14 March 2018

StatPro Group plc

Revolution sales and Delta acquisition drive strong growth

StatPro Group plc, ("StatPro", "the Group", AIM:SOG), the AIM listed provider of cloud-based portfolio analysis and asset pricing services for the global asset management industry, today announces its unaudited preliminary results for the year ended 31 December 2017.

	2017	2016	Change	Constant currency (1)
Revenue	**£49.34 m**	£37.55 m	+31%	+26%
Annualised Recurring Revenue (2)	**£53.04 m**	£39.27 m	+35%	+39%
Adjusted EBITDA (3)	**£6.95 m**	£5.10 m	+36%	+ 24%
Loss before tax	**£(3.36) m**	£(10.12) m	n/a	n/a
Adjusted earnings per share (3)	**5.9p**	3.4p	74%	
Loss per share – basic	**(3.6)p**	(15.5)p	n/a	
Dividend per share – total for year	**2.9p**	2.9p	-	

Financial highlights:

- Group revenue increased by 31% to £49.34 million (2016: £37.55 million), 2% organic growth
- Group Annualised Recurring Revenue ("ARR") (2) increased by 35% to £53.04 million (2016: £39.27 million)
    - *StatPro Revolution* ARR increased organically by 13%
- Adjusted EBITDA (3) increased 36% to £6.95 million (2016: £5.10 million)
- Adjusted profit before taxation increased 29% to £3.45 million (2016: £2.68 million), before acquisition, restructuring costs and other adjusting items of £6.80 million (2016: £12.80 million)
- Adjusted earnings per share up 74% to 5.9p (2016: 3.4p)
- Full year dividend maintained at 2.9 pence per share
- Net cash inflow from operating activities increased 43% to £10.68 million (2016: £7.45 million)

Operational highlights

- Delta made positive adjusted EBITDA contribution
- Notably high value of new contracts, - new ARR (excluding conversions) of £4.79 million (2016: £4.39 million)
- Group to be structured into three divisions in 2019:
    - ***Revolution*** - Analytics division, comprising Revolution, Seven, Delta and Alpha
    - ***Source: StatPro*** - data division
    - ***Infovest*** - integration and data management division, comprising Infovest and StatPro Portfolio Management ("SPM")

(1) At constant currency based on restating the prior year at the closing or average currency rate.
(2) Annualised Recurring Revenue is the annual value of revenue contractually committed at year end.
(3) Adjusted EBITDA and adjusted earnings per share are EBITDA and earnings per share after adjustment for amortisation of acquired intangible assets, goodwill impairment, acquisition and restructuring costs, fair value movement in non-controlling interest put option, movements in contingent consideration and share based payments (notes 5, 6 and 8).

Justin Wheatley, Chief Executive of StatPro, commented:
"The transformative acquisition of Delta in May 2017 was the defining point of the year - expanding our portfolio analytics capabilities as well as driving adjusted EBITDA and recurring revenue growth.

"The integration of Delta's capabilities into our flagship Revolution platform is on course. Once completed, we will be able to provide the only cloud-based, multi-tenant portfolio analytics solution with a broad range of functions across performance, risk and regulation.

"Our improving cloud technology platform will be key to further organic growth in 2018 - offering fund administration clients significant improvements in efficiency and capabilities.

"We ended 2017 strongly and expect to continue to see further organic revenue and profit growth in 2018. We have started the current financial year in line with our expectations."

- Ends -

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 (MAR).

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A briefing for analysts on the results will be held at 10.30am today at the offices of Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ

About StatPro

StatPro is a global provider of award winning portfolio analytics solutions for the investment community. The Group's cloud-based platform provides vital analysis of portfolio performance, attribution, risk and compliance. This multi-asset class analytics platform helps StatPro's clients increase assets under management, improve client service, meet tough regulations and reduce costs.

The Group's integrated and global data coverage includes over 3.2 million securities such as equities, bonds, mutual funds, FX rates, futures, options, OTCs, sector classifications and much else besides. StatPro also covers most families of benchmarks including MSCI, FTSE, Russell, NASDAQ and the open source Freedom Index.

The Group has operations in Europe, North America, South Africa, and Australia, with hundreds of clients in 39 countries around the world.

StatPro has grown its Annualised Recurring Revenue from less than £1 million in 1999 to around £53 million at the end of December 2017. Over 80% of recurring revenues are generated outside the UK. StatPro Group plc shares are listed on AIM.

Overview

2017 has been a transformative year for StatPro, adding Delta to the business in May 2017 and expanding the Group's portfolio analytics capabilities as a result. Revenue grew 31% to £49.34 million (2016: £37.55 million) and adjusted EBITDA grew 36% to £6.95 million (2016: £5.10 million). Excluding acquisitions and on a constant currency basis, revenues rose 2%.

ARR grew 35% to £53.04 million (2016: £39.27 million), driven by the acquisition of Delta and by the 13% organic growth in ARR in *StatPro Revolution*. Excluding conversions to Revolution, *StatPro Seven* was up 3% on constant currency terms.

Adjusted earnings per share rose 74% to 5.9p up from 3.4p in 2016. Cash generated from operations increased 43% to £10.68 million (2016: £7.45 million) and free cashflow, before acquisitions and restructuring payments jumped to £5.18 million (2016: £0.65 million).

The Board is recommending the maintenance of the full year dividend at 2.9p per share (2016: 2.9p)

Strategic positioning

Going into 2018, StatPro is in a strong position with its *StatPro Revolution* platform. StatPro has the only cloud-based, multi-tenant portfolio analytics solution that can provide such a broad range of functions across performance, risk and regulation.

The key to *StatPro Revolution's* platform is its ability to integrate with clients' other solutions via its Application Programme Interface ("API"). By making StatPro's services easy to use, it greatly reduces the total cost of ownership for clients, who can process their data faster and with far less effort to operate. The platform can also handle volume and complexity with equal ease.

As StatPro Revolution matures with additional functionality, so it is becoming increasingly attractive to more and more asset managers and fund administrators. With the benefit of its API, StatPro is able to integrate with a number of complementary platforms for services such as research and asset analysis. Consequently, the Group expects to broaden the reach of its analytics.

In addition to Revolution revenue (including the recent acquisitions of Delta and Alpha), StatPro also has a data revenue stream and revenue from its Infovest subsidiary.

In 2019, the Group plans to structure the business into three divisions to make the operations of the business clearer, to provide distinct divisional management focus and to enable growth in each division based on specific divisional priorities.

The largest division, ***Revolution,*** will contain all the Group's analytics services including Revolution, StatPro Seven, Delta and Alpha.

Source: StatPro will contain data revenues from market data managed services, evaluated bond prices, index services, yield curves and complex asset pricing.

Infovest will contain Infovest based in South Africa and SPM, the portfolio management service based in Canada.

Each division will be run by a dedicated managing director supported by a divisional board. Each division will offer the others highly complementary services, but each will operate independently. Acquisitions will be made when appropriate to boost each respective division and improve their capabilities. All three divisions will focus mainly on asset management companies and fund administrators as clients.

Revolution, the analytics division, aims to be the best provider of portfolio analytics by covering the broadest range of functionality, ease of use and quality of service. All this is based on the underlying technology.

