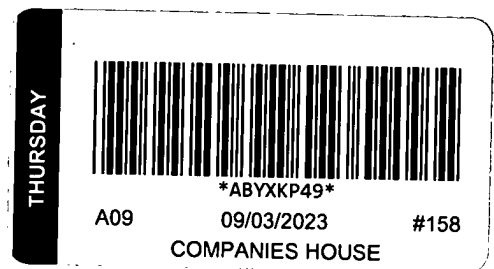


Company Registration No. 02197452 (England and Wales)

ALPHA CRC LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Amended - 06/03/2023



ALPHA CRC LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | I Weiss P Nash |
| Secretary | P Nash |
| Company number | 02197452 |
| Registered office | St Andrews House 1st Floor St Andrews Road Cambridge CB4 1DL |
| Auditor | UHY Hacker Young (East) Limited PO Box 501 The Nexus Building Broadway Letchworth Garden City Herts SG6 9BL |
| Business address | St Andrews House 1st Floor St Andrews Road Cambridge CB4 1DL |

ALPHA CRC LIMITED

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ALPHA CRC LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Alpha derives very little revenue from sectors that have been severely affected by Covid, and there has continued to be little effect on turnover due to the pandemic. For some larger clients, revenue growth increased during 2021, an effect which continued into 2022. Gross margin in 2021 continued to be held back by the adverse effects on efficiency of continued need for staff to work from home. The planned return to office working was delayed, ultimately until Q4 2022, when the company began a one-year trial of a mixed model, with three days per week in the office. This has had significant beneficial effects.

2021 ended with the balance sheet and cash flow much stronger, we were able to secure finance from Shawbrook Bank to enable us to complete a major acquisition midway through 2021, a translation company in Greece. This new subsidiary has fulfilled our expectations, and is now showing strong growth.

Principal risks and uncertainties

The group's activities expose it to a variety of financial and accounting risks, including foreign currency, liquidity, interest rate and credit. The group'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. During the middle of 2022 the company felt the effects of extreme volatility in the currency markets brought about by the successive shocks of the Ukraine war and the economic policy chaos in the UK after the fall of Prime minister Boris Johnson.

Key performance indicators

Turnover

Group turnover for the year stands at £22,432,276 (2020: £16,883,662).

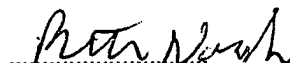
Gross margin

Gross margin is calculated as revenue less total cost of production, including project management costs. During 2021 this was approximately 29% of revenue (2020: 32%). It is primarily influenced by two factors: productivity of internal production and the ability of recruitment to keep pace with revenue, the 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 group continues to make strenuous efforts to develop methodologies to mitigate this effect.

Other performance indicators

Given the nature of the group's business, there are three main KPI's that are important: rate of client retention, rate of acquisition of new clients and rate of staff turnover.

On behalf of the board



P Nash
Director

Date: ~~28~~ 28-02-2023

ALPHA CRC LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company and group continued to be that of the provision of technical translation services and the provision of machine translation software to third parties under licence.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £513,500. The directors do not recommend payment of a further dividend.

Directors

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

I Weiss
P Nash

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Post reporting date events

As noted in the strategic report, the group acquired a translation company in Greece in July 2021. The performance of this company was well up to expectations, and began to show significant growth in the latter part of 2022. In early 2022, the company acquired a small A/V localization company in London. Since then, A/V production has been concentrated there. Significant growth is expected from marketing this enhance capability to existing clients, and a number of new business opportunities have been generated.

Future developments

The next step in the group's growth plans is to find a PE partner to help fund further acquisitions. There are a number of acquisition targets under consideration, chosen fill strategic gaps in Alpha's current offering. Combined with enhanced marketing and sales effort across the existing divisions, the group is well placed to pursue its current goal of achieving £60m revenue and £10m EBITDA, to anchor it firmly in the top 25 language service providers.

The group's next-generation ERP system will be progressively rolled out, and projects are getting underway to enhance its operation by imaginative use of AI in its workflow management, resource allocation and quality control functions.

