GROUP (CO HOUSE)

ALPHA CRC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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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

CONTENTS

	Page
Group strategic report	1 - 3
Directors' report	4 - 5
Independent auditors' report	6 - 7
Consolidated profit and loss account	8
Consolidated balance sheet	9
Company balance sheet	10
Consolidated statement of changes in equity	11 - 12
Company statement of changes in equity	13 - 14
Consolidated Statement of cash flows	15 - 16
Notes to the financial statements	17 - 43

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

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

Business review

Trade had fallen below expectations, and the company made a significant loss. The main causes were identified as overstaffing consequent on overestimating the rate of growth of some new clients, and poor margins in some business, particularly in the IT sector. As a result studies were carried out to identify inefficiencies and unprofitable business, and a program of staff reductions commenced, and the company's operations group identified a number of unprofitable clients. Some of these clients were persuaded that they needed to pay higher prices, and in other cases where this was not possible, the relationship was terminated.

Due to these changes profitability has begun to improve. Had the company not had significant (and at the time they were made, prudent) currency hedges in place, the fall in sterling post the EU referendum would have significantly boosted profits and speeded up the company's recovery.

Despite this, and due to to the combination of the identified issues, it became apparent that some form of cash injection would be needed to support the company's continuing operations, and we started negotiations with our bankers with that in mind. Although new facilities were not finally agreed until early 2017, our bank felt able to support us in the interim by extending our short-term credit facilities. This has been sufficient to allow us to maintain the goodwill of our subcontractors, and with the injection of some further cash by the company's directors, the position is steadily improving.

As a positive part of the reorganization, we are now tightly focused on our four key market sectors: IT, luxury brands, games and automotive. We have better delineated our offering, adding key new services in the form of multi-lingual copy creation, linguistic quality assurance and linguistic review services.

We are also putting greatly increased resources behind the development of LTC Worx, a workflow management software package that was acquired along with the other business of Language Technology Centre Limited late in 2015. This acquisition represents substantial IP, and it is already generating significant revenue.

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 2016. 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 2016, approximately 86% 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, 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.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Financial key performance indicators

Turnover
Turnover for the year stands at £17,329,426 *(2015: £19,008,758, 2014: £18,461,454)*.

Gross margin
Gross margin is calculated as revenue less total cost of production, including project management costs. During 2016 this was approximately 24.4% of revenue *(2015: £18.3%, 2014: 16.5%,)*. 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 2017.

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 2016. 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 20 October 2017 and signed on its behalf.

P Nash
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 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 loss for the year, after taxation, amounted to £639,680 *(2015 - loss £551,414).*

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

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 20 October 2017 and signed on its behalf.

P Nash
Director

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 2016, set out on pages 8 to 43. The relevant financial reporting framework that has been applied in their preparation is applicable law 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 2016 and of the Group's 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, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

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: 20 OCTOBER 2017

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	*2015 £*
Turnover	4	**17,329,476**	*19,008,758*
Cost of sales		**(13,096,514)**	*(15,534,964)*
Gross profit		**4,232,962**	*3,473,794*
Distribution costs		**(40,837)**	*(24,049)*
Administrative expenses		**(4,915,395)**	*(4,026,086)*
Other operating income	5	**-**	*27,743*
Operating loss	6	**(723,270)**	*(548,598)*
Interest receivable and similar income	10	**4,416**	*33*
Interest payable and expenses	11	**(108,150)**	*(110,341)*
Loss before taxation		**(827,004)**	*(658,906)*
Tax on loss	12	**187,324**	*107,492*
Loss for the year		**(639,680)**	*(551,414)*
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		**(639,680)**	*1,092,601*
(Loss) for the year attributable to:			
Owners of the parent Company		**(639,680)**	*(551,414)*
		(639,680)	*(551,414)*

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 17 to 43 form part of these financial statements.