Source: StatPro, the data division, provides a sophisticated pricing service for the most complex assets. The Group's analytics capabilities allow the production of high quality meta-data that other companies struggle to provide. StatPro has yet to exploit fully this rich source of intellectual property, but there is an excellent opportunity to do so now.

Infovest, the integration and data management division, offers configurable solutions for clients to manage their data flows in an effective and efficient way to reduce cost and complexity using the Group's data warehouse, ETL (Extract, Transform and Load) and reporting tools. The two units in this division will be able to use resources in the Group to put together complete solutions for asset managers and fund administrators.

These divisions will provide a clearer and more simplified structure for StatPro, benefitting clients by having a wider range of services available from the combined capabilities of the Group.

At the heart of StatPro's strategy is the conviction that great technology allows the Group to offer clients the best service possible. With the market under constant pressure from regulators and competitors, not to mention new technology, StatPro's services remain appreciated by clients.

Current trading and outlook

Sales activity accelerated in the fourth quarter last year and the Group is seeing key fund administration clients starting to increase their use of Revolution significantly.

StatPro's view remains that if fund administrators offer a more efficient performance service, there will be a stronger trend towards outsourcing. The key is StatPro's Revolution platform, which offers fund administration clients significant improvements in efficiency.

In 2018, the Group is engaging with a number of parties about partnering with their platforms to offer an enhanced combined service. Integration using APIs is the key to this strategy and it also offers clients by far the best way to provide joint services from best of breed companies. One of the core objectives is to be the provider of portfolio analytics solutions for the growing number of financial information platforms. Many fund administrators and investment banks have these or are building them.

The Group has started the current financial year in line with the Board's expectations and is on course to show solid revenue and profit growth.

Acquisitions

In May 2017, the Group completed the First Closing of the acquisition of Delta from UBS. This acquisition is a significant strategic move for StatPro. Delta is one of the most respected fixed income risk and attribution solutions on the market. Having its roots in UBS's investment banking division where fixed income expertise is second to none, Delta was built to offer UBS clients a first-class analysis service. It also has very few competitors able to offer a comparable service.

The Delta team has swiftly integrated with StatPro, with development efforts focused on enhancing Revolution to enable it to reach functional parity within three to four years. Currently the Delta product is supported by the UBS IT platform and UBS provides its data requirements. This support will no longer be required when functional parity with Revolution is achieved.

The joint objective of both UBS and StatPro has been to ensure that the clients of Delta have a smooth transition and can take their time to prepare to switch systems as and when it suits them. The Group has communicated this message extensively with Delta's clients and this has been very well received.

In addition, StatPro is also implementing plans to enable an automated switchover for any Delta clients with all their portfolios to Revolution in case any client wishes to take advantage of Revolution's extensive functionality. The Group expects these plans to be completed by the end of March 2018.

Delta has made a positive contribution to StatPro's adjusted EBITDA in 2017 and is expected to continue to do so in 2018. Delta won additional business in 2017 from new clients and existing clients. This is testament to the high-quality team working at Delta and the strong co-operation between them and StatPro.

StatPro increased the Group's holding in Infovest in South Africa in February 2017 to 72.7% and to 100% on 23 February 2018. Acquiring the shares at approximately six times EBITDA is earnings per share enhancing for the Group. Infovest had a good end to the year and has strong growth prospects for 2018.

StatPro Revolution

One larger fund administrator client has increased the number of portfolios on Revolution during 2017 from around 100 to over 1,200 and is on course for further significant additions during 2018.

StatPro's services enable fund administration clients to sell their own services better, which in turn drives the Group's success as they win business.

Whilst overall organic growth was modest at 2%, Revolution grew 11% on a constant currency basis excluding acquisitions. As Revolution approaches functional parity with StatPro Seven, the number of projects to load client data onto Revolution is growing fast. The process of conversion has been rigorous to achieve the best results for the Group's clients, who see the benefits and the efficiency savings they can make.

Product development

A number of key enhancements were made to Revolution during 2017: The integration of Alpha into the Revolution GUI (graphical user interface) and a wide range of analytics enhancements, including fund-in-fund analysis and fees schedules. In early 2018, the Group will release configurable dashboards. This will enable clients to specify precisely what each user can see making the platform simpler and clearer to use.

The most important release in 2018 will be the new Fixed Income Attribution module planned for July. This is the first major step in reaching functional parity with Delta and it will be possible for a number of clients to use Revolution as an alternative to Delta from this point.

The project to reach parity with Delta falls into two sections: Quality Parity and Flexibility Parity. Quality Parity will be reached when the quality of pricing and analytics in Revolution meets the same standard or better than Delta. The Group expects to achieve this by June 2019.

Flexibility Parity relates to how the data can be used. Delta allows its' clients to configure any view of their portfolio they may wish. StatPro believes Flexibility Parity will be achieved by the end of 2021 at the latest.

There is significant demand in the market for a high quality fixed income attribution and risk solution and the Group's service will be the first available on a modern cloud-based platform. StatPro's fund administration partners have expressed interest in being able to offer this service to their clients.

Once the Group has released its fixed income attribution module, StatPro will have the broadest range of analytics offered by any single platform. Being able to calculate transaction-based performance, equity and fixed income attribution and multi-asset risk, factor risk and fixed income risk, together with a wide range of regulatory reporting all in one platform is unique. Being able to access this huge and unmatched source of data from anywhere and integrate it using an API into any other platform is Revolutionary.

Financial review

Group revenue increased by 31% to £49.34 million (2016: £37.55 million). The revenue contribution from the Delta acquisition was £9.26 million. The organic revenue increase at constant currency was 2%.

Revenue growth was driven by solid underlying growth in StatPro Revolution of 11% at constant currency (16% at actual rates), combined with the positive impact of the acquisition, offset by a reduction in revenue for professional fees. StatPro Seven revenue was down 1% at constant currency (up 5% at actual rates) and data revenue grew by 1% at constant currency (7% at actual rates).

96% of Group revenue in 2017 was recurring revenue (2016: 93%).

The proportion by value of recurring software licences and data clients secured to the end of 2018 or beyond amounted to 71% (2016: 69%); the weighted average length of contracts committed was 13 months (2016: 15 months).

The Group achieved a high level of new contracts signed in the year adding ARR of £4.79 million (2016: £4.39 million) excluding conversions from StatPro Seven.

Professional services revenue was down by 25% at constant currency (21% at actual rates) to £2.02 million (2016: £2.56 million), including £0.76 million in Infovest.

TABLE 1

	£m	Change year-on-year at constant currency
Revenue bridge		
2016 at actual rates	37.55	
Organic growth		
StatPro Revolution	1.46	11%
StatPro Seven	(0.23)	(1)%
Data	0.04	1%
Professional fees	(0.67)	(25)%
	0.60	2%
Impact of acquisition and currency		
Acquisition	9.26	
Currency impact	1.93	
	11.19	
2017 at actual rates	**49.34**	

Recurring revenue

The Group's SaaS business model of recurring revenue contracts continues to provide excellent visibility of revenue. The ARR at the end of December 2017 increased by 39% (2016: 18%) over the previous 12 months to £53.04 million (2016: £38.13 million at constant currency).

