies and intellectual property rights.

### Performance measures

The directors use a number of measures to monitor and benchmark the performance of the Company, and Group, the most significant of which are:

- Revenue;
- Annual Recurring Revenue;
- Customer retention;
- EBITDA (a key profitability measure representing Earnings Before Interest, Tax, Depreciation and Amortisation); and
- Cash.

## Strategic Report (continued)

### Strategic review (continued)

**Market summary:** The directors were pleased with the performance of the business against the backdrop of the introduction of MiFID II on 1 January 2018 which subdued our market for new business during the year ended 31 March 2018. In the quarter following the financial year we have seen the expected rebound with new sales at the highest level recorded by the business for any quarter to date.

**Revenues:** The Company sells its products wholly on a subscription basis and for the year ended 31 March 2018 revenues increased to £7,931,000. The timing of closure of orders and the increase of annual invoicing in advance has an impact on deferred income balances which at 31 March 2018 were £668,000 (2017: £372,000).

**Annual Recurring Revenue:** At constant exchange rates, 'ARR' ended the year on £8,127,000, providing strong visibility of next year's revenue. Influenced by the introduction of MiFID II, cancellations advised in the previous financial year impacted upon this year's results as they crystallised. However, the forward effect of cancellations as at 31 March 2018 is 68% lower than at the same time last year, so we enter the year ended 31 March 2019 in a much stronger position. Closing ARR reported at spot rates is £7,976,000. The quality of our contracted revenue has increased as a result of extending contract lengths for all new and many of our existing customers in line with industry standard. During the year the business has signed up a number of leading US based smart beta investors, which bodes well for future growth due to the market shift towards investment strategy backed by a quantitative finance approach.

**EBITDA:** Adjusted EBITDA (as defined and quantified below) for the Company for the year ended 31 March 2018 was £1,177,000 (2017: £1,368,000). This is in line with the Company's multi-year strategy to invest more now to accelerate our future growth. Gross profit increased by £13,000 to £6,691,000 (2017: £6,678,000) whilst operating expenses\* increased by £204,000 to £5,514,000 (2017: £5,310,000).

**Cash:** Operating cash conversion for the year ending 31 March 2018 was over 130%. The Company's cash balances increased by £328,000, despite the Company increasing its investment in both core and new product offerings, resulting in a year end balance of £3,526,000 as at 31 March 2018 (2017: £3,198,000).

### Trading results summary

£000's	FY15	FY16	FY17	FY18
<b>Revenue</b>	<b>6,309</b>	<b>7,054</b>	<b>7,822</b>	<b>7,931</b>
Cost of Sales	(873)	(939)	(1,144)	(1,240)
Gross Profit	5,436	6,115	6,678	6,691
Gross Profit %	86%	87%	85%	84%
Operating Expenses *	(4,370)	(4,740)	(5,310)	(5,514)
<b>Adjusted EBITDA</b>	<b>1,066</b>	<b>1,375</b>	<b>1,368</b>	<b>1,177</b>

\* Operating expenses exclude foreign currency gains and losses, other non-recurring items, monitoring/ chairman/ facility fees and management recharges totalling £1,053,000 (2017: £176,000; 2016: £378,000).

### Trade Debtors:

Included in debtors are trade debtors, all on normal trading terms, with the majority collected within one month of invoicing. The Company invoices in multiple currencies and therefore operates bank accounts in those currencies.

**Deferred income:** Deferred income arises from the Company entering into either quarterly or annual contracts with customers, which are billed at the start of the contract period. Deferred income amounts to £668,000 as at 31 March 2018, (2017: £372,000). Revenue is carried forward into the next financial year to be recognised evenly during the period of service.

