

ALPHA CRC LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015



ALPHA CRC LIMITED

COMPANY INFORMATION

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

ALPHA CRC LIMITED

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ALPHA CRC LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Introduction

The company provides technical translation services

Business review

New business from clients acquired during 2014 grew much more slowly than anticipated. The company had geared up its resources in anticipation of much faster growth, and so found itself significantly overstaffed in some areas during most of 2015. This was exacerbated by internal reorganizations at two major clients, with consequent temporary slowdown in their business. By late 2015, the company was forced to begin a process of retrenchment, which carried on through the first quarter of 2016. The company came back into profit in the second quarter of 2016, and is now once again seeing new business growth.

The company made one acquisition during 2015, by buying a London-based company, Language Technology Centre Ltd. Through that acquisition, Alpha strengthened its German presence by acquiring Deutsche Post and Deutsche Telekom as clients, gained a foothold in translating for the EU, and acquired LTC Worx, an established workflow management tool with a significant client base and potential. As a result of this last, Alpha has won a substantial contract for the development of an integrated workflow and production management system for a major TV dubbing studio. A development road map for the Worx product has been defined, and Alpha will be putting increased marketing effort into selling Worx.

ALPHA CRC LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015. 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 2015, approximately 80% 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.

As a result of this, the company manages its foreign currency exposure using forward foreign exchange contracts.

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, 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.

ALPHA CRC LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Financial key performance indicators

Turnover

Turnover for the year stands at £19,062,882 (2014 £18,461,454, 2013 £17,111,403)

Gross margin

Gross margin is calculated as Revenue less total cost of production, including project management costs. During 2015 this was approximately 18.3% of revenue (2014 16.5%, 2013 23.3%). It is primarily influenced by two factors: productivity of internal production and the ability of recruitment to keep pace with growing 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 2016.

Net margin is around 4% of revenue. 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 2015. Nonetheless, the company engaged in a reorganization during 2015 designed to increase client focus throughout the production teams. New client acquisition was slow during 2015, and in light of this the company will launch a new brand and marketing strategy in 2016. Staff turnover rose in the wake of cost cutting.

This report was approved by the board on

and signed on its behalf

P Nash
Director



ALPHA CRC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015

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,
- 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 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 loss for the year, after taxation, amounted to £551,414 (2014 - loss £1,220,486)

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.

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.

ALPHA CRC LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

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

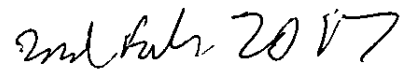
Auditors

Under section 487(2) of the Companies Act 2006, The Young Company will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on

and signed on its behalf

P Nash
Director



ALPHA CRC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALPHA CRC LIMITED

We have audited the financial statements of Alpha CRC Limited for the year ended 31 December 2015, set out on pages 8 to 50. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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.

Respective responsibilities of Directors and Auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2015 and of the Group's profit or loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 those financial statements.

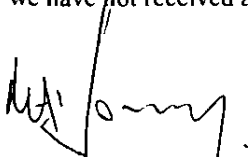
ALPHA CRC LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



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

2nd February 2017

ALPHA CRC LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover	4	19,008,758	18,461,454
Cost of sales		(15,534,964)	(15,413,304)
Gross profit		3,473,794	3,048,150
Distribution costs		(24,049)	34,398
Administrative expenses		(4,026,086)	(4,319,506)
Other operating income		27,743	-
Operating loss	6	(548,598)	(1,236,958)
Interest receivable and similar income		33	-
Interest payable and expenses	11	(110,341)	(85,215)
Loss before taxation		(658,906)	(1,322,173)
Tax on loss	12	107,492	101,687
Loss for the year		(551,414)	(1,220,486)
Unrealised surplus on revaluation of tangible fixed assets		1,207,688	-
Unrealised surplus on revaluation of intangible assets		436,327	-
Other comprehensive income for the year		1,644,015	-
Total comprehensive income for the year		1,092,601	(1,220,486)
(Loss) for the year attributable to:			
Owners of the parent Company		(551,414)	(1,220,486)
		(551,414)	(1,220,486)
Total comprehensive income for the year attributable to:			
Owners of the parent Company		1,092,601	(1,220,486)
		1,092,601	(1,220,486)