Excluding the impact of acquisitions and currency rates, the organic growth in Group ARR was 1%. Approximately 82% of new recurring contracted revenue came from existing clients (2016: 83%).

The overall growth rate for StatPro Revolution's ARR was 100% (2016: 93%). The organic growth in StatPro Revolution ARR was 13% (2016: 32%), excluding the impact of acquisitions in 2016 and 2017 and currency rates (see note 3).

The ARR for StatPro Seven reduced by 3% (2016: 5%) at constant currency to £18.92 million (2016: £19.46 million). Excluding the impact of conversions to Revolution, StatPro Seven's ARR increased by 3% at constant currency.

StatPro Seven ARR can be split into two parts: those modules that are set to be converted to

Revolution over the next few years, amounting to £6.30 million (SPA, SFI & SRM), and the balance of £12.62 million is for modules that are still being marketed (primarily SC, SPM and SPC).

The ARR from cloud services (StatPro Revolution, Alpha and Delta) is now £30.06 million, representing 57% of the Group total (2016: 38%) and has grown at a higher rate than other services.

There has been an increase of 67% in average revenue per StatPro Revolution client to £81,500 (2016: £48,700 at constant currency), including the impact of Delta, where average revenue per Delta client is approximately £132,000. The organic growth of average ARR per client for StatPro Revolution was 22% (2016: 39%). Further analysis on revenue and ARR is provided in note 3.

Acquisitions

During 2017, StatPro completed one acquisition and increased its investment in an existing subsidiary:

- ***Delta***
  On 15 May 2017, StatPro completed the First Closing of the acquisition, from UBS, of its risk and performance analytics service, Delta. An initial payment of approximately £7.5 million has been made, out of a total cash consideration of approximately €13 million (£11.2 million), with the remainder being paid over three years. The fair value of the total consideration is £10.55 million.

- ***Increase in majority control of Infovest***
  The Group increased its shareholding in Infovest Consulting (Pty) Ltd ("Infovest"), from 51.0% to 72.7% in February 2017. The consideration for the additional 21.7% shareholding was ZAR 19.1 million (£1.15 million) in cash. The outstanding 27.3% was bought in February 2018 – see below.

SaaS-based KPIs

An important KPI for SaaS-based businesses is the cost of acquiring each customer ("CAC") in comparison with the Lifetime Value of the customer contracts ("LTV") and the table below shows the results for StatPro.

Generally a value of three or higher for the ratio of LTV:CAC is considered the industry benchmark for a successful SaaS business and for StatPro it is well above this figure. The figure has gone down due to investment in the sales team in 2017 and a slightly lower implied customer lifetime but the Implied Customer Lifetime Value has increased by 6% to £997,000.

TABLE 2

	2017	**2016**
Average Cost of Acquiring Customer ("CAC") (£'000s)	**128.6**	**96.1**
Implied Customer Lifetime (years)	**9.4**	**10.8**
Average ARR per customer (£'000s)	**106.1**	**86.6**
Implied Customer Lifetime Value ("LTV") (£'000s)	**997**	**938**
LTV: CAC	**7.8**	**9.8**

Operating expenses

Operating expenses, before amortisation of intangible assets and other adjusting items, increased by 32% (26% at constant currency) to £40.08 million (2016: £30.25 million). Excluding the impact of acquisitions and currency movements, the underlying increase was 1%. The average number of employees increased to 295 (2016: 266).

Non-controlling interest put option

The re-assessment of the liability based on the fair value of the non-controlling interest put option in Infovest resulted in an increase of £0.40 million during 2017 due to a combination of growth in Infovest revenue and profits and a stronger South African Rand, although overall the acquisition of further shares in Infovest reduced the non-controlling interest put option to £1.82 million (2016: £2.56 Million).

Acquisition-related and restructuring charges
Acquisition-related and restructuring charges amounting to a total of £3.53 million were incurred. These include: £2.30 million for the acquisition of Delta, of which £1.02 million were for transaction costs and the remainder being redundancies and onerous contracts. In addition, £1.23 million relates to restructuring of the core business following the Delta acquisition, predominantly relating to the restructuring of the European sales and support team.

Finance income and expense
Net finance expense increased to £1.59 million (2016: £0.79 million), due to the increase in net debt following the acquisitions in 2016 and 2017. Non-cash interest charges amounted to £0.33 million.

Profitability
The adjusted EBITDA was up 36% to £6.95 million (2016: £5.10 million). The impact of currency movements on the adjusted EBITDA was £0.64 million. The adjusted EBITDA margin increased to 14.1% (2016: 13.6%). Gross profit margin (see note 6) reduced to 58.7% (2016: 61.1%).

Adjusted profit before taxation increased by 29% to £3.45 million (2016: £2.68 million). The reconciliation from adjusted EBITDA to loss before taxation is shown in table 3 below.

The loss before taxation was £3.36 million (2016: £10.12 million), the results being impacted by adjusting items including amortisation of acquired intangible assets, acquisition and restructuring costs, movements in fair value of put option for Infovest and share-based payments.

TABLE 3

	2017 £'000s	2016 £'000s	Change %
Adjusted EBITDA	**6,951**	5,104	+36%
Depreciation of property, plant and equipment	**(1,504)**	(1,327)	
Amortisation on purchased intangible assets	**(417)**	(316)	
Adjusted operating profit	**5,030**	3,461	+45%
Amortisation on acquired intangible assets	**(2,243)**	(1,060)	
Share-based payments	**(626)**	(361)	
Goodwill impairment	**-**	(9,724)	
Other adjusting items	**(3,934)**	(1,654)	
Total adjusting items	**(6,803)**	(12,799)	
Operating loss	**(1,773)**	(9,338)	+81%
Net finance expense	**(1,585)**	(786)	
Loss before taxation	**(3,358)**	(10,124)	+67%

Taxation
The tax credit was £1.15 million (2016: £0.07 million). The underlying effective tax rate on adjusted profit before tax was approximately 23% (2016: 16%). The Group has benefitted from R&D tax credits in the UK and South Africa and the utilisation of historic tax losses not previously recognised.

Loss per share
Adjusted earnings per share increased by 74% to 5.9p (2016: 3.4p) as shown in note 8. Actual and diluted loss per share was 3.6p (2016: loss 15.5p), primarily driven by the impact of one-off adjusting items.

Dividends
The directors are recommending maintaining the final dividend of 2.05p per share (2016: 2.05p) making a total dividend for 2017 of 2.9p per share (2016: 2.9p). The final dividend will be paid on 30 May 2018 to all shareholders on the register at the close of business on 27 April 2018.

The dividend cover, calculated as adjusted eps:dividends per share, was 2.03 times (2016: 1.17). Total dividends paid in 2017 were £2.01 million (2016: £1.88 million) including dividends of £0.14 million (2016: nil) paid to non-controlling interests.

Balance sheet
The Group's net assets at the year-end reduced to £29.15 million (2016: £32.59 million), the reduction being primarily due to the loss in the year and the increase in financial liabilities. The increase in net debt arose as a result of the financing of the Delta acquisition using the Group's debt facilities. Net assets were also impacted by the goodwill and assets acquired with the acquisition in 2017.