ALPHA CRC LIMITED
REGISTERED NUMBER: 2197452

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	13		**1,404,852**		*1,101,748*
Tangible assets	14		**1,186,520**		*1,406,519*
			2,591,372		*2,508,267*
Current assets					
Debtors: amounts falling due within one year	16	**4,313,784**		*4,032,877*	
Cash at bank and in hand	17	**822,542**		*715,693*	
		5,136,326		*4,748,570*	
Creditors: amounts falling due within one year	18	**(8,129,769)**		*(6,633,471)*	
Net current liabilities			**(2,993,443)**		*(1,884,901)*
Total assets less current liabilities			**(402,071)**		*623,366*
Creditors: amounts falling due after more than one year	19		**(87,401)**		*(137,380)*
Provisions for liabilities					
Deferred taxation	22	**632,672**		*386,330*	
			632,672		*386,330*
Net assets			**143,200**		*872,316*
Capital and reserves					
Called up share capital	23		**1,257**		*1,257*
Share premium account	24		**49,889**		*49,889*
Revaluation reserve	24		**1,118,252**		*1,207,688*
Merger reserve	24		**759,894**		*759,894*
Profit and loss account	24		**(1,786,092)**		*(1,146,412)*
			143,200		*872,316*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 OCTOBER 2017

P Nash
Director

The notes on pages 17 to 43 form part of these financial statements.

ALPHA CRC LIMITED
REGISTERED NUMBER: 2197452

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note		2016 £		2015 £
Fixed assets					
Intangible assets	13		**726,501**		*446,874*
Tangible assets	14		**1,108,239**		*1,310,980*
Investments	15		**1,063,874**		*876,450*
			2,898,614		*2,634,304*
Current assets					
Debtors: amounts falling due within one year	16	**3,467,832**		*3,169,340*	
Cash at bank and in hand	17	**748,430**		*642,346*	
		4,216,262		*3,811,686*	
Creditors: amounts falling due within one year	18	**(7,357,948)**		*(5,863,344)*	
Net current liabilities			**(3,141,686)**		*(2,051,658)*
Total assets less current liabilities			**(243,072)**		*582,646*
Creditors: amounts falling due after more than one year	19		**(87,401)**		*(137,380)*
Provisions for liabilities					
Deferred taxation	22	**597,580**		*373,980*	
			597,580		*373,980*
Net assets			**267,107**		*819,246*
Capital and reserves					
Called up share capital	23		**1,257**		*1,257*
Share premium account	24		**49,889**		*49,889*
Revaluation reserve	24		**725,557**		*771,361*
Merger reserve	24		**759,894**		*759,894*
Profit and loss account	24		**(1,269,490)**		*(763,155)*
			267,107		*819,246*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 October 2017

P Nash
Director
The notes on pages 17 to 43 form part of these financial statements.

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	1,257	49,889	1,207,688	759,894	(1,146,412)	872,316
Comprehensive income for the year						
Loss for the year	-	-	-	-	(639,680)	(639,680)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(639,680)	(639,680)
Transfer to/from profit and loss account	-	-	(89,436)	-	-	(89,436)
Total transactions with owners	-	-	(89,436)	-	-	(89,436)
At 31 December 2016	1,257	49,889	1,118,252	759,894	(1,786,092)	143,200

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

The notes on pages 17 to 43 form part of these financial statements.

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	1,257	49,889	771,361	759,894	(763,155)	819,246
Comprehensive income for the year						
Loss for the year	-	-	-	-	(506,335)	(506,335)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(506,335)	(506,335)
Contributions by and distributions to owners						
Transfer to/from profit and loss account	-	-	(45,804)	-	-	(45,804)
Total transactions with owners	-	-	(45,804)	-	-	(45,804)
At 31 December 2016	1,257	49,889	725,557	759,894	(1,269,490)	267,107

