

**ALPHA CRC LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



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**ALPHA CRC LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Ms I Weiss P Nash
<b>Company secretary</b>	P Nash
<b>Registered number</b>	2197452
<b>Registered office</b>	St Andrews House St Andrews Road Cambridge CB4 1DL
<b>Independent auditors</b>	The Young Company Chartered Accountants & Statutory Auditors 2 B Vantage Park Washingley Road Huntingdon Cambridgeshire PE29 6SR

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**ALPHA CRC LIMITED**

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## ALPHA CRC LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Introduction

The company provides technical translation services and also provides machine translation software to third parties under licence.

#### Business review

By mid-2016, poor trading and losses in the preceding periods had left Alpha financially weak. During the second half of 2016, continuing into 2017, steps were taken to improve profitability by increased efficiency and the elimination of unprofitable business. After an independent review of these measures and the status of the company, the company's bank entered into a refinancing arrangement in April 2017 whereby a £1.3m overdraft facility was replaced by a new term loan of \$1.4m (£1.1m) and overdraft facility of £0.7m. Separately, the directors provided further loans totalling £0.5m, so that overall the working capital of the company was increased by £1m. Trading was profitable throughout 2017, so that by the end of the year the company was in a much better position financially.

During 2017, we have continued to focus strongly on four business areas: IT, brand and fashion, auto and technical and games. New opportunities were established in all four areas. Among global names with whom we are now engaged are Porsche, Bentley, Next, Formula 1, Diesel, Netease, Ali Baba and VoxGamer. A new automated lead generation system was developed, and the salesforce increased to cover the opportunities generated by that. This started to bear fruit late in the year, and a number of new clients have come by that route and are now on stream.

Our objective for 2018 is to replicate the revenue and profit of 2017. The first half of the year has largely achieved that and, if normal seasonalities apply, the remainder of the year will follow suit. Even so, it is expected that it will take until mid-2019 for the company's finances to be fully normalized.

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## ALPHA CRC LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Principal risks and uncertainties

The company's activities expose it to a variety of financial and accounting risks, including foreign currency, liquidity, interest rate and credit. The principal financial and accounting risks are summarised below. The company's overall management of these risks is carried out by the board of directors under agreed policies and procedures. The directors identify, evaluate and where appropriate, hedge financial risks.

#### Trading conditions

Economic uncertainty persisted throughout 2017. This environment, including the response of our key customers to it, widens the possible budgeted outcomes of the company's performance in respect of sales, cost of sales, profit and cash generation. Significant cost savings have been made and further opportunities for cost savings are being evaluated and considered, while at the same time ensuring that there is no compromise on the quality of staff employed, or subcontract translators engaged on projects.

The move towards agile development in the IT industry has had a marked effect on the flow of work reaching the company. Average size of translation tasks has fallen dramatically, even though overall volumes are rising. The effect is that we now process many more individual tasks than in previous years. This adversely affects production efficiency, and the company is actively pursuing process improvements to counter this trend.

#### Foreign currency risk

Foreign currency risk is the risk that changes in currency rates will affect the company's results. The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

The company has subsidiary operations outside the UK whose net assets are exposed to foreign currency translation risk. The company's UK business is also exposed to foreign currency risk on purchases that are denominated in a currency other than their local currency, principally US dollars and the Euro.

During the year ended 31 December 2017, approximately 68% of the company's revenue and operating profits were earned in currencies other than UK sterling. Any strengthening of UK sterling against all the currencies in which the company does business, would reduce the operating profit achieved, as a result of currency translation.

Currency exposures also arise from the net assets of the company's subsidiary foreign operations. Similarly, any strengthening of UK sterling against all the non-UK sterling capital employed would lead to a reduction in shareholders' funds.

In an attempt to manage its foreign currency exposure and risk, the company has periodically used forward foreign exchange contracts for hedging purposes.

#### The EU referendum result

Alpha has production offices in many EU countries, while a large number of clients are in the US. Obviously, travel and interchange between the various offices may be made less convenient by the eventual conditions of the UK's future relationship with the EU, however we do not at this stage see a serious risk there. To the contrary, as almost the only large company with the majority of its cost base in the UK, the exchange rate changes following the referendum are helping to improve margins for us, perhaps more than for many others in the sector.

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ALPHA CRC LIMITED

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Financial key performance indicators**

**Turnover**

Turnover for the year stands at £16,686,417 (2016: £17,329,426, 2015: £19,008,758).