ALPHA CRC LIMITED
REGISTERED NUMBER: 2197452

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	14	1,101,748	495,034
Tangible assets	15	1,406,514	715,085
		<u>2,508,262</u>	<u>1,210,119</u>
Current assets			
Debtors amounts falling due within one year	17	4,032,877	4,129,868
Cash at bank and in hand	18	715,693	756,216
		<u>4,748,570</u>	<u>4,886,084</u>
Creditors amounts falling due within one year	19	(6,633,466)	(5,866,226)
Net current liabilities		<u>(1,884,896)</u>	<u>(980,142)</u>
Total assets less current liabilities		<u>623,366</u>	<u>229,977</u>
Creditors amounts falling due after more than one year	20	(137,380)	(232,558)
Provisions for liabilities			
Deferred taxation	23	386,330	218,623
		<u>386,330</u>	<u>218,623</u>
Net assets excluding pension asset		<u>872,316</u>	<u>216,042</u>
Net assets		<u><u>872,316</u></u>	<u><u>216,042</u></u>

ALPHA CRC LIMITED
REGISTERED NUMBER 2197452

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2015

		2015 £	2014 £
Capital and reserves			
Called up share capital	24	1,257	1,257
Share premium account	25	49,889	49,889
Revaluation reserve	25	1,207,688	-
Merger reserve	25	759,894	759,894
Profit and loss account	25	(1,146,412)	(594,998)
Equity attributable to owners of the parent		<u>872,316</u>	<u>216,042</u>
Company		<u>872,316</u>	<u>216,042</u>

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

P Nash
Director

Peter Nash

2nd Feb 2017

The notes on pages 19 to 50 form part of these financial statements

ALPHA CRC LIMITED
REGISTERED NUMBER 2197452

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	14	446,874	495,034
Tangible assets	15	1,310,980	612,981
Investments	16	876,450	-
		<u>2,634,304</u>	<u>1,108,015</u>
Current assets			
Debtors amounts falling due within one year	17	3,169,340	3,208,439
Cash at bank and in hand	18	642,346	552,883
		<u>3,811,686</u>	<u>3,761,322</u>
Creditors amounts falling due within one year	19	(5,863,344)	(5,279,216)
Net current liabilities		<u>(2,051,658)</u>	<u>(1,517,894)</u>
Total assets less current liabilities		<u>582,646</u>	<u>(409,879)</u>
Creditors amounts falling due after more than one year	20	(137,380)	(232,558)
Provisions for liabilities			
Deferred taxation	23	373,980	218,623
		<u>373,980</u>	<u>218,623</u>
Net assets excluding pension asset		<u>819,246</u>	<u>(423,814)</u>
Net assets/(liabilities)		<u>819,246</u>	<u>(423,814)</u>

ALPHA CRC LIMITED
REGISTERED NUMBER. 2197452

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2015

		31 December	<i>As restated</i>
		2015	<i>31 December</i>
	Note	£	<i>2014</i>
			£
Capital and reserves			
Called up share capital	24	1,257	1,257
Share premium account	25	49,889	49,889
Revaluation reserve	25	771,361	-
Merger reserve	25	759,894	759,894
Profit and loss account	25	(763,155)	(1,234,854)
		<u>819,246</u>	<u>(423,814)</u>

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

P Nash
Director

ALPHA CRC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2015	1,257	49,889	-	759,894	(594,998)	216,042
Comprehensive income for the year						
Loss for the year	-	-	-	-	(551,414)	(551,414)
Surplus on revaluation of other fixed assets	-	-	1,207,688	-	-	1,207,688
Other comprehensive income for the year	-	-	1,207,688	-	-	1,207,688
Total comprehensive income for the year	-	-	1,207,688	-	(551,414)	656,274
Total transactions with owners	-	-	-	-	-	-
At 31 December 2015	1,257	49,889	1,207,688	759,894	(1,146,412)	872,316

ALPHA CRC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2014	1,146	-	759,894	625,488	1,386,528
Comprehensive income for the year					
Loss for the year	-	-	-	(1,220,486)	(1,220,486)
Other comprehensive income for the year					
	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,220,486)	(1,220,486)
Shares issued during the year	111	49,889	-	-	50,000
Total transactions with owners	111	49,889	-	-	50,000
At 31 December 2014	1,257	49,889	759,894	(594,998)	216,042

The notes on pages 19 to 50 form part of these financial statements

ALPHA CRC LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Revaluation reserve	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2015	1,257	49,889	-	759,894	(1,234,854)	(423,814)
Comprehensive income for the year						
Profit for the year	-	-	-	-	471,699	471,699
Surplus on revaluation of other fixed assets	-	-	771,361	-	-	771,361
Other comprehensive income for the year	-	-	771,361	-	-	771,361
Total comprehensive income for the year	-	-	771,361	-	471,699	1,243,060
Total transactions with owners	-	-	-	-	-	-
At 31 December 2015	1,257	49,889	771,361	759,894	(763,155)	819,246