Deferred income, which is a non-cash liability, increased to £19.73 million (2016: £17.60 million), the deferred tax liability increased to £1.62 million (2016: £1.42 million) and deferred tax assets increased to £2.68 million (2016: £0.52 million).

Cash flow and financing

StatPro continues to be cash-generative with cash generated from operations after payment for acquisition and restructuring costs of £10.68 million (2016: £7.45 million). The Group ended the year with net debt of £20.22 million (2016: £10.06 million). The free cash flow, before acquisition and restructuring payments, increased to £4.59 million (2016: £0.65 million).

The Group also makes use of finance leases for certain IT projects where there are commercial advantages to do so. Total finance leases (included in the net debt figure above) amounted to £1.46 million (2016: £1.23 million).

Research and development and capex

The research and development team is now focused almost entirely on the Group's cloud-based solutions, the StatPro Revolution platform. R&D expenditure of £8.01 million was incurred (2016: £5.94 million). The increase of 35% (28% at constant currency) was driven by Revolution and the Delta integration project and overall the expenditure was a similar proportion of revenue (16%) as in prior years.

Development costs of £6.02 million were capitalised in the year (2016: £4.57 million) and amortisation on internal development was £4.44 million (2016: £3.88 million). Capital expenditure on property, plant and equipment was £2.30 million (2016: £1.52 million), of which approximately £1.11 million was financed under finance leases.

Post balance sheet events

Deferred consideration relating to acquisition of Investor Analytics

As planned, a further and final deferred payment of US$ 1.0 million was paid to former IA shareholders on 23 January 2018.

Acquisition of further shares in Infovest

On 23 February 2018, StatPro South Africa (Pty) Ltd. purchased a further 27.3% shares in Infovest for ZAR 30.4 million (£1.9 million) taking the total Group interest in Infovest to 100%.

Financing facility

The Group has a financing facility with Wells Fargo for acquisitions, share buybacks and general corporate purposes. During 2017, as part of the acquisition of Delta, the financing facilities were increased. At 31 December 2017, the Group had net debt of £20.22 million and total credit facilities of £40.5 million available, of which £33 million is committed to April 2022, subject to compliance with agreed covenants, primarily linked to recurring revenue, adjusted EBITDA and available liquidity. The financing costs are being amortised over the term of the loan. This facility strengthens the Group's long-term financial structure and therefore the Board believes that the Group is well positioned to manage the business risks.

Principal financial risks

The principal business risks and uncertainties affecting the Group are described in the Group's Annual Report. For each category of risk, the directors have identified means by which the risk can be managed or reduced in a cost-effective way, whilst accepting that some risks cannot be completely eliminated. The Brexit process currently underway in the UK is not expected to have any adverse impact on the Group, which has operations in the UK and continental Europe.

GROUP INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000s Existing operations	2017 £'000s Acquisition	**2017** **£'000s** **Total**	2016 £'000s
Revenue	3	40,078	9,259	**49,337**	37,545
Operating expenses before amortisation of intangible assets and other adjustments		(32,190)	(7,890)	**(40,080)**	(30,254)
Amortisation of acquired intangible assets		(843)	(1,400)	**(2,243)**	(1,060)
Amortisation of other intangible assets		(4,853)	-	**(4,853)**	(4,191)
Goodwill impairment	5	-	-	**-**	(9,724)
Fair value movement on non-controlling interest put option	5	(404)	-	**(404)**	(628)
Movements in provisions for contingent consideration	5	-	-	**-**	272
Acquisition-related, restructuring costs and negative goodwill	5	(1,227)	(2,303)	**(3,530)**	(1,298)
Operating expenses	4	(39,517)	(11,593)	**(51,110)**	(46,883)
Operating profit/(loss)		561	(2,334)	**(1,773)**	(9,338)
Finance income				**61**	33
Finance expense				**(1,646)**	(819)
Net finance expense				**(1,585)**	(786)
Loss before taxation				**(3,358)**	(10,124)
Taxation	7			**1,147**	74
Loss for the year				**(2,211)**	(10,050)
Profit attributable to non-controlling interests				**131**	94
Loss attributable to equity shareholders				**(2,342)**	(10,144)
				(2,211)	(10,050)
Loss per share – basic and diluted	8			**(3.6)p**	(15.5)p

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 **£'000s**	2016 £'000s
Loss for the year	**(2,211)**	(10,050)
Other comprehensive income to be reclassified to the income statement:		
Net exchange differences	**(431)**	6,606
Total comprehensive loss for the year	**(2,642)**	(3,444)
Attributable to:		
Non-controlling interests	**113**	139
Equity shareholders	**(2,755)**	(3,583)
Total comprehensive loss for the year	**(2,642)**	(3,444)

BALANCE SHEET AT 31 DECEMBER 2017

	Notes	**2,017** £'000s	2,016 £'000s
Non-current assets			
Goodwill		**44,404**	44,759
Other intangible assets		**20,389**	10,937
Property, plant and equipment		**3,303**	2,742
Other receivables	9	**86**	134
Deferred tax assets		**2,682**	516
		70,864	59,088
Current assets			
Trade and other receivables	9	**15,073**	12,051
Financial instruments – other		**39**	–
Current tax assets		**1,294**	2,674
Cash and cash equivalents		**4,311**	4,356
		20,717	19,081
Liabilities			
Current liabilities			
Financial liabilities – borrowings		**(7,451)**	(8,459)
Financial liabilities – non-controlling interest put option		**(1,816)**	(2,557)
Financial instruments – other		**(67)**	(32)
Trade and other payables	10	**(10,435)**	(7,573)
Current tax liabilities		**(273)**	(485)
Deferred income		**(19,665)**	(17,534)
Provisions	11	**(304)**	(680)
		(40,011)	(37,320)
Net current liabilities		**(19,294)**	(18,239)
Non-current liabilities			
Financial liabilities – borrowings		**(17,076)**	(5,961)
Other creditors and accruals	10	**(3,655)**	(819)
Deferred tax liabilities		**(1,619)**	(1,416)
Deferred income		**(66)**	(67)
		(22,416)	(8,263)
Net assets		**29,154**	32,586
Shareholders' equity			
Share capital		**687**	678
Share premium		**24,454**	23,537
Shares to be issued		**63**	63
Treasury shares		**(2,328)**	(2,328)
Other reserves		**6,911**	7,324
Retained earnings		**(775)**	3,018
Total shareholders' equity		**29,012**	32,292
Non-controlling interests		**142**	294
Total equity		**29,154**	32,586