## Strategic Report (continued)

### Trading results summary (continued)

**Research and Development:** Research and Development costs are expended when incurred and none are capitalised. The directors remain committed to investment in Research and Development while ensuring the sales and marketing groups are structured in such a way to take advantage of geographical growth, channel strategy and vertical competencies. New products and modules are being developed and launched to complement and expand upon the current offering. Style Analytics was an early adopter of modern SaaS technology and already has a market-leading, multi-tenanted SaaS platform. We are now part way through a multi-year investment programme to further broaden our product offering including the shift in cadence to daily data analysis.

**Future Prospects/Outlook:** The directors are confident the group will continue to drive strong performance in the business and grow in all our principal territories. We are satisfied with the trading results for the year to 31 March 2018 and with the financial position of the Company, and Group at the year end.

The directors believe that the outlook for the business is positive, supported by underlying market trends, a strong product portfolio and the benefit of recent growth investments; together these underpin strong new sales in the first half of the financial year ending 31 March 2019.

The directors are not aware, at the date of this report, of any likely major changes in the Company, and Group's activities in the next year. The Board remains open to the possibility of further accelerating the growth strategy through targeted acquisitions.

### Principal Risks and Uncertainties

The main financial risks arising from the Company, and Group's financial instruments are foreign currency risk, credit risk and market risk. Liquidity risk is addressed in the Going Concern consideration below. Price risk is not significant. Whilst Style Analytics is active in building out its products, as with all services of this nature, there can be new competitors entering this market. The barriers to entry are relatively high given the time, investment, resources and know how to build offerings similar to our own.

#### Foreign Currency Risk

The Company makes sales to customers overseas and is therefore exposed to movement in exchange rates, predominantly the US Dollar. The Group operates a subsidiary in the United States which assists in minimising the exposure. Neither the Company nor Group has entered into any derivative financial instruments to manage foreign exchange currency risk.

#### Credit Risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with the trade debtors is limited as the counterparties are financially strong financial institutions and have high credit ratings assigned by international credit rating agencies. Invoicing is also in advance, either quarterly or annually.

#### Going Concern for the Company and Group

The directors have every reasonable expectation that the Company, and Group has adequate resources to continue in operational existence for the foreseeable future. The directors have undertaken a review of the future financing requirements for the ongoing operation of the Company, and wider Group, and are satisfied that sufficient cash facilities and reserves are available to meet its working capital requirement for the foreseeable future and at least 12 months from the date of signing of these financial statements. Thus, the Company, and Group continues to adopt the going concern basis in preparing the financial statements. See note 1.2 for details.

#### Environmental and Corporate Social Responsibility

At Style Analytics, we recognise our responsibilities as an international business and we aim to set, encourage and sustain high standards of corporate responsibility in everything we do across our operations. We value the impact that our brand and behaviour has on our surrounding community; we actively engage in activities that aim to improve standards for people and the environment. Style Analytics' own portfolio analytics tools are world leading in the analysis of Environment, Social and Governance factors within institutional investors' portfolios.

Style Analytics has chosen NSPCC as the corporate charity.

**Strategic Report** *(continued)*

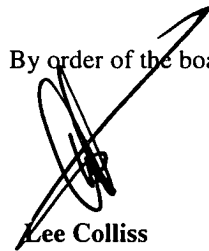
**Principal Risks and Uncertainties**

**Strategy**

As we enter FY2019 we continue to invest and scale the business in three specific areas:

- We are leveraging our experience, reputation and industry relationships to win new customers and sell more to existing customers: we are investing in more front-end resource for sales and support, and increasing our marketing capability;
- We are launching new products and services: we are further strengthening our product management and marketing; and
- We are investigating potential acquisitions and partnerships to either supplement our core products or enhance our footprint, particularly in North America.

By order of the board



**Lee Colliss**

*Director*

**5 November 2018**

## Directors' report

The directors present the audited financial statements of the company for the year ending 31 March 2018.

### Proposed dividend

The directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: nil).

### Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

Sebastien Roussotte - appointed 8 January 2018  
Lee James Colliss  
Peter J B Hopkins  
George A Kallarackal  
Kirsten English - resigned 8 January 2018

### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company will continue in business.