ALPHA CRC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2014	1,146	-	759,894	176,169	937,209
Comprehensive income for the year					
Loss for the year	-	-	-	(1,411,023)	(1,411,023)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,411,023)	(1,411,023)
Contributions by and distributions to owners					
Shares issued during the year	111	49,889	-	-	50,000
Total transactions with owners	111	49,889	-	-	50,000
At 31 December 2014	1,257	49,889	759,894	(1,234,854)	(423,814)

The notes on pages 19 to 50 form part of these financial statements

ALPHA CRC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash flows from operating activities		
Loss for the financial year	(551,414)	(1,220,486)
Adjustments for		
Amortisation of intangible assets	185,828	123,760
Depreciation of tangible assets	192,390	224,963
Interest paid	110,341	85,215
Interest received	(33)	-
Taxation charge	(107,493)	(101,687)
Decrease in debtors	143,578	201,827
Increase in creditors	866,194	52,147
Corporation tax (paid)	(88,668)	(127,691)
Net cash generated from operating activities	750,723	(761,952)
Cash flows from investing activities		
Purchase of intangible fixed assets	(193,542)	(203,894)
Internally developed intangible assets	(162,673)	-
Purchase of tangible fixed assets	(112,463)	(245,644)
Sale of tangible fixed assets	-	6,485
Interest received	33	-
Investment in derivative financial instruments	(736,548)	798,850
Net cash from investing activities	(1,205,193)	355,797
Cash flows from financing activities		
Issue of ordinary shares	-	50,000
New secured loans	239,057	-
Repayment of other loans	-	(17,442)
Interest paid	(110,341)	(85,215)
Net cash used in financing activities	128,716	(52,657)
Net (decrease) in cash and cash equivalents	(325,754)	(458,812)
Cash and cash equivalents at beginning of year	(769,663)	(310,851)
Cash and cash equivalents at the end of year	(1,095,417)	(769,663)

ALPHA CRC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	715,693	756,216
Bank overdrafts	(1,811,110)	(1,525,879)
	<u>(1,095,417)</u>	<u>(769,663)</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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.

The company provides technical translation services.

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements, for the year ended 31 December 2014, were prepared under previous UK GAAP. The transition date is therefore 1 January 2014.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of computer software and development costs 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.

Information on the impact of first-time adoption of FRS 102 is given in note 32.

The group's presentational currency is GBP.

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 following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.4 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.

2.5 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 five years.

2.6 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.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2 Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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% straight line
Motor vehicles	- 25% straight line
Office equipment	- 10% straight line
Computer equipment	- 25-33% at varying rates straight line

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

2.7 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

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid

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

2.9 Stocks

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 Financial instruments

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

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably,
- at cost less impairment for all other investments

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, 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.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.12 Financial instruments (continued)

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.

2.13 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.

2.14 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)

2.15 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.

2.16 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 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 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.

2.18 Interest income

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

2.19 Borrowing costs

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

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2 Accounting policies (continued)

2.21 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.

2.22 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.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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:

	2015 £	2014 £
Rendering of services	19,008,758	18,461,454
	<u>19,008,758</u>	<u>18,461,454</u>

All turnover arose within the United Kingdom.

82% of the company's turnover (2014 - 90%) is attributable to geographical markets outside the United Kingdom.

5. Other operating income

	2015 £	2014 £
Sundry income	27,743	-
	<u>27,743</u>	<u>-</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

6 Operating loss

The operating loss is stated after charging

	2015 £	2014 £
Depreciation of tangible fixed assets	192,390	224,961
Amortisation of intangible assets, including goodwill	185,828	123,760
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	16,250	15,000
Exchange differences	(59,746)	613,764
Other operating lease rentals	1,100,521	925,936
Defined contribution pension cost	61,600	101,373
	<u> </u>	<u> </u>

7. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	16,250	15,000
	<u> </u>	<u> </u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	11,000	10,000
	<u> </u>	<u> </u>
	<u>11,000</u>	<u>10,000</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

8. Employees

Staff costs, including directors' remuneration, were as follows

	2015 £	2014 £
Wages and salaries	8,580,254	8,413,039
Social security costs	1,643,182	1,671,015
Cost of defined contribution scheme	61,600	101,373
	<u>10,285,036</u>	<u>10,185,427</u>