**Gross margin**

Gross margin is calculated as revenue less total cost of production, including project management costs. During 2017 this was approximately 28.0% of revenue (2016: 24.4%, 2015: 18.3%). It is primarily influenced by two factors: productivity of internal production and the ability of recruitment to keep pace with revenue, this latter because internal production is cheaper at the margin than outsourcing. There is a current threat to productivity caused by the tendency of modern workflow management tools and agile working to create a degraded environment for the translator. The company continues to make strenuous efforts to develop methodologies to mitigate this effect, and expects to improve current gross margins in 2018.

**Net margin**

The company is seeking to improve this by streamlining non-production operations. The company also expects the gross to net position to improve with continued revenue growth, as there is currently sufficient space and infrastructure to support substantial growth without an increase in overhead costs.

**Other key performance indicators**

Given the nature of the company's business, there are three main KPI's that are important: rate of client retention; rate of acquisition of new clients; rate of staff turnover. Client retention rates are very high - no significant client has been lost in 2017. Nonetheless, the company engaged in a reorganization designed to increase client focus throughout the production teams. New client acquisition has slowed, and in light of this the company launched a new brand and marketing strategy and this is starting to bear fruit. Staff turnover rose in the wake of cost cutting.

This report was approved by the board on 19 October 2018

and signed on its behalf.

P Nash  
Director



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ALPHA CRC LIMITED

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

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

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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The profit for the year, after taxation, amounted to £451,087 (2016 - loss £639,680).

The directors do not recommend payment of a dividend.

**Directors**

The directors who served during the year were:

Ms I Weiss  
P Nash

**Employee involvement**

Alpha has always had a policy of non-discrimination in regard to disabled persons. In pursuance of this, steps have been taken in the past to render the offices accessible to the disabled and to provide appropriate emergency facilities.

Alpha publishes information about company performance on line on its intranet system, and frequent meetings are held to discuss company performance, group and individual performance and to ensure individuals are aware of the effect on the company and of external factors affecting Alpha

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ALPHA CRC LIMITED

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Matters covered in the strategic report**

The company has chosen to set out the business review, principal risks and uncertainties, and financial risk management objectives in the Strategic Report. They are not shown in the Directors' report

**Disclosure of information to auditors**

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

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

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditors**

The auditors, The Young Company, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 October 2018 and signed on its behalf.

P Nash  
Director





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## ALPHA CRC LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALPHA CRC LIMITED

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#### Opinion

We have audited the financial statements of Alpha CRC Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

- the 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 Group's or the parent 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.

#### Other information

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

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

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**ALPHA CRC LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALPHA CRC LIMITED  
(CONTINUED)**

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We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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ALPHA CRC LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALPHA CRC LIMITED  
(CONTINUED)

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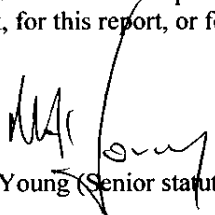
**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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

  
R A Young (Senior statutory auditor)

for and on behalf of  
**The Young Company**

Chartered Accountants  
Statutory Auditors

2 B Vantage Park  
Washingley Road  
Huntingdon  
Cambridgeshire  
PE29 6SR

Date: 19 October 2018

**ALPHA CRC LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	16,686,417	17,329,476
Cost of sales		(12,022,456)	(13,096,514)
<b>Gross profit</b>		<u>4,663,961</u>	<u>4,232,962</u>
Distribution costs		(4,997)	(40,837)
Administrative expenses		(3,979,965)	(4,915,395)
<b>Operating profit/(loss)</b>	5	<u>678,999</u>	<u>(723,270)</u>
Interest receivable and similar income	9	11,112	4,416
Interest payable and expenses	10	(222,516)	(108,150)
<b>Profit/(loss) before taxation</b>		<u>467,595</u>	<u>(827,004)</u>
Tax on profit/(loss)	11	(16,508)	187,324
<b>Profit/(loss) for the financial year</b>		<u><u>451,087</u></u>	<u><u>(639,680)</u></u>
Unrealised surplus on revaluation of intangible assets		86,440	-
<b>Other comprehensive income for the year</b>		<u>86,440</u>	-
<b>Total comprehensive income for the year</b>		<u><u>537,527</u></u>	<u><u>(639,680)</u></u>
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the parent Company		<u>451,087</u>	<u>(639,680)</u>
		<u><u>451,087</u></u>	<u><u>(639,680)</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the profit and loss account.

The notes on pages 18 to 42 form part of these financial statements.