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

The notes on pages 17 to 43 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	*2015* *£*
Cash flows from operating activities		
Loss for the financial year	**(639,680)**	*(551,414)*
Adjustments for:		
Amortisation of intangible assets	**205,655**	*185,828*
Depreciation of tangible assets	**143,071**	*192,390*
Impairments of fixed assets	**38,661**	-
Interest paid	**108,150**	*110,341*
Interest received	**(4,416)**	*(33)*
Taxation charge	**(187,324)**	*(107,493)*
(Increase)/decrease in debtors	**(326,115)**	*143,578*
Increase in creditors	**1,143,458**	*866,194*
Corporation tax (paid)	**(12,273)**	*(88,668)*
Net cash generated from operating activities	**469,187**	*750,723*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(552,391)**	*(193,542)*
Internally developed intangible assets	-	*(162,673)*
Purchase of tangible fixed assets	**(7,538)**	*(112,463)*
Interest received	**4,416**	*33*
Investment in derivative financial instruments	**251,403**	*(736,548)*
Net cash from investing activities	**(304,110)**	*(1,205,193)*
Cash flows from financing activities		
New secured loans	-	*239,057*
Repayment of loans	**(58,661)**	-
Other new loans	**54,081**	-
Interest paid	**(108,150)**	*(110,341)*
Net cash used in financing activities	**(112,730)**	*128,716*
Net increase/(decrease) in cash and cash equivalents	**52,347**	*(325,754)*
Cash and cash equivalents at beginning of year	**(1,095,418)**	*(769,663)*
Cash and cash equivalents at the end of year	**(1,043,071)**	*(1,095,417)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	*2015* *£*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**822,542**	*715,693*
Bank overdrafts	**(1,865,613)**	*(1,811,110)*
	(1,043,071)	*(1,095,417)*

The notes on pages 17 to 43 form part of these financial statements.

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 and also provides machine translation service software tothird parties under licence.

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 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.

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 ten 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.

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%
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.

2.7 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 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.

2. Accounting policies (continued)

2.9 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.

2.10 Stocks

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

2.11 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.

2.12 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.

2.13 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.

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.

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

2.14 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. *Accounting policies (continued)*

2.15 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.

2.16 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.

2.17 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 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. Accounting policies (continued)

2.18 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.

2.19 Interest income

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

2.20 Borrowing costs

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

2.21 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. Accounting policies (continued)

2.22 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.

2.23 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 of 10 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.

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 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 estimartes 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:

	2016	*2015*
	£	*£*
Rendering of services	**17,329,476**	*19,008,758*
	17,329,476	*19,008,758*

89% of the group's turnover *(2015 - 82%)* is attributable to geographical markets outside the United Kingdom.

5. Other operating income

	2016	*2015*
	£	*£*
Sundry income	-	*27,743*
	-	*27,743*

6. Operating loss

The operating loss is stated after charging:

	2016 £	*2015* *£*
Depreciation of tangible fixed assets	**181,732**	*192,390*
Amortisation of intangible assets, including goodwill	**205,655**	*185,828*
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	**18,200**	*16,250*
Exchange differences	**1,172,256**	*(59,746)*
Other operating lease rentals	**1,029,623**	*1,100,521*
Defined contribution pension cost	**28,037**	*61,600*

7. Auditors' remuneration

	2016 £	*2015* *£*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**18,200**	*16,250*
Fees payable to the Group's auditor and its associates in respect of:		
All other services	**15,000**	*11,000*
	15,000	*11,000*

8. Employees

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

	2016 £	*2015* *£*
Wages and salaries	**8,111,125**	*8,580,254*
Social security costs	**1,393,860**	*1,643,182*
Cost of defined contribution scheme	**28,037**	*61,600*
	9,533,022	*10,285,036*

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

	2016 No.	*2015* *No.*
Directors	**2**	*2*
Other staff	**426**	*489*
	428	*491*

9. Directors' remuneration

	2016 £	*2015* *£*
Directors' emoluments	**18,744**	*18,398*
	18,744	*18,398*

10. Interest receivable

	2016 £	*2015* *£*
Other interest receivable	**4,416**	*33*
	4,416	*33*

11. Interest payable and similar charges

	2016 £	*2015* *£*
Bank interest payable	**28,422**	*110,341*
Other interest payable	**79,728**	-
	108,150	*110,341*