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

	2015 No	2014 No
Directors	2	2
Other staff	489	224
	<u>491</u>	<u>226</u>

9 Directors' remuneration

	2015 £	2014 £
Directors' emoluments	18,398	21,207
	<u>18,398</u>	<u>21,207</u>

10. Interest receivable

	2015 £	2014 £
Other interest receivable	33	-
	<u>33</u>	<u>-</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

11 Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	110,341	82,354
Other interest payable	-	2,861
	<u>110,341</u>	<u>85,215</u>

12 Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	20,784	54,344
Adjustments in respect of previous periods	-	36,741
	<u>20,784</u>	<u>91,085</u>
Foreign tax		
Foreign tax on income for the year	39,430	25,850
	<u>39,430</u>	<u>25,850</u>
Total current tax	<u>60,214</u>	<u>116,935</u>
Deferred tax		
Origination and reversal of timing differences	(167,706)	(218,622)
Total deferred tax	<u>(167,706)</u>	<u>(218,622)</u>
Taxation on loss on ordinary activities	<u>(107,492)</u>	<u>(101,687)</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20% (2014 - 20%) The differences are explained below

	2015 £	2014 £
Loss on ordinary activities before tax	(658,906)	(1,322,173)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	(131,781)	(264,435)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	37,166	24,752
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,935	2,504
Capital allowances for year in excess of depreciation	(3,431)	(20,648)
Adjustments to tax charge in respect of prior periods	-	36,741
Short term timing difference leading to an increase (decrease) in taxation	24,161	(218,424)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(44,302)	(50,973)
Unrelieved tax losses carried forward	131,318	183,233
Taxable implication of FRS102 adjustment	(179,713)	179,713
S455 tax charge	20,784	-
Other differences leading to an increase (decrease) in the tax charge	39,430	25,850
Group relief	(4,059)	-
Total tax charge for the year	(107,492)	(101,687)

Factors that may affect future tax charges

The company has tax losses of £2,116,610 available to offset against taxable profits in future periods

13. Parent company profit for the year

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 profit after tax of the parent Company for the year was £471,699 (2014 - loss £1,411,023)

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

14. Intangible assets

Group

	Development costs £	Goodwill £	Total £
Cost			
At 1 January 2015	618,794	2,056,980	2,675,774
Additions	-	193,542	193,542
Additions - internal	162,673	-	162,673
Revaluation surplus	436,327	-	436,327
At 31 December 2015	1,217,794	2,250,522	3,468,316
Amortisation			
At 1 January 2015	123,760	2,056,980	2,180,740
Charge for the year	147,160	38,668	185,828
At 31 December 2015	270,920	2,095,648	2,366,568
Net book value			
At 31 December 2015	946,874	154,874	1,101,748
At 31 December 2014	495,034	-	495,034

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 5 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 2015

14 Intangible assets (continued)

Company

	Development costs £	Goodwill £	Total £
Cost			
At 1 January 2015	618,794	2,050,000	2,668,794
Additions - internal	99,000	-	99,000
At 31 December 2015	717,794	2,050,000	2,767,794
Amortisation			
At 1 January 2015	123,760	2,050,000	2,173,760
Charge for the year	147,160	-	147,160
At 31 December 2015	270,920	2,050,000	2,320,920
Net book value			
At 31 December 2015	446,874	-	446,874
At 31 December 2014	495,034	-	495,034

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 5 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 2015

15 Tangible fixed assets

Group

	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Computer software £	Total £
Cost or valuation						
At 1 January 2015	309,064	395,118	28,355	1,059,717	-	1,792,254
Additions	5,150	8,518	-	69,816	28,979	112,463
Transfers between classes	-	-	-	(137,626)	137,626	-
Revaluations	-	-	-	(220,000)	678,049	458,049
At 31 December 2015	<u>314,214</u>	<u>403,636</u>	<u>28,355</u>	<u>771,907</u>	<u>844,654</u>	<u>2,362,766</u>
Depreciation						
At 1 January 2015	93,716	202,697	28,355	752,402	-	1,077,170
Charge for the period on owned assets	18,186	25,826	-	148,379	-	192,391
Transfers between classes	-	-	-	(93,312)	93,312	-
On revalued assets	-	-	-	(220,000)	(93,312)	(313,312)
At 31 December 2015	<u>111,902</u>	<u>228,523</u>	<u>28,355</u>	<u>587,469</u>	<u>-</u>	<u>956,249</u>
Net book value						
At 31 December 2015	<u>202,312</u>	<u>175,113</u>	<u>-</u>	<u>184,438</u>	<u>844,654</u>	<u>1,406,517</u>
At 31 December 2014	<u>215,348</u>	<u>192,421</u>	<u>-</u>	<u>307,316</u>	<u>-</u>	<u>715,085</u>