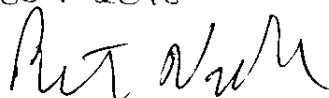
ALPHA CRC LIMITED

CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
<b>Fixed assets</b>			
Intangible assets	12	1,402,442	1,404,852
Tangible assets	13	978,968	1,186,523
		<u>2,381,410</u>	<u>2,591,375</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	4,247,036	4,313,784
Cash at bank and in hand	16	280,746	822,542
		<u>4,527,782</u>	<u>5,136,326</u>
Creditors: amounts falling due within one year	17	(6,484,094)	(8,268,169)
<b>Net current liabilities</b>		<u>(1,956,312)</u>	<u>(3,131,843)</u>
<b>Total assets less current liabilities</b>		<u>425,098</u>	<u>(540,468)</u>
Creditors: amounts falling due after more than one year	18	(493,380)	(87,401)
<b>Provisions for liabilities</b>			
Deferred taxation	21	616,163	632,671
		<u>616,163</u>	<u>632,671</u>
<b>Net assets</b>		<u><u>547,881</u></u>	<u><u>4,802</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,257	1,257
Share premium account	23	49,889	49,889
Revaluation reserve	23	1,210,244	1,118,252
Merger reserve	23	759,894	759,894
Profit and loss account	23	(1,473,403)	(1,924,490)
		<u>547,881</u>	<u>4,802</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 October 2018

P Nash  
Director



The notes on pages 18 to 42 form part of these financial statements.

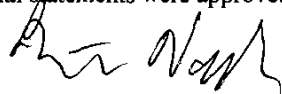
**ALPHA CRC LIMITED**  
**REGISTERED NUMBER: 2197452**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

Note	2017 £	As restated 2016 £
<b>Fixed assets</b>		
Intangible assets	12      713,215	726,501
Tangible assets	13      899,878	1,108,239
Investments	14      1,063,874	1,063,874
	<u>2,676,967</u>	<u>2,898,614</u>
<b>Current assets</b>		
Debtors: amounts falling due within one year	15      3,060,200	3,467,832
Cash at bank and in hand	16      146,228	748,430
	<u>3,206,428</u>	<u>4,216,262</u>
Creditors: amounts falling due within one year	17      (5,583,861)	(7,496,346)
<b>Net current liabilities</b>	<u>(2,377,433)</u>	<u>(3,280,084)</u>
<b>Total assets less current liabilities</b>	<u>299,534</u>	<u>(381,470)</u>
Creditors: amounts falling due after more than one year	18      (493,380)	(87,401)
<b>Provisions for liabilities</b>		
Deferred taxation	21      579,608	597,580
	<u>579,608</u>	<u>597,580</u>
<b>Net assets</b>	<u><u>385,762</u></u>	<u><u>128,709</u></u>
<b>Capital and reserves</b>		
Called up share capital	22      1,257	1,257
Share premium account	23      49,889	49,889
Revaluation reserve	23      679,753	725,557
Merger reserve	23      759,894	759,894
Profit and loss account	23      (1,105,031)	(1,407,888)
	<u>385,762</u>	<u>128,709</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19/10/2018

P Nash  
Director



The notes on pages 18 to 42 form part of these financial statements.

**ALPHA CRC LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2017 (restated)	1,257	49,889	1,118,252	759,894	(1,924,490)	4,802
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	451,087	451,087
Surplus on revaluation of other fixed assets	-	-	137,796	-	-	137,796
<b>Other comprehensive income for the year</b>	-	-	137,796	-	-	137,796
<b>Total comprehensive income for the year</b>	-	-	137,796	-	451,087	588,883
Transfer to/from profit and loss account	-	-	(45,804)	-	-	(45,804)
<b>Total transactions with owners</b>	-	-	(45,804)	-	-	(45,804)
<b>At 31 December 2017</b>	<b>1,257</b>	<b>49,889</b>	<b>1,210,244</b>	<b>759,894</b>	<b>(1,473,403)</b>	<b>547,881</b>

The notes on pages 18 to 42 form part of these financial statements.

ALPHA CRC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2016 (restated)	1,257	49,889	1,207,688	759,894	(1,284,810)	733,918
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(639,680)	(639,680)
<b>Other comprehensive income for the year</b>						
	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>						
	-	-	-	-	(639,680)	(639,680)
Transfer to/from profit and loss account	-	-	(89,436)	-	-	(89,436)
<b>Total transactions with owners</b>						
	-	-	(89,436)	-	-	(89,436)
<b>At 31 December 2016 (restated)</b>	<b>1,257</b>	<b>49,889</b>	<b>1,118,252</b>	<b>759,894</b>	<b>(1,924,490)</b>	<b>4,802</b>

The notes on pages 18 to 42 form part of these financial statements.