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** **£'000s**	2016 £'000s
Operating activities			
Cash generated from operations	12	**10,676**	7,454
Finance income		**61**	30
Finance costs		**(1,288)**	(530)
Tax received		**1,022**	453
Tax paid		**(1,166)**	(1,747)
Net cash flow from operating activities		**9,305**	5,660
Investing activities			
Acquisition of subsidiaries and other businesses (net of cash acquired)	15	**(10,269)**	(4,786)
Investment in intangible assets		**(6,028)**	(4,940)
Purchase of property, plant and equipment		**(1,185)**	(1,518)
Proceeds from the disposal of property, plant and equipment		**-**	13
Net cash flow used in investing activities		**(17,482)**	(11,231)
Financing activities			
Net proceeds from bank loans and derivatives	13	**9,966**	11,685
Net payments on finance leases	13	**(840)**	(330)
Proceeds from issue of ordinary shares		**926**	–
Purchase of own shares		**-**	(2,079)
Dividends paid to non-controlling interests		**(135)**	-
Dividends paid to shareholders		**(1,877)**	(1,877)
Net cash flow from financing activities		**8,040**	7,399
Net (decrease)/increase in cash and cash equivalents		**(137)**	1,828
Cash and cash equivalents at 1 January		**4,356**	2,203
Effect of exchange rate movements		**92**	325
Cash and cash equivalents at 31 December		**4,311**	4,356

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000s	Share premium £'000s	Shares to be issued £'000s	Treasury shares £'000s	Other reserves £'000s	Retained earnings £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
At 1 January 2016	678	23,537	63	(249)	2,692	14,796	41,517	–	41,517
Loss for the year	–	–	–	–	–	(10,144)	(10,144)	94	(10,050)
Other comprehensive income	–	–	–	–	6,561	–	6,561	45	6,606
Total comprehensive income	–	–	–	–	6,561	(10,144)	(3,583)	139	(3,444)
Transactions with owners:									
Put option relating to non-controlling interests	–	–	–	–	(1,929)	–	(1,929)	–	(1,929)
Non-controlling interests	–	–	–	–	–	–	-	155	155
Purchase of own shares	–	–	–	(2,079)	–	–	(2,079)	–	(2,079)
Share-based payment transactions	–	–	–	–	–	220	220	–	220
Tax relating to share option scheme	–	–	–	–	–	23	23	–	23
Dividends	–	–	–	–	–	(1,877)	(1,877)	–	(1,877)
	–	–	–	(2,079)	(1,929)	(1,634)	(5,642)	155	(5,487)
At 31 December 2016	**678**	**23,537**	**63**	**(2,328)**	**7,324**	**3,018**	**32,292**	**294**	**32,586**

	Share capital £'000s	Share premium £'000s	Shares to be issued £'000s	Treasury shares £'000s	Other reserves £'000s	Retained earnings £'000s	Total shareholders' equity £'000s	Non-controlling interests £'000s	Total equity £'000s
At 1 January 2017	678	23,537	63	(2,328)	7,324	3,018	32,292	294	32,586
Loss for the year	–	–	–	–	–	(2,342)	(2,342)	131	(2,211)
Other comprehensive income	–	–	–	–	(413)	–	(413)	(18)	(431)
Total comprehensive income	-	-	-	-	(413)	(2,342)	(2,755)	113	(2,642)
Transactions with owners:									
Acquisition of non-controlling interests	–	–	–	–	–	130	130	(130)	–
Share-based payment transactions	–	–	–	–	–	251	251	–	251
Tax relating to share option scheme	–	–	–	–	–	45	45	–	45
Shares issued	9	917	–	–	–	–	926	–	926
Dividends	–	–	–	–	–	(1,877)	(1,877)	(135)	(2,012)
	9	917	–	–	–	(1,451)	(525)	(265)	(790)
At 31 December 2017	**687**	**24,454**	**63**	**(2,328)**	**6,911**	**(775)**	**29,012**	**142**	**29,154**

Other reserves include merger reserves of £2,369,000 (2016: £2,369,000), translation reserve of £6,471,000 (2016: £6,884,000) and a reserve for the put option held by non-controlling interest of a debit balance of £1,929,000 (2016: £1,929,000). The merger reserve arose on acquisitions and represents the difference between the fair value of shares issued and the nominal value of the shares. The translation reserve incorporates the gains and losses on revaluation of the net assets and liabilities of subsidiary undertakings and other currency gains and losses that are treated as part of equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Announcement

This announcement was approved by the Board of directors on 13 March 2018. The preliminary results for the year ended 31 December 2017 are unaudited. The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31 December 2017 or 31 December 2016. The financial information set out in the announcement has been prepared on the basis of the accounting policies set out in the statutory accounts of StatPro Group plc for the year ended 31 December 2016. This condensed consolidated financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The auditor’s report on the financial statements for the year ended 31 December 2016 was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The financial statements for the year ended 31 December 2016 have been delivered to the Registrar of Companies.

2 Segmental information

The Group’s operating segments have been determined based on the information regularly reviewed by the Group Executive Board, which has been identified as the Chief Operating Decision Maker (“CODM”). With the strategic focus of the business to move fully to cloud technology solutions, and following an analysis of the management information reviewed by the Chief Operating Decision Maker, the Board considers the business continues to operates with one cash generating unit (“CGU”).

All revenue, profit/(loss) before taxation and total assets are attributable to the principal activity of the Group, being the development, marketing and distribution of software, data solutions and related professional services to the global asset management industry. Additional disclosures of revenue by service are provided in these notes but, as there is only one CGU, there is no analysis of profit by service/type of revenue.

3 Revenue analysis

Revenue by type of service was as follows:

	2017	**2017**	**2017**	2016	
	Existing Operations	**Acquisition**	**Total**		Change
	£ million	**£ million**	**£ million**	£ million	%
Revenue					
StatPro Revolution	**14.21**	**9.26**	**23.47**	12.26	91%
StatPro Seven	**19.78**	**-**	**19.78**	18.92	5%
Data fees	**4.07**	**-**	**4.07**	3.81	7%
Total recurring revenue	**38.06**	**9.26**	**47.32**	34.99	35%
Professional services and other revenue	**2.02**	**-**	**2.02**	2.56	(21%)
Total revenue	**40.08**	**9.26**	**49.34**	37.55	31%
Percentage of total revenue that is recurring	**95%**	**100%**	**96%**	93%	

A key performance indicator for the Group is the Annualised Recurring Revenue ("ARR") from client contracts. The movement in ARR in the year was as follows:

	Revolution (cloud) £ million	Seven (software) £ million	Data £ million	Total £ million
As at 31 December 2016	15.04	19.74	4.49	39.27
Net impact of exchange rates	(0.44)	(0.28)	(0.42)	(1.14)
At 1 January 2017 (at December 2017 rates)	**14.60**	**19.46**	**4.07**	**38.13**
ARR from acquisitions	14.47	-	-	14.47
New contracted revenue/increases	2.32	2.12	0.35	4.79
Conversions from Seven to Revolution	1.09	(1.09)	-	-
Cancellations/reductions	(2.42)	(1.57)	(0.36)	(4.35)
	0.99	**(0.54)**	**(0.01)**	**0.44**
Net increase/(decrease)	**15.46**	**(0.54)**	**(0.01)**	**14.91**
Recurring licence fees as at 31 December 2017	**30.06**	**18.92**	**4.06**	**53.04**
Change in total ARR	100%	(4%)	(10%)	35%
Change in ARR at constant currency	106%	(3%)	0%	39%
Change in ARR at constant currency excluding acquisitions	7%	(3%)	0%	1%

Revolution ARR reported above includes cloud revenues acquired from Investor Analytics in 2016 and Delta in 2017. Excluding these components, the organic increase in Revolution ARR at constant currency was 13%.