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

	2015 £	2014 £
Long leasehold	202,312	215,348
	<u>202,312</u>	<u>215,348</u>

ALPHA CRC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Cost or valuation at 31 December 2015 is as follows

	Other fixed assets £
At cost	166,605
At valuation	
31 December 2015 on replacement cost basis	678,049
	844,654

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

	2015 £	2014 £
Group		
Cost	386,605	386,605
Accumulated depreciation	(349,074)	(313,312)
Net book value	37,531	73,293

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

15. Tangible fixed assets (continued)

Company

	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Computer equipment £
Cost or valuation					
At 1 January 2015	227,157	395,118	28,355	151,256	810,408
Additions	5,150	7,480	-	-	59,099
Transfers between classes	-	-	-	(137,626)	-
Revaluations	-	-	-	-	(220,000)
At 31 December 2015	232,307	402,598	28,355	13,630	649,507
Depreciation					
At 1 January 2015	82,600	202,697	28,355	93,312	592,350
Charge for the period on owned assets	14,023	25,826	-	-	134,220
Transfers between classes	-	-	-	(93,312)	-
On revalued assets	-	-	-	-	(220,000)
At 31 December 2015	96,623	228,523	28,355	-	506,570
Net book value					
At 31 December 2015	135,684	174,075	-	13,630	142,937
At 31 December 2014	144,558	192,421	-	57,944	218,058

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

15 Tangible fixed assets (continued)

	Other fixed assets £	Total £
Cost or valuation		
At 1 January 2015	-	1,612,294
Additions	28,979	100,708
Transfers between classes	137,626	-
Revaluations	678,049	458,049
At 31 December 2015	844,654	2,171,051
Depreciation		
At 1 January 2015	-	999,314
Charge for the period on owned assets	-	174,069
Transfers between classes	93,312	-
On revalued assets	(93,312)	(313,312)
At 31 December 2015	-	860,071
Net book value		
At 31 December 2015	844,654	1,310,980
At 31 December 2014	-	612,981

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

	2015 £	2014 £
Long leasehold	135,684	144,558
	135,684	144,558

Tangible fixed assets with a carrying value of £1,310,980 (2014 £612,981) are pledged as security for the company's bank loan and overdraft

ALPHA CRC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Cost or valuation at 31 December 2015 is as follows

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

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

	2015 £	2014 £
Group		
Cost	357,626	357,626
Accumulated depreciation	(349,074)	(313,312)
Net book value	<u>8,552</u>	<u>44,314</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

16. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Country of incorporation	Class of shares	Holding	Principal activity
Star Holding Limited	England & Wales	Ordinary	100 %	Holding company

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Country of incorporation	Class of shares	Holding	Principal activity
Language Technology Centre Limited	England & Wales	Ordinary	100 %	Technical translation services
Agile Web Solutions Ltd	England & Wales	Ordinary	100 %	Technical translation services

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	876,450
At 31 December 2015	876,450
Net book value	
At 31 December 2015	876,450
At 31 December 2014	-

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

17. Debtors

	Group 2015 £	<i>Group 2014 £</i>	Company 2015 £	<i>Company 2014 £</i>
Trade debtors	2,526,491	2,740,711	1,793,332	1,957,166
Amounts owed by group undertakings	-	-	83,883	240
Other debtors	873,876	863,852	743,747	792,784
Prepayments and accrued income	632,510	525,305	548,378	458,249
	<u>4,032,877</u>	<u>4,129,868</u>	<u>3,169,340</u>	<u>3,208,439</u>

18. Cash and cash equivalents

	Group 2015 £	<i>Group 2014 £</i>	Company 2015 £	<i>Company 2014 £</i>
Cash at bank and in hand	715,693	756,216	642,346	552,883
Less bank overdrafts	(1,811,110)	(1,525,879)	(1,811,110)	(1,525,879)
	<u>(1,095,417)</u>	<u>(769,663)</u>	<u>(1,168,764)</u>	<u>(972,996)</u>

ALPHA CRC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

19 Creditors: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank overdrafts	1,811,110	1,525,879	1,811,110	1,525,879
Bank loans	101,677	-	101,677	-
Payments received on account	54,124	542,636	54,124	542,636
Trade creditors	2,543,580	1,728,010	2,436,966	1,694,596
Corporation tax	20,784	2,652	20,784	-
Other taxation and social security	830,971	621,388	603,828	408,155
Other creditors	504,845	293,411	247,850	16,653
Accruals and deferred income	704,073	353,400	524,703	292,447
Financial instruments	62,302	798,850	62,302	798,850
	6,633,466	5,866,226	5,863,344	5,279,216

Interest on bank overdrafts is charged at 2.3% over the bank base rate. The overdrafts are repayable on demand.