12. Taxation

	2016 £	*2015* *£*
Corporation tax		
Current tax on profits for the year	-	*20,784*
	-	*20,784*
Foreign tax		
Foreign tax on income for the year	**32,246**	*39,430*
	32,246	*39,430*
Total current tax	**32,246**	*60,214*
Deferred tax		
Origination and reversal of timing differences	**(219,570)**	*(167,706)*
Total deferred tax	**(219,570)**	*(167,706)*
Taxation on loss on ordinary activities	**(187,324)**	*(107,492)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2015 - higher than)* the standard rate of corporation tax in the UK of 20% *(2015 - 20%)*. The differences are explained below:

	2016 £	*2015* *£*
Loss on ordinary activities before tax	**(827,004)**	*(658,906)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	**(165,401)**	*(131,781)*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**264,197**	*37,166*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**3,064**	*2,935*
Capital allowances for year in excess of depreciation	**(17,786)**	*(3,431)*
Short term timing difference leading to an increase (decrease) in taxation	**(219,570)**	*24,161*
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(94,891)**	*(44,302)*
Unrelieved tax losses carried forward	-	*131,318*
Taxable implication of FRS102 adjustment	-	*(179,713)*
S455 tax charge	-	*20,784*
Other differences leading to an increase (decrease) in the tax charge	**43,063**	*39,430*
Group relief	-	*(4,059)*
Total tax charge for the year	**(187,324)**	*(107,492)*

Factors that may affect future tax charges

The company has tax losses of £3,268,711 available to offset against taxable profits in future periods.

13. Intangible assets

Group

	Development costs £	Goodwill £	Total £
Cost			
At 1 January 2016	**1,217,794**	**2,250,522**	**3,468,316**
Additions	**-**	**187,424**	**187,424**
Additions - internal	**364,967**	**-**	**364,967**
At 31 December 2016	**1,582,761**	**2,437,946**	**4,020,707**
Amortisation			
At 1 January 2016	**270,920**	**2,095,648**	**2,366,568**
Charge for the year	**79,503**	**126,152**	**205,655**
On revalued assets	**43,632**	**-**	**43,632**
At 31 December 2016	**394,055**	**2,221,800**	**2,615,855**
Net book value			
At 31 December 2016	**1,188,706**	**216,146**	**1,404,852**
At 31 December 2015	*946,874*	*154,874*	*1,101,748*

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

13. Intangible assets (continued)

Company

	Development costs £	Goodwill £	Total £
Cost			
At 1 January 2016	717,794	2,050,000	2,767,794
Additions - internal	351,406	-	351,406
At 31 December 2016	1,069,200	2,050,000	3,119,200
Amortisation			
At 1 January 2016	270,920	2,050,000	2,320,920
Charge for the year	71,779	-	71,779
At 31 December 2016	342,699	2,050,000	2,392,699
Net book value			
At 31 December 2016	726,501	-	726,501
At 31 December 2015	*446,874*	-	*446,874*

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.

14. Tangible fixed assets

Group

	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Computer software £	Total £
Cost or valuation						
At 1 January 2016	**314,214**	**403,636**	**28,355**	**771,908**	**844,654**	**2,362,767**
Additions	-	-	-	**7,538**	-	**7,538**
At 31 December 2016	**314,214**	**403,636**	**28,355**	**779,446**	**844,654**	**2,370,305**
Depreciation						
At 1 January 2016	**111,902**	**228,522**	**28,355**	**587,469**	-	**956,248**
Charge for the year on owned assets	**18,186**	**32,846**	-	**92,039**	**38,661**	**181,732**
On revalued assets	-	-	-	-	**45,804**	**45,804**
At 31 December 2016	**130,088**	**261,368**	**28,355**	**679,508**	**84,465**	**1,183,784**
Net book value						
At 31 December 2016	**184,126**	**142,268**	-	**99,938**	**760,189**	**1,186,521**
At 31 December 2015	*202,312*	*175,114*	-	*184,439*	*844,654*	*1,406,519*