**ALPHA CRC LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2017 (restated)	1,257	49,889	725,557	759,894	(1,407,888)	128,709
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	302,857	302,857
<b>Other comprehensive income for the year</b>	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	302,857	302,857
<b>Contributions by and distributions to owners</b>						
Transfer to/from profit and loss account	-	-	(45,804)	-	-	(45,804)
<b>Total transactions with owners</b>	-	-	(45,804)	-	-	(45,804)
<b>At 31 December 2017</b>	<b>1,257</b>	<b>49,889</b>	<b>679,753</b>	<b>759,894</b>	<b>(1,105,031)</b>	<b>385,762</b>

The notes on pages 18 to 42 form part of these financial statements.

ALPHA CRC LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2016 (restated)	1,257	49,889	771,361	759,894	(901,553)	680,848
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(506,335)	(506,335)
<b>Other comprehensive income for the year</b>	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	(506,335)	(506,335)
<b>Contributions by and distributions to owners</b>						
Transfer to/from profit and loss account	-	-	(45,804)	-	-	(45,804)
<b>Total transactions with owners</b>	-	-	(45,804)	-	-	(45,804)
<b>At 31 December 2016 (restated)</b>	<b>1,257</b>	<b>49,889</b>	<b>725,557</b>	<b>759,894</b>	<b>(1,407,888)</b>	<b>128,709</b>

The notes on pages 18 to 42 form part of these financial statements.

ALPHA CRC LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	451,087	(639,680)
<b>Adjustments for:</b>		
Amortisation of intangible assets	244,245	205,655
Depreciation of tangible assets	136,410	143,071
Impairments of fixed assets	38,661	38,661
Interest paid	222,516	108,150
Interest received	(11,112)	(4,416)
Taxation charge	16,508	(187,324)
Decrease/(increase) in debtors	94,613	(326,115)
(Decrease)/increase in creditors	(773,225)	1,143,458
Corporation tax (paid)	(48,672)	(12,273)
<b>Net cash generated from operating activities</b>	<b>371,031</b>	<b>469,187</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	(104,038)	(552,391)
Purchase of tangible fixed assets	(13,322)	(7,538)
Interest received	11,112	4,416
Investment in derivative financial instruments	(313,705)	251,403
<b>Net cash from investing activities</b>	<b>(419,953)</b>	<b>(304,110)</b>
<b>Cash flows from financing activities</b>		
New secured loans	1,119,994	-
Repayment of loans	(173,655)	(100,328)
Other new loans	-	95,748
Repayment of other loans	(33,829)	-
Interest paid	(222,516)	(108,150)
<b>Net cash used in financing activities</b>	<b>689,994</b>	<b>(112,730)</b>
<b>Net increase in cash and cash equivalents</b>	<b>641,072</b>	<b>52,347</b>
Cash and cash equivalents at beginning of year	(1,043,071)	(1,095,418)
<b>Cash and cash equivalents at the end of year</b>	<b>(401,999)</b>	<b>(1,043,071)</b>

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ALPHA CRC LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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	2017 £	2016 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	280,746	822,542
Bank overdrafts	(888,902)	(1,865,613)
	<u>(608,156)</u>	<u>(1,043,071)</u>

The notes on pages 18 to 42 form part of these financial statements.

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## ALPHA CRC LIMITED

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

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#### 1. General information

Alpha CRC Limited is a private company, limited by shares, domiciled in England and Wales, registered number 2197452. Its registered office and principal place of business is St Andrews House, St Andrews Street, Cambridge, Cambridgeshire CB4 1DL.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

##### 2.3 Going concern

The directors have prepared the financial statements on the going concern basis. The company continues to rely on the support of the bank, its creditors and the directors. The directors have considered the 12 month period from the date of approval of the financial statements, and are confident this support will be maintained. On that basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

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ALPHA CRC LIMITED

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

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2. Accounting policies (continued)

2.4 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## ALPHA CRC LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### 2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.8 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

##### 2.9 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.10 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

##### 2.11 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

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## ALPHA CRC LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.13 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

###### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses - provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the balance sheet date.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.



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**ALPHA CRC LIMITED**

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

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**2. Accounting policies (continued)**

**2.14 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long term Leasehold Property	- over the period of the lease
Fixtures & fittings	- 10%
Motor vehicles	- 25%
Office equipment	- 10%
Computer equipment	- 25-33% at varying rates straight line
Computer software	- 10%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

**2.15 Revaluation of tangible fixed assets**

Computer software held and used in the company's own activities for rendering of services or for administrative purposes are stated in the Balance Sheet at their revalued amounts. The revalued amounts equate to the fair value at the date of revaluation, less any depreciation or impairment losses subsequently accumulated.

Revaluations are carried out regularly so that the carrying amounts do not materially differ from using the fair value at the Balance Sheet date.

Any revaluation increase or decrease is credited to the revaluation reserve.