The ARR distribution profile for StatPro Revolution is as follows:

Annualised revenue bands	**Annualised revenue** **2017** **£'000s**	**Number of clients** **2017** **Number**	**Average revenue per client** **2017** **£'000s**	Annualised revenue * 2016 £'000s	Number of clients 2016 Number	Average revenue per client * 2016 £'000s
<£10k	**335**	**86**	**3.9**	357	111	3.2
£10k-£50k	**3,172**	**124**	**25.6**	2,141	99	21.6
£50k-£100k	**4,526**	**58**	**78.0**	3,199	41	78.0
£100k-£200k	**9,336**	**68**	**137.3**	5,231	39	134.1
>£200k	**12,688**	**33**	**384.5**	3,670	10	367.0
Total	**30,057**	**369**	**81.5**	14,598	300	48.7

*At constant currency

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018, and earlier application is permitted. The group is working towards the implementation of IFRS 15 with effect from 1 January 2018 and has carried out an impact assessment as part of this process. The Group intends to apply the full retrospective approach to the transition.

The directors anticipate there will be no material impact within a financial year on any of the Group's revenue streams.

Particular consideration was given to accounting for some legacy term licences for a subset of StatPro Seven software products that are not hosted, i.e. they are installed on premise. The total annualised recurring contract value of these products is approximately £7.3 million and these are no longer sold to new customers as an on-premise solution. These licences are considered distinct from support and maintenance services included in the contract and provide a 'right to use' software that does not significantly change over the term of the contract.

The Directors have considered the contractual arrangements and determined that they contain a series of annual performance obligations as the Group is required to deliver a licence key annually. Therefore, whilst the monthly phasing of revenue would differ under IFRS 15, there is no impact of the change within a financial year, unless contracts are not renewed. The impact on the full year 2017 revenue is not expected to be material, however the phasing between the first and second half of the year will change and there will be an impact on the opening balance sheet. The impact on 2018 revenue is difficult to predict, as it will depend on the timing of any contracts that are not renewed. The Group continues to transition to cloud-based services in line with its strategy.

The Directors consider that, for all other revenue streams, the customer contract cannot benefit from the licence without a related service provided by the Group and consequently, these are not considered distinct from other services included in the contract. There is therefore expected to be no material change to revenue recognition for other revenue streams, other than from on-premise legacy term licences.

The profile of cash receipts or payments is not affected by this standard.

4 Operating expenses

	2017	2016
	£'000s	£'000s
Operating expenses relate to:		
Staff costs		
- Research and development	**6,600**	5,943
- Other staff costs	**17,319**	12,693
- Share-based payments	**626**	361
- Internal development costs capitalised	**(6,023)**	(4,570)
Total staff costs	**18,522**	14,427
Depreciation of property, plant and equipment	**1,504**	1,327
Amortisation of intangible assets	**7,096**	5,251
Operating lease rentals in respect of:		
- Land and buildings	**1,797**	1,910
- Other	**20**	20
Auditors' remuneration	**247**	256
Goodwill impairment	**-**	9,724
Fair value movement on non-controlling interest put option	**404**	628
Movements in provisions for contingent consideration	**-**	(272)
Acquisition-related, restructuring costs and negative goodwill	**3,530**	1,298
Other operating expenses	**17,873**	11,790
Exchange differences	**117**	524
Total operating expenses	**51,110**	46,883

5 Adjusting items

The profit and earnings have been adjusted for the following items in order to provide a fairer view of the underlying performance of the business as shown in the table below. Further details are provided in notes 6 and 8.

	2017	2017	2017	2016
	£'000s	**£'000s**	**£'000s**	£'000s
	Existing operations	**Acquisition**	**Total**	
Goodwill impairment	**-**	**-**	**-**	(9,724)
Movements in provisions for contingent consideration				
Release of provision for SiSoft following settlement	-	-	-	86
Release of provision for contingent consideration for IA	-	-	-	186
	-	**-**	**-**	272
Fair value movement on non-controlling interest put option	**(404)**	**-**	**(404)**	(628)
Acquisition-related, restructuring costs and negative goodwill				
Acquisition transaction, redundancy and other integration costs	-	(2,303)	(2,303)	(1,062)
Redundancies and onerous lease on restructuring (core)	(1,227)	-	(1,227)	(415)
Negative goodwill on Infovest acquisition	-	-	-	179
	(1,227)	**(2,303)**	**(3,530)**	(1,298)
Total of adjusting items	**(1,631)**	**(2,303)**	**(3,934)**	(11,378)

Non-controlling interest put option
The fair value of the buy-out of the non-controlling interest put option in Infovest was estimated to be £1.82 million at 31 December 2017 and the movement in the liability through the profit and loss in 2017 was £0.40 million.

Acquisition related, and restructuring charges
Acquisition-related and restructuring charges amounting to a total of £3.53 million were incurred. These include: £2.30 million for the acquisition of Delta, of which £1.02 million were for transaction costs and the remainder being post-acquisition redundancies and onerous contracts. In addition, £1.23 million relates to restructuring of the core business following the Delta acquisition, predominantly relating to the restructuring of the European sales and support team.

6 Adjusted profit before taxation, adjusted operating profit margin and adjusted EBITDA

In order to provide the reader of the accounts with profit measures that more clearly demonstrate the underlying business performance from year to year a number of adjusted profit measures are shown below.

a) Adjusted profit before taxation

	2017	2016
	£'000s	£'000s
Loss before taxation	**(3,358)**	(10,124)
Add back: amortisation on acquired intangible assets	**2,243**	1,060
Add back: goodwill impairment	**-**	9,724
Add back: fair value movement on non-controlling interest put option	**404**	628
Add back: movements in provisions for contingent consideration	**-**	(272)
Add back: acquisition-related, restructuring costs and negative goodwill	**3,530**	1,298
Add back: share-based payments	**626**	361
Adjusted profit before tax	**3,445**	2,675

b) Adjusted operating profit

	2017	2016
	£'000s	£'000s
Operating loss	**(1,773)**	(9,338)
Add back: amortisation on acquired intangible assets	**2,243**	1,060
Add back: goodwill impairment	**-**	9,724
Add back: fair value movement on non-controlling interest put option	**404**	628
Add back: movements in provisions for contingent consideration	**-**	(272)
Add back: acquisition-related, restructuring costs and negative goodwill	**3,530**	1,298
Add back: share-based payments	**626**	361
Adjusted operating profit	**5,030**	3,461

c) Adjusted EBITDA

	2017	2016
	£'000s	£'000s
Operating loss	**(1,773)**	(9,338)
Add back: depreciation of property, plant and equipment	**1,504**	1,327
Add back: amortisation on purchased intangible assets	**417**	316
Add back: amortisation on acquired intangible assets	**2,243**	1,060
Add back: goodwill impairment	**-**	9,724
Add back: fair value movement on non-controlling interest put option	**404**	628
Add back: movements in provisions for contingent consideration	**-**	(272)
Add back: acquisition-related, restructuring costs and negative goodwill	**3,530**	1,298
Add back: share-based payments	**626**	361
Adjusted EBITDA	**6,951**	5,104
Adjusted EBITDA margin	**14.1%**	13.6%

d) Gross profit margin analysis

Gross profit margin analysis helps us assess the profitably of incremental revenue as the business evolves into a pure cloud business and the costs drivers begin to change. As there are a number of methodologies for allocating costs, we have described how we have allocated the cost elements.