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

	2016 £	*2015 £*
Long leasehold	**184,126**	*202,312*
	184,126	*202,312*

Cost or valuation at 31 December 2016 is as follows:

	Other fixed assets £
At cost	**357,626**
At valuation:	
31 December 2015 on replacement cost basis	**487,028**
	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:

	2016 £	*2015 £*
Group		
Cost	**357,626**	*357,626*
Accumulated depreciation	**(35,763)**	-
Net book value	**321,863**	*357,626*

14. Tangible fixed assets (continued)

Company

	Long Term Leasehold Property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Computer software £	Total £
Cost or valuation						
At 1 January 2016	**232,307**	**402,598**	**28,355**	**663,137**	**844,654**	**2,171,051**
Additions	-	-	-	**2,989**	-	**2,989**
At 31 December 2016	**232,307**	**402,598**	**28,355**	**666,126**	**844,654**	**2,174,040**
Depreciation						
At 1 January 2016	**96,623**	**228,522**	**28,355**	**506,570**	-	**860,070**
Charge for the year on owned assets	**14,023**	**32,126**	-	**75,117**	**38,661**	**159,927**
On revalued assets	-	-	-	-	**45,804**	**45,804**
At 31 December 2016	**110,646**	**260,648**	**28,355**	**581,687**	**84,465**	**1,065,801**
Net book value						
At 31 December 2016	**121,661**	**141,950**	-	**84,439**	**760,189**	**1,108,239**
At 31 December 2015	*135,684*	*174,076*	-	*156,566*	*844,654*	*1,310,980*

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

	2016 £	*2015 £*
Long leasehold	**121,661**	*135,684*
	121,661	*135,684*

Tangible fixed assets with a carrying value of £1,108,239 (2015: £1,310,980) are pledged as security for the company's bank loan and overdraft.

Cost or valuation at 31 December 2016 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:

	2016 £	*2015 £*
Group		
Cost	**357,626**	*357,626*
Accumulated depreciation	**(35,726)**	-
Net book value	**321,900**	*357,626*

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	**876,450**
Additions	**187,424**
At 31 December 2016	**1,063,874**
Net book value	
At 31 December 2016	**1,063,874**
At 31 December 2015	*876,450*

16. Debtors

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Trade debtors	2,637,005	*2,526,491*	2,026,741	*1,793,332*
Amounts owed by group undertakings	-	*-*	-	*83,883*
Other debtors	909,810	*873,876*	821,834	*743,747*
Prepayments and accrued income	766,969	*632,510*	619,257	*548,378*
	4,313,784	*4,032,877*	3,467,832	*3,169,340*

17. Cash and cash equivalents

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Cash at bank and in hand	822,542	*715,693*	748,430	*642,346*
Less: bank overdrafts	(1,865,614)	*(1,811,110)*	(1,847,962)	*(1,811,110)*
	(1,043,072)	*(1,095,417)*	(1,099,532)	*(1,168,764)*

18. Creditors: Amounts falling due within one year

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Bank overdrafts	1,865,614	*1,811,110*	1,847,962	*1,811,110*
Bank loans	103,410	*101,677*	103,410	*101,677*
Other loans	43,665	*-*	43,665	*-*
Payments received on account	-	*54,124*	-	*54,124*
Trade creditors	3,529,848	*2,543,580*	3,283,610	*2,436,966*
Amounts owed to group undertakings	-	*-*	196,029	*-*
Corporation tax	22,327	*20,784*	20,784	*20,784*
Other taxation and social security	1,289,634	*830,971*	948,157	*603,828*
Other creditors	487,719	*504,845*	247,601	*247,850*
Accruals and deferred income	473,847	*704,075*	353,025	*524,704*
Financial instruments	313,705	*62,302*	313,705	*62,302*
	8,129,769	*6,633,468*	7,357,948	*5,863,345*

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

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Bank loans	76,985	*137,380*	76,985	*137,380*
Other loans	10,416	-	10,416	-
	87,401	*137,380*	87,401	*137,380*

Secured loans

The bank loan and overdraft of £2,028,357 (2015: £2,050,167) are secured by way of a mortgage debenture held by the company's bankers and by personal guarantees of the directors.