**2.16 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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ALPHA CRC LIMITED

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

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**2. Accounting policies (continued)**

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.18 Stocks**

Work in progress at the year end is valued at selling price and included in other debtors as accrued income.

**2.19 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.20 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.21 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

**2.23 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial

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## ALPHA CRC LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.23 Financial instruments (continued)

assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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ALPHA CRC LIMITED

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

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

In the application of the company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

**Depreciation and amortisation on assets**

Depreciation and amortisation rates are estimated by the directors based on the economic life and likely residual value of the assets concerned.

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Rendering of services	16,686,417	17,329,476
	<u>16,686,417</u>	<u>17,329,476</u>

74% of the group's turnover (2016 - 88%) is attributable to geographical markets outside the United Kingdom.

**5. Operating profit/(loss)**

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

	2017 £	2016 £
Exchange differences	175,821	1,172,256
Other operating lease rentals	911,528	1,029,623
	<u>911,528</u>	<u>1,029,623</u>

**ALPHA CRC LIMITED**

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

**6. Auditors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>27,000</b>	<b>18,200</b>
<b>Fees payable to the Group's auditor and its associates in respect of:</b>		
All other services	<b>22,760</b>	<b>15,000</b>
	<b>22,760</b>	<b>15,000</b>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2017</b>	<i>2016</i>	<b>2017</b>	<i>2016</i>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Wages and salaries	<b>8,524,404</b>	<i>9,509,861</i>	<b>5,924,382</b>	<i>6,922,157</i>
Social security costs	<b>1,500,859</b>	<i>1,393,860</i>	<b>730,129</b>	<i>693,433</i>
Cost of defined contribution scheme	<b>32,438</b>	<i>28,037</i>	<b>4,671</b>	<i>8,430</i>
	<b>10,057,701</b>	<i>10,931,758</i>	<b>6,659,182</b>	<i>7,624,020</i>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Directors	<b>2</b>	<b>2</b>
Other staff	<b>394</b>	<b>426</b>
	<b>396</b>	<b>428</b>

**8. Directors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>19,040</b>	<b>17,438</b>
	<b>19,040</b>	<b>17,438</b>

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ALPHA CRC LIMITED

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

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9. Interest receivable

	2017 £	2016 £
Other interest receivable	11,112	4,416
	<u>11,112</u>	<u>4,416</u>

10. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	156,393	28,422
Other interest payable	66,123	79,728
	<u>222,516</u>	<u>108,150</u>

11. Taxation

	2017 £	2016 £
<b>Foreign tax</b>		
Foreign tax on income for the year	-	32,246
	<u>-</u>	<u>32,246</u>
<b>Total current tax</b>	<u>-</u>	<u>32,246</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	16,508	(219,570)
	<u>16,508</u>	<u>(219,570)</u>
<b>Total deferred tax</b>	<u>16,508</u>	<u>(219,570)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>16,508</u>	<u>(187,324)</u>

**ALPHA CRC LIMITED**

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

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	467,595	(827,004)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	88,843	(165,401)
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	22,291	264,197
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,163	3,064
Capital allowances for year in excess of depreciation	9,583	(17,786)
Utilisation of tax losses	(44,281)	-
Short term timing difference leading to an increase (decrease) in taxation	-	(219,570)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(25,697)	(94,891)
Taxable implication of prior year adjustment	(26,296)	-
Other differences leading to an increase (decrease) in the tax charge	(27,469)	43,063
Group relief	(137)	-
Deferred tax movement	16,508	-
<b>Total tax charge for the year</b>	<b>16,508</b>	<b>(187,324)</b>

**Factors that may affect future tax charges**

The company has tax losses of £3,081,460 available to offset against taxable profits in future periods.

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**ALPHA CRC LIMITED**

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

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**12. Intangible assets**

**Group**

	<b>Development costs £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2017	1,582,761	2,437,946	4,020,707
Additions - internal	104,038	-	104,038
Revaluation surplus	86,440	-	86,440
At 31 December 2017	<u>1,773,239</u>	<u>2,437,946</u>	<u>4,211,185</u>
<b>Amortisation</b>			
At 1 January 2017	394,055	2,221,800	2,615,855
Charge for the year	117,324	126,921	244,245
Impairment losses written back	(51,356)	-	(51,356)
At 31 December 2017	<u>460,023</u>	<u>2,348,721</u>	<u>2,808,744</u>
<b>Net book value</b>			
At 31 December 2017	<u>1,313,216</u>	<u>89,225</u>	<u>1,402,441</u>
<i>At 31 December 2016</i>	<u>1,188,706</u>	<u>216,146</u>	<u>1,404,852</u>

Goodwill relates to the purchase of Linguanet and SQA Partners and has been fully amortised.