**Directors' Report** *(continued)*

**Statement of directors' responsibilities in respect of the annual report and the financial statements** *(continued)*

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

**Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

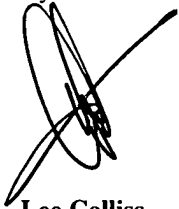
**Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

**Independent Auditors**

PricewaterhouseCoopers LLP has been appointed as auditors. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed.

By order of the board



**Lee Colliss**  
*Director*

Melbourne House  
46 Aldwych  
London  
WC2B 4LL

Registered number: 03344323

5 November 2018

## ***Independent auditors' report to the members of Style Analytics Limited (formerly Style Research Limited)***

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Style Analytics Limited's (formerly Style Research Limited) financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the profit and loss account and statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## **Independent auditors' report to the members of Style Analytics Limited (formerly Style Research Limited) (continued)**

### **Report on the audit of the financial statements (continued)**

#### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and the financial statements on page 7 and 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

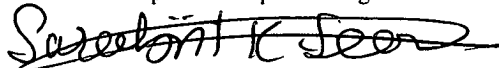
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sarabjit Seera (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge

7 November 2018

## Profit and Loss Account and Statement of Comprehensive Income

for year ended 31 March 2018

	Note	2018 £000	2017 £000
<b>Turnover</b>	2	7,931	7,822
Cost of sales		(1,240)	(1,144)
<b>Gross profit</b>		6,691	6,678
Administrative expenses		(6,662)	(5,576)
<b>Operating profit before depreciation, amortisation, non-recurring unusual items, foreign exchange ("Adjusted EBITDA")</b>		1,177	1,368
Depreciation		(94)	(90)
Non-recurring expenses	3	(748)	(126)
Foreign exchange gain and losses		(104)	132
Management recharge		(196)	(177)
Other administrative expenses		(6)	(5)
<b>Operating profit</b>	3, 4	29	1,102
Other interest receivable and similar income	6	2	-
Other interest payable and similar expenses	7	(140)	(131)
<b>(Loss)/profit before taxation</b>		(109)	971
Tax (expense) / credit on loss	8	(44)	(130)
<b>(Loss)/profit for the financial year</b>		(153)	841
<b>Other comprehensive income</b>			
<i>for year ended 31 March 2018</i>			
		2018 £000	2017 £000
<b>(Loss)/profit for the financial year</b>		(153)	841
<b>Other comprehensive income</b>		-	-
Other comprehensive income		-	-
<b>Other comprehensive income net of income tax</b>		-	-
<b>Total comprehensive (expense)/income for the financial year</b>		(153)	841

All amounts arose from continuing operations during the current and previous year.

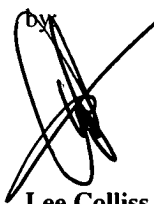
The notes on pages 14 to 24 form an integral part of these financial statements.

## Balance Sheet

at 31 March 2018

	<i>Note</i>	<b>2018</b> £000	<b>2018</b> £000	2017 £000	2017 £000
<b>Fixed assets</b>					
Tangible assets	<i>9</i>		<b>321</b>		347
Investments	<i>10</i>		<u>4,409</u>		<u>4,409</u>
			<b>4,730</b>		<b>4,756</b>
<b>Current assets</b>					
Debtors	<i>11</i>	<b>1,304</b>		1,378	
Cash at bank and in hand		<u>3,526</u>		<u>3,198</u>	
		<b>4,830</b>		<b>4,576</b>	
<b>Creditors: amounts falling due within one year</b>	<i>12</i>	<u>(6,077)</u>		<u>(5,697)</u>	
<b>Net current liabilities</b>			<b>(1,247)</b>		<b>(1,121)</b>
<b>Total assets less current liabilities</b>			<u><b>3,483</b></u>		<u><b>3,635</b></u>
<b>Deferred tax liability</b>	<i>13</i>		<b>34</b>		<b>33</b>
<b>Capital and reserves</b>					
Called up share capital	<i>14</i>	<b>1</b>		<b>1</b>	
Profit and loss account		<u>3,448</u>		<u>3,601</u>	
<b>Shareholders' funds</b>			<u><b>3,449</b></u>		<u><b>3,602</b></u>
<b>Total capital, reserves and long-term liabilities</b>			<u><b>3,483</b></u>		<u><b>3,635</b></u>