The interest on the bank loan is charged at 2.75% over the bank base rate. The loan is repayable in instalments over the period until April 2018.

Included within other creditors is a further loan of £220,815. Interest is payable at a rate of 3% per annum. The loan is repayable within one year.

20. Creditors: Amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans	137,380	-	137,380	-
Other loans	-	232,558	-	232,558
	137,380	232,558	137,380	232,558

Secured loans

The bank loan and overdraft of £2,050,167 (2014: £1,525,879) are secured by way of a mortgage debenture held by the company's bankers and by personal guarantees of the directors.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

21. Loans

	Group 2015 £	<i>Group 2014 £</i>	Company 2015 £	<i>Company 2014 £</i>
Amounts falling due within one year				
Bank loans	101,677	-	101,677	-
Amounts falling due 1-2 years				
Bank loans	102,910	-	102,910	-
Amounts falling due 2-5 years				
Bank loans	34,470	-	34,470	-
Other loans	-	232,558	-	232,558
	<u>34,470</u>	<u>232,558</u>	<u>34,470</u>	<u>232,558</u>
	<u>239,057</u>	<u>232,558</u>	<u>239,057</u>	<u>232,558</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

22 Financial instruments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets				
Financial assets measured at fair value through profit or loss	715,693	756,216	642,346	552,883
Financial assets that are debt instruments measured at amortised cost	3,400,367	3,604,563	2,620,962	2,750,191
	<u>4,116,060</u>	<u>4,360,779</u>	<u>3,263,308</u>	<u>3,303,074</u>
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(62,302)	(798,850)	(62,302)	(798,850)
Financial liabilities measured at amortised cost	(5,699,398)	(4,052,042)	(5,240,652)	(3,756,770)
	<u>(5,761,700)</u>	<u>(4,850,892)</u>	<u>(5,302,954)</u>	<u>(4,555,620)</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 - forward contracts

The company enters into foreign currency contracts to mitigate the exchange rate risk for certain foreign currency debtors. At 31 December 2015, the outstanding contracts mature within 12 months (2014: 12 months) of the year end. The company is committed to sell \$3,000,000 (2014: \$2,400,000) and received a fixed sterling amount.

The forward currency contracts are measured at fair value using quoted forward exchange rates.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdraft, other loans and other creditors.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

23 Deferred taxation

Group

	2015 £	2014 £
At beginning of year	218,623	-
Charged to profit or loss	167,707	218,623
At end of year	<u>386,330</u>	<u>218,623</u>

Company

	2015 £	2014 £
At beginning of year	218,623	-
Charged to profit or loss	155,357	218,623
At end of year	<u>373,980</u>	<u>218,623</u>

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	(41,341)	(48,629)	(40,197)	(48,629)
Tax losses carried forward	427,671	267,252	414,177	267,252
	<u>386,330</u>	<u>218,623</u>	<u>373,980</u>	<u>218,623</u>
Comprising:				
Liability	386,330	218,623	373,980	218,623
	<u>386,330</u>	<u>218,623</u>	<u>373,980</u>	<u>218,623</u>

24. Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
12,570 Ordinary shares of £0.10 each	<u>1,257</u>	<u>1,257</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

24 Share capital (continued)

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.

25. 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.

26. Pension commitments

The company made pension contributions of £61,600 (2014: £101,373) on behalf of some of its employees.