Development costs represent the cost of designing technology being used by the company in rendering its services. The expenditure is amortised on a straight line basis over a period of 10 years.

The development costs included within the accounts of one of the subsidiaries, and included in these consolidated accounts, have been revalued at 31 December 2017 and are based on an internal valuation by the directors, using the anticipated revenue generated by the sales of the software.

Amortisation expense on revalued assets is transferred to revaluation reserve. Otherwise it is included in administrative expenses.



**ALPHA CRC LIMITED**

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

**12. Intangible assets (continued)**

**Company**

	<b>Development costs £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2017	1,069,200	2,050,000	3,119,200
Additions - internal	104,038	-	104,038
At 31 December 2017	<u>1,173,238</u>	<u>2,050,000</u>	<u>3,223,238</u>
<b>Amortisation</b>			
At 1 January 2017	342,699	2,050,000	2,392,699
Charge for the year	117,324	-	117,324
At 31 December 2017	<u>460,023</u>	<u>2,050,000</u>	<u>2,510,023</u>
<b>Net book value</b>			
At 31 December 2017	<u>713,215</u>	-	<u>713,215</u>
<i>At 31 December 2016</i>	<u>726,501</u>	-	<u>726,501</u>

Goodwill relates to the purchase of Linguanet and SQA Partners and has been fully amortised.

Development costs represent the cost of designing technology being used by the company in rendering its services. The expenditure is amortised on a straight line basis over a period of 10 years.

Amortisation expense for the year and prior year are included in administrative expenses.

ALPHA CRC LIMITED

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

13. Tangible fixed assets

Group

	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Computer software £	Total £
<b>Cost or valuation</b>						
At 1 January 2017	314,214	403,636	28,355	779,447	844,654	2,370,306
Additions	-	-	-	13,322	-	13,322
At 31 December 2017	314,214	403,636	28,355	792,769	844,654	2,383,628
<b>Depreciation</b>						
At 1 January 2017	130,087	261,368	28,355	679,507	84,465	1,183,782
Charge for the year on owned assets	18,036	30,874	-	87,501	38,661	175,072
On revalued assets	-	-	-	-	45,804	45,804
At 31 December 2017	148,123	292,242	28,355	767,008	168,930	1,404,658
<b>Net book value</b>						
At 31 December 2017	166,091	111,394	-	25,761	675,724	978,970
At 31 December 2016	184,126	142,268	-	99,940	760,189	1,186,523

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Long leasehold	166,091	184,126
	<u>166,091</u>	<u>184,126</u>

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ALPHA CRC LIMITED

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

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Cost or valuation at 31 December 2017 is as follows:

	<b>Other fixed assets £</b>
<b>At cost</b>	<b>357,626</b>
<b>At valuation:</b>	
31 December 2015 on replacement cost basis	<b>487,028</b>
	<hr/> <b>844,654</b> <hr/> <hr/>

If the other fixed assets had not been included at valuation they would have been included under the historical cost convention as follows:

	<b>2017 £</b>	<b>2016 £</b>
<b>Group</b>		
Cost	<b>357,626</b>	<b>357,626</b>
Accumulated depreciation	<b>(71,526)</b>	<b>(35,763)</b>
<b>Net book value</b>	<hr/> <b>286,100</b> <hr/>	<hr/> <b>321,863</b> <hr/>

ALPHA CRC LIMITED

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

13. Tangible fixed assets (continued)

Company

	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Computer software £	Total £
<b>Cost or valuation</b>						
At 1 January 2017	232,307	402,598	28,355	666,126	844,654	2,174,040
At 31 December 2017	<u>232,307</u>	<u>402,598</u>	<u>28,355</u>	<u>666,126</u>	<u>844,654</u>	<u>2,174,040</u>
<b>Depreciation</b>						
At 1 January 2017	110,646	260,648	28,355	581,687	84,465	1,065,801
Charge for the year on owned assets	14,023	30,874	-	78,999	38,661	162,557
On revalued assets	-	-	-	-	45,804	45,804
At 31 December 2017	<u>124,669</u>	<u>291,522</u>	<u>28,355</u>	<u>660,686</u>	<u>168,930</u>	<u>1,274,162</u>
<b>Net book value</b>						
At 31 December 2017	<u>107,638</u>	<u>111,076</u>	<u>-</u>	<u>5,440</u>	<u>675,724</u>	<u>899,878</u>
At 31 December 2016	<u>121,661</u>	<u>141,950</u>	<u>-</u>	<u>84,439</u>	<u>760,189</u>	<u>1,108,239</u>

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Long leasehold	107,638	121,661
	<u>107,638</u>	<u>121,661</u>

Tangible fixed assets with a carrying value of £899,876 (2016: £1,108,237) are pledged as security for the company's bank loan and overdraft.