These financial statements were approved by the board of directors on 5 November 2018 and were signed on its behalf



**Lee Colliss**

*Director*

Registration number: 03344323

The notes on pages 14 to 24 form an integral part of these financial statements.

## Statement of Changes in Equity

for year ended 31 March 2018

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2016	1	2,760	2,761
Profit for the financial year	-	841	841
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	841	841
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-
<b>Balance at 31 March 2017</b>	<b>1</b>	<b>3,601</b>	<b>3,602</b>

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	1	3,601	3,602
Loss for the financial year	-	(153)	(153)
Other comprehensive income	-	-	-
Total comprehensive expense for the year	-	(153)	(153)
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-
<b>Balance at 31 March 2018</b>	<b>1</b>	<b>3,448</b>	<b>3,449</b>

The notes on pages 14 to 24 form an integral part of these financial statements.

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Style Analytics Limited (the “Company”) (formerly Style Research Limited) is a company limited by shares and incorporated and domiciled in the UK. The registered address was Melbourne House, 46 Aldwych, London, WC2B 4LL. The principal activity of the Company continues to be the provision of Portfolio Analytics software and services to institutional investors globally.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Related party transactions between two or more members of the same group; and
- Key Management Personnel compensation.

As the consolidated financial statements of Newincco 1358 Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### **1.1 Measurement convention**

The financial statements are prepared on the going concern and historical cost basis and in accordance with Companies Act 2006.

#### **1.2 Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding a loss of £153,000 (2017: profit of £841,000) for the year ended 31 March 2018. As at 31 March 2018 the company had net current liabilities of £1,247,000 (2017: net current liabilities of £1,121,000).

The Directors believe the going concern basis is appropriate because the Company’s ultimate parent company, Newincco 1358 Limited, has undertaken that it will, for at least 12 months from the date of the approval of these financial statements, continue to make available such funds as are needed by the Company. This should enable the Company to meet its liabilities as they fall due for payment and continue to operate for the foreseeable future.

At a Group level, the consolidated Newincco 1358 Limited financial statements show a net liability position of £12,813,000 (2017: £6,919,000) due to shareholder loans and bank loans repayable in 2022, however the Group has cash balances of £3,805,000 (2017: £3,957,000) and net current assets of £1,037,000 (2017: £1,988,000).

## **Notes (continued)**

### **1 Accounting policies (Continued)**

#### **1.2 Going concern (Continued)**

The directors have performed a detailed review of current trading including a consideration of the financial position as at the date of approval of these financial statements and the projected results and financial position of the Group over the next 12 months. Following this review and based on the Group's continued strong trading, the directors are confident that the Group will continue to generate positive cash flows from trading activities for the foreseeable future.

#### **1.3 Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency of Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **1.4 Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Investments*

Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

##### *Investments in ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (Continued)

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- leasehold improvements 10 years
- computer equipment 5 years straight line
- furniture fittings and equipment 5 years straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.6 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.7 Turnover

Turnover comprises revenue recognised by the Company in respect of services supplied during the year, exclusive of value added tax and trade discounts. Turnover is recognised on a straight line basis over the period the customer subscribes to the Company's services. Any amounts invoiced in advance of the subscription period are carried forward within deferred income.

#### 1.8 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

## Notes (continued)

### 1 Accounting policies (Continued)

#### 1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.10 Share Capital

Ordinary shares are classified as equity.

## Notes (continued)

### 2 Turnover

Turnover arises wholly from the provision, distribution and support of investment consultancy and advisory software and its related products and services.