20. Loans

Analysis of the maturity of loans is given below:

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Amounts falling due within one year				
Bank loans	103,410	*101,677*	103,410	*101,677*
Other loans	43,665	-	43,665	-
	147,075	*101,677*	147,075	*101,677*
Amounts falling due 1-2 years				
Bank loans	76,985	*102,910*	76,985	*102,910*
	76,985	*102,910*	76,985	*102,910*
Amounts falling due 2-5 years				
Bank loans	-	*34,470*	-	*34,470*
Other loans	10,416	-	10,416	-
	10,416	*34,470*	10,416	*34,470*
	234,476	*239,057*	234,476	*239,057*

21. Financial instruments

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Financial assets				
Financial assets measured at fair value through profit or loss	**822,542**	*715,693*	**748,430**	*642,346*
Financial assets that are debt instruments measured at amortised cost	**3,546,816**	*3,400,367*	**2,848,575**	*2,620,962*
	4,369,358	*4,116,060*	**3,597,005**	*3,263,308*
Financial liabilities				
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	**(313,705)**	*(62,302)*	**(313,705)**	*(62,302)*
Financial liabilities measured at amortised cost	**(6,478,294)**	*(5,699,398)*	**(5,618,892)**	*(5,240,652)*
	(6,791,999)	*(5,761,700)*	**(5,932,597)**	*(5,302,954)*

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 2016, the outstanding contracts mature within 12 months (2015: 12 months) of the year end. The company is committed to sell $4,750,000 (2015: $3,000,000) 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.

22. Deferred taxation

Group

	2016 £	*2015 £*
At beginning of year	**386,329**	*218,623*
Charged to profit or loss	**250,372**	*167,707*
Utilised in year	**(4,030)**	-
At end of year	**632,671**	*386,330*

Company

	2016 £	*2015 £*
At beginning of year	**373,980**	*218,623*
Charged to profit or loss	**223,600**	*155,357*
At end of year	**597,580**	*373,980*

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Accelerated capital allowances	**(24,113)**	*(41,341)*	**(23,475)**	*(40,197)*
Tax losses carried forward	**656,784**	*427,671*	**621,055**	*414,177*
	632,671	*386,330*	**597,580**	*373,980*
Comprising:				
Liability	**632,671**	*386,330*	**597,580**	*373,980*
	632,671	*386,330*	**597,580**	*373,980*

23. Share capital

	2016 £	*2015 £*
Shares classified as equity		
Allotted, called up and fully paid		
12,570 Ordinary shares of £0.10 each	**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.

24. 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.

25. Pension commitments

The company made pension contributions of £28,037 (2015: £61,600) on behalf of some of its employees.

26. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	*Group 2015 £*	Company 2016 £	*Company 2015 £*
Not later than 1 year	**9,785**	*43,200*	**9,785**	*9,785*
Later than 1 year and not later than 5 years	**-**	*10,800*	**-**	*-*
Later than 5 years	**2,519,104**	*2,833,992*	**2,519,104**	*2,833,992*
	2,528,889	*2,887,992*	**2,528,889**	*2,843,777*

27. 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 £98,329 (2015 - £83,136). 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.

28. 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 an annual rental charge of £19,500 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.

Included in the accounts is a loan from Ms I Weiss, director, of £18,785 (2015: £8,149).

The total remuneration paid to key management personnel amounted to £18,744 (2016 - £18,398).

29. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

Name	Class of shares	Holding	Principal activity
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

Indirect Subsidiary undertakings

Name	Class of shares	Holding	Principal activity
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)