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ALPHA CRC LIMITED

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

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Cost or valuation at 31 December 2017 is as follows:

	<b>Other fixed assets £</b>
<b>At cost</b>	<b>166,605</b>
<b>At valuation:</b>	
31 December 2015 on replacement cost basis	<b>678,049</b>
	<hr/> <b>844,654</b> <hr/>

If the other fixed assets had not been included at valuation they would have been included under the historical cost convention as follows:

	<b>2017 £</b>	<b>2016 £</b>
<b>Group</b>		
Cost	<b>357,626</b>	<b>357,626</b>
Accumulated depreciation	<b>(71,526)</b>	<b>(35,726)</b>
<b>Net book value</b>	<hr/> <b>286,100</b> <hr/>	<hr/> <b>321,900</b> <hr/>

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ALPHA CRC LIMITED

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

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14. Fixed asset investments

Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2017	1,063,874
At 31 December 2017	<u>1,063,874</u>
<b>Net book value</b>	
At 31 December 2017	<u>1,063,874</u>
<i>At 31 December 2016</i>	<u><u>1,063,874</u></u>

ALPHA CRC LIMITED

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

15. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	2,476,956	2,637,005	1,629,950	2,026,741
Other debtors	988,105	909,810	890,255	821,834
Prepayments and accrued income	781,975	766,969	539,995	619,257
	<u>4,247,036</u>	<u>4,313,784</u>	<u>3,060,200</u>	<u>3,467,832</u>

16. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	280,746	822,542	146,228	748,430
Less: bank overdrafts	(888,903)	(1,865,614)	(855,960)	(1,847,962)
	<u>(608,157)</u>	<u>(1,043,072)</u>	<u>(709,732)</u>	<u>(1,099,532)</u>

17. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	888,903	1,865,614	855,960	1,847,962
Bank loans	397,914	103,410	397,914	103,410
Other loans	49,536	43,665	49,536	43,665
Trade creditors	2,766,655	3,668,247	2,523,868	3,422,009
Amounts owed to group undertakings	-	-	159,920	196,029
Corporation tax	1,518	22,327	-	20,784
Other taxation and social security	1,038,059	1,289,634	677,825	948,157
Other creditors	944,551	487,719	629,657	247,599
Accruals and deferred income	396,958	473,847	289,181	353,025
Financial instruments	-	313,705	-	313,705
	<u>6,484,094</u>	<u>8,268,168</u>	<u>5,583,861</u>	<u>7,496,345</u>

ALPHA CRC LIMITED

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

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

	<b>Group 2017 £</b>	<i>Group 2016 £</i>	<b>Company 2017 £</b>	<i>Company 2016 £</i>
Bank loans	480,997	35,318	480,997	35,318
Other loans	12,383	52,083	12,383	52,083
	<u>493,380</u>	<u>87,401</u>	<u>493,380</u>	<u>87,401</u>

**Secured loans**

The bank loan and overdraft of £1,734,871 (2016: £1,986,690) are secured by way of a mortgage debenture held by the company's bankers and by personal guarantees of the directors.

**19. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 2017 £</b>	<i>Group 2016 £</i>	<b>Company 2017 £</b>	<i>Company 2016 £</i>
<b>Amounts falling due within one year</b>				
Bank loans	397,914	103,410	397,914	103,410
Other loans	49,536	43,665	49,536	43,665
	<u>447,450</u>	<u>147,075</u>	<u>447,450</u>	<u>147,075</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	362,748	35,318	362,748	35,318
Other loans	12,383	41,667	12,383	41,667
	<u>375,131</u>	<u>76,985</u>	<u>375,131</u>	<u>76,985</u>
<b>Amounts falling due 2-5 years</b>				
Bank loans	118,249	-	118,249	-
Other loans	-	10,416	-	10,416
	<u>118,249</u>	<u>10,416</u>	<u>118,249</u>	<u>10,416</u>
	<u>940,830</u>	<u>234,476</u>	<u>940,830</u>	<u>234,476</u>



**ALPHA CRC LIMITED**

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

**20. Financial instruments**

	<b>Group 2017 £</b>	<i>Group 2016 £</i>	<b>Company 2017 £</b>	<i>Company 2016 £</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	280,746	822,542	146,228	748,430
Financial assets that are debt instruments measured at amortised cost	3,465,061	3,546,816	2,520,207	2,848,575
	<u>3,745,807</u>	<u>4,369,358</u>	<u>2,666,435</u>	<u>3,597,005</u>
<b>Financial liabilities</b>				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	(313,705)	-	(313,705)
Financial liabilities measured at amortised cost	5,540,939	(6,478,294)	(6,056,136)	(5,618,892)
	<u>5,540,939</u>	<u>(6,791,999)</u>	<u>(6,056,136)</u>	<u>(5,932,597)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand held by the company.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio comprise forward foreign currency contracts.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdraft, other loans, amounts owed to group companies and other creditors.