In the opinion of the directors 41% of the turnover generated by the Company is attributable to geographical markets outside the UK (2017: 35%).

### 3 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2018 £000	2017 £000
Research and Development expensed as incurred	2,691	2,344
Depreciation of tangible fixed assets	94	90
Operating lease rentals	225	227
Net foreign exchange (loss)/profit	(104)	132
	2,906	2,793
<i>Auditors' remuneration:</i>		
	2018 £000	2017 £000
Audit fees	23	13
	23	13

Included within administrative expenses are non-recurring costs of £748,000 (2017: £126,000) which were incurred by the business. These relate to £292,000 (2017: £nil) of one-off product development costs, £234,000 (2017, nil) in respect of consultancy costs primarily relating to strategic product and other consultancy, £112,000 (2017: £nil) of partner acquisition costs, and £110,000 (2017: £126,000) in respect of restructuring the business and one-off staff related costs.

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	Number of employees 2017
Sales and Marketing	6	2
Technical development and customer support	17	12
General and administrative	3	2
	26	16

**Notes (continued)**

**4 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	1,786	1,450
Social security costs	202	182
Contributions to defined contribution plans	132	95
	2,120	1,727

The company contributes to defined contribution plans on behalf of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £132,000 (2017: £95,000) of which none relates to the directors. Contributions totalling £12,000 (2017: £3,000) were payable to the fund at 31 March 2018 and are included in Other creditors.

**5 Directors' remuneration**

The remuneration paid to the highest paid director was £nil (2017: £nil), as all the directors are remunerated by the other group entities.

In addition to the amounts above paid by the Company, other group entities paid the following remuneration to the Directors of the Company:

	2018 £000	2017 £000
Directors emoluments	1,158	930
Company contributions to money purchase pension plans	12	11
	1,170	941

The remuneration paid to the highest paid director of this Company by other group companies was £321,000 (2017: £304,000).

**6 Interest receivable and similar income**

	2018 £000	2017 £000
Interest receivable on cash at bank	2	-
	2	-

**7 Interest payable and similar charges**

	2018 £000	2017 £000
Interest payable and similar charges	140	131
	140	131

## Notes (continued)

### 8 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2018 £000	2017 £000
<i>Current tax</i>		
Current tax on income for the year	57	73
Adjustments in respect of prior years	(14)	69
Total current tax	<u>43</u>	<u>142</u>
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	1	(8)
Change in tax rate	-	(2)
Adjustments in respect of prior years	-	(2)
Total deferred tax	<u>1</u>	<u>(12)</u>
Total tax	<u><u>44</u></u>	<u><u>130</u></u>

Total tax was recognised in the profit and loss account.

#### Reconciliation of effective tax rate

	2018 £000	2017 £000
(Loss)/Profit for the year	(153)	841
Total tax charge	<u>44</u>	<u>130</u>
(Loss)/Profit excluding taxation	<u>(109)</u>	<u>971</u>
Tax using the UK corporation tax rate of 19% (2017: 20%)	(21)	194
Reduction in tax rate on deferred tax balances	2	(2)
Non-deductible expenses	3	5
Deferred tax not recognised	74	-
Adjustments in respect of previous years	(14)	69
Group relief claimed	-	(136)
Total tax charge included in profit or loss	<u><u>44</u></u>	<u><u>130</u></u>

The company claims R&D tax credits under the research and development expenditure tax credit "RDEC" scheme and has presented the amounts receivable under this scheme in administration expenses. The total R&D tax credits receivable related to 2018 are £303,000 (2017: £259,000).

#### Factors affecting future tax periods

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Deferred tax assets of £17,000 (2016: nil) have not been recognised on losses carried forward due to uncertainty over timing of the realisation of this asset.