27 Commitments under operating leases

At 31 December 2015 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Not later than 1 year	43,200	52,985	-	9,785
Later than 1 year and not later than 5 years	10,800	54,000	-	-
Later than 5 years	2,833,992	314,888	2,833,992	314,888
	<u>2,887,992</u>	<u>421,873</u>	<u>2,833,992</u>	<u>324,673</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

28. 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 £83,136 (2014 - £89,875) Advances during the year amounted to £89,875 and amounts repaid during the year totalled £83,136 There are no conditions attached to the loan, no interest is being charged and there are no repayment terms

29. 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

Included in the accounts is a loan from Ms I Weiss, director, of £8,149 (2014 £5,363)

	2015 £	2014 £
Key management personnel compensation	18,398	21,207
	<u>18,398</u>	<u>21,207</u>

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

30 Subsidiary undertakings

The following were subsidiary undertakings of the Company

Direct subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Alpha CRC Sarl	France	Ordinary	100 %	Technical translation services
Alpha CRC GmbH	Germany	Ordinary	100 %	Technical translation services
Tradnet snc	Italy	Ordinary	100 %	Technical translation services
Alpha Estonia	Estonia	Ordinary	100 %	Technical translation services
Star Holding Ltd	England & Wales	Ordinary	100 %	Holding company

Indirect Subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Language Technology Centre Ltd	England & Wales	Ordinary	100 %	Technical translation services
Agile Web Solutions Limited	England & Wales	Ordinary	100 %	Technical translation services

The aggregate of the share capital and reserves as at 31 December 2015 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows

31. 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)

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. First time adoption of FRS 102

The Group and Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows

Group

	Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets		1,115,787	-	1,115,787	1,210,119	-	1,210,119
Current assets		5,153,915	-	5,153,915	5,055,026	(168,942)	4,886,084
Creditors' amounts falling due within one year		(4,633,172)	-	(4,633,172)	(4,967,655)	(898,566)	(5,866,221)
Net current assets/(liabilities)		520,743	-	520,743	87,371	(1,067,508)	(980,137)
Total assets less current liabilities		1,636,530	-	1,636,530	1,297,490	(1,067,508)	229,982
Creditors' amounts falling due after more than one year		(250,000)	-	(250,000)	(232,558)	-	(232,558)
Provisions for liabilities		-	-	-	-	218,623	218,623
Net assets		1,386,530	-	1,386,530	1,064,932	(848,885)	216,047
Capital and reserves		1,386,530	-	1,386,530	-	216,047	216,047

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. First time adoption of FRS 102 (continued)

		<i>As previously stated</i>	<i>Effect of transition</i>	FRS 102 (as restated)
		<i>31 December 2014</i>	<i>31 December 2014</i>	<i>31 December 2014</i>
	Note	£	£	£
Turnover		18,461,454	-	18,461,454
Cost of sales		(15,413,304)	-	(15,413,304)
		<u>3,048,150</u>	<u>-</u>	<u>3,048,150</u>
Distribution expenses		34,398	-	34,398
Administrative expenses	1,2	(3,470,622)	(848,884)	(4,319,506)
		<u>(388,074)</u>	<u>(848,884)</u>	<u>(1,236,958)</u>
Operating profit		(388,074)	(848,884)	(1,236,958)
Interest payable and similar charges		(85,215)	-	(85,215)
Taxation		101,687	-	101,687
		<u>(371,602)</u>	<u>(848,884)</u>	<u>(1,220,486)</u>
Loss on ordinary activities after taxation and for the financial year		<u>(371,602)</u>	<u>(848,884)</u>	<u>(1,220,486)</u>

Explanation of changes to previously reported profit and equity

- 1 Under FRS102, the directors have reclassified foreign exchange contracts as speculative, not hedging, transactions. This has resulted in a loss of £798,850 being debited to Profit and Loss account.
- 2 Under FRS102, the directors are spreading the rent free period of the lease over the whole of the lease term. This has resulted in a charge of £99,715 being debited to Profit and Loss.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32. First time adoption of FRS 102 (continued)

Company

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note						
Fixed assets	1,016,773	-	1,016,773	1,108,015	(1)	1,108,014
Current assets	4,123,185	-	4,123,185	3,761,323	-	3,761,323
Creditors amounts falling due within one year	(3,952,749)	-	(3,952,749)	(4,380,652)	(898,564)	(5,279,216)
Net current assets/(liabilities)	170,436	-	170,436	(619,329)	(898,564)	(1,517,893)
Total assets less current liabilities	1,187,209	-	1,187,209	488,686	(898,565)	(409,879)
Creditors amounts falling due after more than one year	(250,000)	-	(250,000)	(232,558)	-	(232,558)
Provisions for liabilities	-	-	-	218,623	-	218,623
Net assets/(liabilities)	937,209	-	937,209	474,751	(898,565)	(423,814)
Capital and reserves	937,209	-	937,209	(284,659)	(139,155)	(423,814)