**21. Deferred taxation**

**Group**

	<b>2017 £</b>	<i>2016 £</i>
At beginning of year	632,671	386,329
Charged to profit or loss	(16,508)	250,372
Utilised in year	-	(4,030)
<b>At end of year</b>	<u>616,163</u>	<u>632,671</u>

ALPHA CRC LIMITED

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

21. Deferred taxation (continued)

Company

			2017 £	2016 £
At beginning of year			597,580	373,980
Charged to profit or loss			(17,972)	223,600
<b>At end of year</b>			<b>579,608</b>	<b>597,580</b>
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	20,379	(24,113)	(5,869)	(23,475)
Tax losses carried forward	595,784	656,784	585,477	621,055
	<b>616,163</b>	<b>632,671</b>	<b>579,608</b>	<b>597,580</b>
<b>Comprising:</b>				
Liability	<b>616,163</b>	<b>632,671</b>	<b>579,608</b>	<b>597,580</b>
	<b>616,163</b>	<b>632,671</b>	<b>579,608</b>	<b>597,580</b>

**ALPHA CRC LIMITED**

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

**22. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
12,570 (2016 - 12,570) Ordinary shares of £0.10 each	1,257	1,257
	1,257	1,257

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the company's residual assets.

**23. Reserves**

**Share premium**

This reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Revaluation reserve**

This reserve includes all current and prior period surpluses and deficits on the revaluation of fixed assets.

**Merger reserve**

This reserve includes any premiums received on acquisition of subsidiary companies.

**Profit and loss account**

This reserve includes all current and prior period retained profits and losses.

**24. Prior year adjustment**

During the year, it was discovered that there had been a material overstatement of trade creditors in the year ended 31 December 2015 following acquisition of a subsidiary. A correction of £138,398 has been made to the opening balances of the comparative period figures which is the earliest prior period presented.

**25. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	9,785	9,785	9,785	9,785
Later than 5 years	2,099,253	2,519,104	2,099,253	2,519,104
	2,109,038	2,528,889	2,109,038	2,528,889

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ALPHA CRC LIMITED

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

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**26. Transactions with directors**

The directors P Nash and Ms I Weiss have given personal guarantees to the company's bankers in support of bank borrowings.

Included within other debtors due within one year is a loan to P Nash, a director, amounting to £nil (2016 - £98,329). Amounts repaid during the year totalled £98,329. There are no conditions attached to the loan, no interest is being charged and there are no repayment terms.

**27. Related party transactions**

The company has taken advantage of the exemptions available under section 33.1A of FRS102 not to disclose intra-group transactions with wholly owned subsidiaries.

The French subsidiary, Alpha CRC sarl paid a charge of £90,420 on a commercial basis, to Alpha PNIW SCI, a French company in which the company's directors P Nash and Ms I Weiss are the shareholders. There are no amounts outstanding at the Balance Sheet date.

The total remuneration paid to key management personnel amounted to £19,040 (2016 - £18,744).

**28. Prior period reclassification**

In the accounts for the year ended 31 December 2016, costs of £1,400,042 have been reclassified from translation costs to wages and salaries to better reflect the nature of the expense. This has no impact on the reported profits and losses for the year.

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**ALPHA CRC LIMITED**

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

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**29. Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

**Direct subsidiary undertakings**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Alpha CRC Sarl	Ordinary	100 %	Technical translation services
Alpha CRC GmbH	Ordinary	100 %	Technical translation services
Tradnet snc	Ordinary	100 %	Technical translation services
Alpha Estonia	Ordinary	100 %	Technical translation services
Star Holding Ltd	Ordinary	100 %	Holding company

Star Holding Limited was struck off after the Balance Sheet date.

**Indirect Subsidiary undertakings**

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Language Technology Centre Ltd	Ordinary	100 %	Technical translation services
Agile Web Solutions Limited	Ordinary	100 %	Technical translation services

**30. Subsidiary Audit Exemption**

The following subsidiary companies are exempt from being subject to audit by virtue of guarantees put in place under section 479A of the Companies Act 2006:

Star Holding Limited (Company Number 06837757)  
Language Technology Centre Limited (Company Number 02748678)  
Agile Web Solutions Limited (Company Number 04043680)