	2017	2016
Revenue	**100.0%**	100.0%
Cost of services	**(41.3)%**	(38.9)%
Gross profit margin	**58.7%**	61.1%
R&D costs	**(5.5)%**	(5.4)%
Sales & Marketing costs	**(10.9)%**	(10.3)%
General & Administration costs	**(29.5)%**	(32.8)%
	(45.9)%	(48.5)%
Share-based payments	**1.3%**	1.0%
Adjusted EBITDA	**14.1%**	13.6%

Definition of cost category for gross margin analysis:
Cost of services includes Clients Services employee salaries, Data employee salaries, Development employee salaries related to support, contractor costs, data costs, costs of software and hardware maintenance.
R&D includes the element of Development employee salaries that relates to new research and development.
Sales & marketing includes Sales and Marketing employee salaries, external marketing costs and sales commissions.

General & administration includes the Finance, HR and IT employee salaries, communications costs, occupancy costs, professional fees, travel and expenses, and other costs. These are analysed in further detail below.

General & Administration costs	**2017**	2016
Finance, HR & Administration	**(2.6)%**	(3.2)%
IT & Internal projects	**(4.8)%**	(4.7)%
Executive management	**(1.8)%**	(2.7)%
Employee-related costs	**(8.5)%**	(7.4)%
	(17.7)%	(18.0)%
Property & communications	**(7.9)%**	(9.8)%
Professional fees, insurance and other	**(3.9)%**	(5.0)%
	(11.8)%	(14.8)%
Total General & Administration costs	**(29.5)%**	(32.8)%

e) Free cash flow

	2017	2016
	£'000s	£'000s
Cash generated from operations before acquisition and restructuring costs	**13,765**	8,905
Net interest paid	**(1,227)**	(500)
Net tax paid	**(144)**	(1,294)
Purchase of property, plant and equipment	**(1,185)**	(1,518)
Investment in intangible assets	**(6,028)**	(4,940)
Free cash flow before acquisition and restructuring costs	**5,181**	653
Acquisition-related and restructuring costs	**(3,089)**	(1,451)
Free cash flow after acquisition and restructuring costs	**2,092**	(798)

Property, plant and equipment amounting to £1.11 million acquired under finance leases is excluded from the cash flow.

7 Taxation

	2017	2016
	£'000s	£'000s
Current tax		
Current tax on profits for the year	**(111)**	1,512
Adjustments in respect of prior years	**(1,142)**	205
Total current tax	**(1,253)**	1,717
Total deferred tax	**2,400**	(1,643)
Income tax credit	**1,147**	74

The tax impact of the adjusting items is as follows:

	2017	2016
	£'000s	£'000s
Tax credit/(charge) on profit before tax and adjusting items	**537**	(395)
Tax credit on adjusting items	**610**	469
Tax credit on profit before tax and after adjusting items	**1,147**	74

The tax on the Group's profit before tax differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%) as follows:

	2017	2016
	£'000s	£'000s
Loss before tax	**(3,358)**	(10,124)
Tax credit on loss before tax at standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	**646**	2,025
Tax effects of:		
Non-taxable income and non-deductible expenses	**1,182**	777
Non-deductible impairment of goodwill	**-**	(1,945)
Unrecognised deferred tax movement	**188**	(1,144)
Recognition of previously unrecognised deferred tax asset	**543**	33
Adjustments in respect of prior years	**(1,142)**	205
Difference in tax rates	**(199)**	123
Effect of change in tax rates	**(71)**	-
Tax credit	**1,147**	74

8 Earnings per share

Earnings per share – basic and diluted

	Earnings	**Weighted average number of shares**	**Earnings per share**	Earnings	Weighted average number of shares	Earnings per share
	2017	**2017**	**2017**	2016	2016	2016
	£'000s	**'000s**	**pence**	£'000s	'000s	pence
Loss per share – basic and diluted	**(2,342)**	**64,810**	**(3.6)**	(10,144)	65,272	(15.5)

Earnings per share – adjusted

	Earnings	**Weighted average number of shares**	**Earnings per share**	Earnings	Weighted average number of shares	Earnings per share
	2017	**2017**	**2017**	2016	2016	2016
	£'000s	**'000s**	**pence**	£'000s	'000s	pence
Loss per share – basic	**(2,342)**	**64,810**	**(3.6)**	(10,144)	65,272	(15.5)
Add back: Amortisation on acquired intangible assets	**2,243**	**-**	**3.5**	1,060	–	1.6
Add back: Goodwill impairment	**-**	**-**	**-**	9,724	–	14.9
Add back: Non-controlling interest put option	**404**	**-**	**0.6**	628	–	1.0
Add back: Movements in provisions for contingent consideration	**-**	**-**	**-**	(272)	–	(0.4)
Add back: Acquisition-related, restructuring costs and negative goodwill	**3,530**	**-**	**5.4**	1,298	–	2.0
Effect of tax on adjusting items	**(610)**	**-**	**(0.9)**	(469)	–	(0.7)
Add back: share-based payments	**626**	**-**	**0.9**	361	–	0.5
Adjusted earnings per share	**3,851**	**64,810**	**5.9**	2,186	65,272	3.4
Potentially dilutive shares	**-**	**2,505**	**(0.2)**	–	1,285	(0.1)
Adjusted earnings per share – diluted	**3,851**	**67,315**	**5.7**	2,186	66,557	3.3

The adjusted earnings per share information has been provided in order to assist the reader to understand the underlying performance of the business on a comparable basis. Potentially dilutive shares exclude any anti-dilutive share options. The basic loss per share for 2016 has been adjusted to 15.5p from the 15.4p previously reported to exclude the non-controlling interests share of profit. The reported diluted loss per share for 2016 has been adjusted to 15.5p from the 15.1p previously reported as there is no dilution in loss per share when there is an overall loss.

9 Trade and other receivables

Current assets: trade and other receivables

	2017	2016
	£'000s	£'000s
Trade receivables	**10,475**	9,182
Other receivables	**285**	420
Prepayments	**1,793**	1,603
Accrued income	**2,193**	404
VAT recoverable	**195**	332
Rental deposits	**132**	110
	15,073	12,051

Non-current assets: other receivables

	2017	2016
	£'000s	£'000s
Rental deposits	**86**	134
	86	134

10 Trade and other payables

Current liabilities: trade and other payables

	2017	2016
	£'000s	£'000s
Trade creditors	**1,398**	984
Other creditors and accruals	**5,443**	2,040
Deferred consideration	**738**	1,609
Other taxation and social security	**2,856**	2,940
	10,435	7,573

Non-current liabilities: other creditors

	2017	2016
	£'000s	£'000s
Other creditors and accruals	**151**	33
Deferred consideration	**3,504**	786
	3,655	819

The non-current "Other creditors and accruals" of £0.15 million (2016: £0.03 million) relate to lease inducements, which are amortised over the period of the relevant lease.