## Notes (continued)

### 9 Tangible fixed assets

	Computer Equipment £000	Furniture Fittings and Equipment £000	Leasehold improvements £000	Total £000
<b>Cost</b>				
Balance at 1 April 2017	131	281	156	568
Additions	27	33	8	68
Disposals	(46)	(1)	-	(47)
Balance at 31 March 2018	112	313	164	589
<b>Accumulated Depreciation and impairment</b>				
Balance at 1 April 2017	75	112	34	221
Depreciation charge for the year	20	59	15	94
Depreciation write off on disposal	(46)	(1)	-	(47)
Balance at 31 March 2018	49	170	49	268
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>63</b>	<b>143</b>	<b>115</b>	<b>321</b>
At 1 April 2017	56	169	122	347

### 10 Investments

	Shares in group undertakings £000	Total £000
<b>Cost</b>		
<b>At 31 March 2018</b>	<b>4,409</b>	<b>4,409</b>
At 31 March 2017	4,409	4,409
<b>Net book value</b>		
<b>At 31 March 2018</b>	<b>4,409</b>	<b>4,409</b>
At 31 March 2017	4,409	4,409

## Notes (continued)

### 10 Investments (continued)

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. Goodwill on acquisition is recognised in the Group financial statements.

The Company has the following investments in subsidiaries, associates and jointly controlled entities

	Address of incorporation	Class of shares held	Ownership 2018 %	Ownership 2017 %
Style Analytics Corp.	1000 De La Gauchetiere Ouest, Suite 2400, Montreal, Quebec H3B 4W5, Canada	Ordinary	100	100
Style Analytics Inc.	545 Boylston Street, 8th Floor, Boston, Massachusetts, 02116 United States	Ordinary	100	100

### 11 Debtors

	2018 £000	2017 £000
Trade debtors	197	159
Amounts owed by group undertakings	348	342
Other debtors	13	6
Corporation tax receivable	245	338
Prepayments and accrued income	501	533
	<b>1,304</b>	<b>1,378</b>
Due within one year	<b>1,304</b>	<b>1,378</b>
	<b>1,304</b>	<b>1,378</b>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	407	371
Amounts owed to group undertakings	4,060	4,170
Taxation and social security	263	226
Other creditors	22	20
Accruals and deferred income	1,325	910
	<b>6,077</b>	<b>5,697</b>

Amounts owed to group undertakings are unsecured and repayable on demand. Included within amounts owed by group undertakings is a balance of £1,559,000 (2017: £815,000) with an intercompany interest rate of 4.5%.

## Notes (continued)

### 13 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2018 £000	2017 £000
Accelerated capital allowances	34	33
	<u>34</u>	<u>33</u>

### 14 Called up share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i> 800 (2017: 800) ordinary shares of £1 each	<u>1</u>	<u>1</u>

#### *Dividends*

No dividends were paid during the year (2017: £nil)

### 15 Financial instruments

#### *Carrying amount of financial instruments*

The carrying amounts of the financial assets and liabilities include:

	2018 £000	2017 £000
Assets measured at amortised cost	247	205
Liabilities measured at amortised cost	<u>(1,349)</u>	<u>(1,155)</u>

### 16 Commitments

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	240	240
Between one and five years	962	962
More than five years	361	601
	<u>1,563</u>	<u>1,803</u>

During the year £225,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £227,000).

Bank loans of £9,000,000 (2017: £9,500,000) owed by Newincco 1373 Limited, another group entity, are secured by a fixed and floating charge against the assets of the Company.

### 17 Related parties

During the year the Company only had transactions with the other companies of the same Group (2017: only had transactions with the other companies of the same Group).

**18 Ultimate controlling party**

The ultimate controlling party of the Company is Lyceum Capital Fund III A Limited Partnership by virtue of its majority shareholding.

The largest and smallest group in which the results of the Company are consolidated is that headed by Newincco 1358 Limited, incorporated at the following address: Melbourne House, 46 Aldwych, London, WC2B 4LL, United Kingdom.

**19 Accounting estimates and judgements**

There are no critical judgements or estimates affecting these financial statements.