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

32 First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover		13,164,113	-	13,164,113
Cost of sales		(11,064,700)	-	(11,064,700)
		<hr/>	<hr/>	<hr/>
		2,099,413	-	2,099,413
Distribution expenses		34,398	-	34,398
Administrative expenses	1,2	(2,742,988)	(898,565)	(3,641,553)
		<hr/>	<hr/>	<hr/>
Operating profit		(609,177)	(898,565)	(1,507,742)
Interest payable and similar charges		(85,163)	-	(85,163)
Taxation		181,882	-	181,882
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial year		<u>(512,458)</u>	<u>(898,565)</u>	<u>(1,411,023)</u>

Explanation of changes to previously reported profit and equity

- 1 Under FRS 102, the directors have reclassified foreign exchange contracts as speculative, not hedging, transactions. This has resulted in a loss of £798,850 being debited to Profit and Loss account.
- 2 Under FRS102, the directors are spreading the rent free period of the lease over the whole of the lease term. This has resulted in a charge of £99,715 being debited to Profit and Loss.

ALPHA CRC LIMITED

COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover		14,530,648	13,164,113
Cost of sales		(10,935,231)	(11,064,701)
Gross profit		3,595,417	2,099,412
Gross profit %		24.7 %	15.9 %
Less: overheads			
Selling and distribution expenses		(24,049)	34,398
Administration expenses		(3,125,222)	(3,641,552)
Operating profit/(loss)		446,146	(1,507,742)
Interest receivable		33	-
Interest payable		(109,053)	(85,163)
Tax on profit on ordinary activities		134,573	181,882
Profit/(Loss) for the year		471,699	(1,411,023)

ALPHA CRC LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
Turnover		
Sales	14,530,648	13,164,113
	<u>14,530,648</u>	<u>13,164,113</u>
	2015 £	2014 £
Cost of sales		
Translation costs	4,489,885	4,345,092
Wages and salaries	5,403,354	5,587,859
National insurance	843,887	944,566
Staff pens costs - defined contribution scheme	-	51,727
Subcontract labour	146,220	92,555
Courier and delivery services	357	1,356
Software	398	-
Travelling	51,130	41,546
	<u>10,935,231</u>	<u>11,064,701</u>
	2015 £	2014 £
Selling and distribution expenses		
Bad debts	24,049	(34,398)
	<u>24,049</u>	<u>(34,398)</u>

ALPHA CRC LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 £	2014 £
Administration expenses		
Directors salaries	16,080	18,888
Directors private health insurance	2,318	2,319
Staff salaries	327,783	263,638
Staff national insurance	33,833	25,320
Staff pension costs - defined contribution schemes	31,159	19,566
Staff welfare	108,770	59,704
Entertainment	14,676	12,521
Hotels, travel and subsistence	119,753	125,964
Consultancy	579,297	549,888
Printing and stationery	1,711	7,499
Postage	1,035	1,098
Telephone and fax	11,927	15,398
Computer costs	13,302	42,881
General office expenses	47,366	44,145
Advertising and sponsorship	26,423	7,659
Subscriptions	9,184	4,964
Legal and professional	53,051	26,706
Auditors' remuneration	16,250	15,000
Auditors' remuneration - non-audit	11,000	10,000
Accountancy fees	62,764	39,635
Equipment leasing (operational)	61,888	25,658
Bank charges	91,240	100,993
Difference on foreign exchange	(73,196)	614,186
Sales salaries and commissions	184,047	237,119
Rent - operating leases	697,432	590,248
Light and heat	36,483	39,349
Repairs and maintenance	132,291	111,024
Sundry establishment expenses	70,338	109,718
Depreciation - plant and machinery	25,826	36,165
Depreciation - computer equipment	134,220	134,925
Depreciation - other fixed assets	-	24,643
Amortisation - intangible fixed assets	147,160	123,760
Depreciation - leasehold property	14,023	11,136
Insurances	21,042	28,111
Books and periodicals	956	252
Restructuring costs	-	45,000
Internet costs	18,176	14,883
Recruitment costs	8,355	1,170
Training	1,998	(6,494)
Re prior year	-	34,942

ALPHA CRC LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Administration expenses (continued)

Relocation costs	65,262	74,587
Overheads recharged to subsidiaries	-	(2,619)
	<u>3,125,223</u>	<u>3,641,549</u>

2015	2014
£	£

Interest receivable

Other interest receivable	33	-
	<u>33</u>	<u>-</u>

2015	2014
£	£

Interest payable

Bank overdraft interest payable	(109,053)	(82,302)
Other interest - on overdue tax	-	(2,861)
	<u>109,053</u>	<u>85,163</u>