11 Provisions

Provisions of £0.30 million at 31 December 2017 (2016: £0.68 million) relate to contingent consideration and provisions for redundancies and onerous contracts. Total movement on provisions for the Group is as follows:

	2017	**2017**	**2017**	2016
	Contingent consideration	**Redundancies and onerous contracts**	**Total**	Total
	£'000s	**£'000s**	**£'000s**	£'000s
At 1 January	**657**	**23**	**680**	642
Arising in the year	**-**	**3,530**	**3,530**	1,660
Utilised in the year	**(616)**	**(3,265)**	**(3,881)**	(1,451)
Released in the year	**-**	**(21)**	**(21)**	(272)
Exchange differences	**-**	**(4)**	**(4)**	101
At 31 December	**41**	**263**	**304**	680

The balance of the redundancies and onerous contracts is expected to be paid in 2018.

12 Reconciliation of loss before tax to net cash inflow from operating activities

	2017	2016
	£'000s	£'000s
Loss before taxation	**(3,358)**	(10,124)
Net finance expense	**1,585**	786
Operating loss	**(1,773)**	(9,338)
Goodwill impairment	**-**	9,724
Fair value movement on non-controlling interest put option	**404**	628
Movements in provisions for contingent consideration	**-**	(272)
Acquisition-related, restructuring costs and negative goodwill	**3,530**	1,298
Depreciation of property, plant and equipment	**1,504**	1,327
Loss on disposal of property, plant and equipment	**-**	29
Amortisation of intangible assets	**7,096**	5,251
(Increase)/decrease in receivables	**(924)**	(1,937)
Increase/(decrease) in payables and provisions	**2,971**	380
Increase in deferred income	**331**	1,453
Share-based payments	**626**	362
Net cash inflow from operating activities before acquisition and restructuring costs	**13,765**	8,905
Acquisition-related and restructuring costs	**(3,089)**	(1,451)
Net cash inflow from operating activities after acquisition and restructuring costs	**10,676**	7,454

13 Analysis of changes in net (debt)/cash

	At 1 January 2017	**Cash flow**	**Non-cash changes**	**Exchange differences**	**At 31 December 2017**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Cash and cash equivalents (per balance sheet)	4,356	(137)	-	92	**4,311**
Overdrafts	–	–	–	–	–
Cash and cash equivalents (per statement of cash flows)	4,356	(137)	-	92	**4,311**
Finance leases	(1,228)	840	(1,107)	39	**(1,456)**
Bank, other loans and derivatives	(13,192)	(9,966)	(226)	313	**(23,071)**
Net debt	**(10,064)**	**(9,263)**	**(1,333)**	**444**	**(20,216)**

	At 1 January 2016	**Cash flow**	**Non-cash changes**	**Exchange differences**	**At 31 December 2016**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Cash and cash equivalents (per balance sheet)	2,203	1,828	**-**	325	**4,356**
Overdrafts	-	-	**-**	**-**	**-**
Cash and cash equivalents (per statement of cash flows)	2,203	1,828	-	325	**4,356**
Finance leases	(269)	330	(1,289)	-	**(1,228)**
Bank, other loans and derivatives	(650)	(11,685)	80	(937)	**(13,192)**
Net cash/(debt)	1,284	(9,527)	(1,209)	(612)	**(10,064)**

14 Contingent liabilities

As is normal for a group of this size and scope of operations, Group companies are involved in a number of potential legal claims and disputes from time to time arising from our activities, none of which are expected to have a material impact on the Group's financial results.

15 Acquisitions

Acquisition of Delta

On 15 May 2017, StatPro completed the First Closing of the acquisition from UBS of its risk and performance analytics service, Delta. An initial payment of approximately £7.5 million has been made, out of total cash consideration of approximately €13 million (£11.2 million), with a fair value of £10.55 million. The remaining payments will be paid as follows:

- In May 2019 - approximately £1.4 million
- In May 2020 - approximately £2.3 million

Delta enables StatPro to extend its risk and performance analytics service from the middle office to the front office of asset managers.

The acquisition is phased over three to five years as StatPro incorporates Delta's cloud-based functionality into its flagship product, *StatPro Revolution*.

The tables below provides the allocation of the purchase price to the fair value of intangible and tangible assets acquired as required under IFRS 3. The goodwill is not deductible for tax purposes.

The business was operated as part of a larger business unit and it is not practicable to disclose pre-acquisition results.

Fair value of assets acquired and liabilities assumed

	Fair value
	£'000
Trade debtors	2,240
Intangible asset - Brand and client contract	2,359
Intangible asset - Technology	8,436
	13,035
Deferred income	(1,867)
Other creditors and provisions	(611)
Deferred tax liability	(429)
	(2,907)
Total identifiable net assets at fair value	10,128
Goodwill arising on acquisition	422
Fair value of purchase consideration	10,550

Increase in shareholding in Infovest

The Group increased its shareholding in Infovest Consulting (Pty) Ltd ("Infovest"), a South African-headquartered software provider, specialising in data warehouse, ETL and reporting software for the asset management industry, from 51.0% to 72.7% in February 2017. The consideration for the additional 21.7% shareholding was ZAR 19.1 million (£1.15 million) in cash. The transaction resulted in the derecognition of £1.15 million of the non-controlling interest put option and a £130,000 equity transfer from non-controlling interest to the retained earnings reserve.

The valuation of this buy-out is based on a formula linked to recurring revenue but with a minimum profit level with the multiple being just under eight times adjusted EBITDA. The remaining non-controlling interest were acquired in February 2018 (see note 18 below).

Total cash payments on acquisitions in 2017 were as follows:

	£ million
Delta initial payment	7.53
Investor Analytics deferred payment	1.59
Infovest increase	1.15
Total	10.27

16 Goodwill and other intangible assets

There was an increase in goodwill in 2017 of £0.42 million relating to the Delta acquisition. The net reduction overall in goodwill of £0.36 million is due to the impact of currency revaluations of goodwill. Other intangible assets comprise internally generated development costs capitalised, acquired intangible assets (client contracts, technology and brands) and purchased intangible assets.

17 Share capital and treasury shares

880,642 shares were issued during the year (2016: nil). At 31 December 2017, there were 68,694,292 shares (2016: 67,813,650 shares) in issue including 3,098,713 (2016: 3,098,713) held in treasury (65,595,579 excluding treasury shares). The treasury shares do not accrue dividends and are excluded from the earnings per share calculation.

18 Post balance sheet events

Deferred consideration relating to acquisition of Investor Analytics
As planned, a further and final deferred payment of US$ 1.0 million (£0.7 million) was paid to former IA shareholders on 23 January 2018.

Acquisition of further shares in Infovest
On 23 February 2018, StatPro South Africa (Pty) Ltd. purchased a further 27.3% shares in Infovest for ZAR 30.4 million (£1.9 million) taking the total Group interest in Infovest to 100%.