Auditor

UHY Hacker Young (East) Limited were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

ALPHA CRC LIMITED

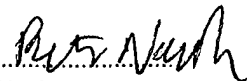
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



P Nash
Director

Date: 28-02-2023

ALPHA CRC LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Annual Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALPHA CRC LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALPHA CRC LIMITED

Opinion

We have audited the financial statements of Alpha CRC Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ALPHA CRC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ALPHA CRC LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group which were contrary to the applicable laws and regulations, including fraud; and
- Enquiring of management as to actual and potential litigation and claims.

ALPHA CRC LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ALPHA CRC LIMITED

Our audit procedures in relation to fraud included but were not limited to:

- Discussing amongst the engagement team the risks of fraud;
- Making enquiries of management on whether they had knowledge of any actual, suspected or alleged fraud; and
- Gaining an understanding of the internal controls established to mitigate risks related to fraud; and
- Corroborating the basis for material accounting estimates; and
- Addressing the risks of fraud through management override of controls by performing substantive and analytical journal testing; and
- Obtaining support and reasonable explanation for any manual journal postings.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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.



James Price FCA (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young (East) Limited

Date: **2 March 2023**

Chartered Accountants
Statutory Auditor

PO Box 501
The Nexus Building
Broadway
Letchworth Garden City
Herts
SG6 9BL

ALPHA CRC LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|--|-----------|--------------|--------------|
| Turnover | 3 | 22,432,276 | 16,883,662 |
| Cost of sales | | (15,885,150) | (11,553,332) |
| Gross profit | | 6,547,126 | 5,330,330 |
| Administrative expenses | | (4,641,228) | (3,824,197) |
| Other operating income | | 29,516 | 66,852 |
| Operating profit | | 1,935,414 | 1,572,985 |
| Interest receivable and similar income | 8 | 18,008 | 19,513 |
| Interest payable and similar expenses | 8 | (395,332) | (96,123) |
| Amounts written off investments | | (3,662) | (1,505) |
| Profit before taxation | | 1,554,428 | 1,494,870 |
| Tax on profit | 9 | (252,806) | (199,137) |
| Profit for the financial year | 24 | 1,301,622 | 1,295,733 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 1,301,622 | 1,295,733 |

Total comprehensive income for the year is all attributable to the owners of the parent company.

ALPHA CRC LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Goodwill | 12 | | 5,687,811 | | - |
| Other intangible assets | 12 | | 2,832,141 | | 2,723,244 |
| Tangible assets | 13 | | 367,979 | | 169,252 |
| | | | <u>8,887,931</u> | | <u>2,892,496</u> |
| Current assets | | | | | |
| Debtors | 16 | 4,983,502 | | 4,190,180 | |
| Cash at bank and in hand | | <u>2,552,243</u> | | <u>1,520,785</u> | |
| | | 7,535,745 | | 5,710,965 | |
| Creditors: amounts falling due within one year | 17 | <u>(6,700,484)</u> | | <u>(5,958,552)</u> | |
| Net current assets/(liabilities) | | | <u>835,261</u> | | <u>(247,587)</u> |
| Total assets less current liabilities | | | <u>9,723,192</u> | | <u>2,644,909</u> |
| Creditors: amounts falling due after more than one year | 18 | | (6,643,499) | | - |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 20 | <u>140,142</u> | <u>(140,142)</u> | <u>73,480</u> | <u>(73,480)</u> |
| Net assets | | | <u>2,939,551</u> | | <u>2,571,429</u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1,257 | | 1,257 |
| Share premium account | 24 | | 49,889 | | 49,889 |
| Revaluation reserve | 24 | | 542,341 | | 1,210,244 |
| Capital redemption reserve | 24 | | 10,000 | | 10,000 |
| Other reserves | 24 | | 759,894 | | 759,894 |
| Profit and loss reserves | 24 | | <u>1,576,170</u> | | <u>540,145</u> |
| Total equity | | | <u>2,939,551</u> | | <u>2,571,429</u> |

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

P. Nash 28-02-2023
 P Nash
 Director

ALPHA CRC LIMITED

COMPANY BALANCE SHEET

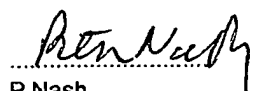
AS AT 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|------------------|-------------------------|------------------|-------------------------|
| Fixed assets | | | | | |
| Intangible assets | 12 | 2,697,017 | | 2,303,244 | |
| Tangible assets | 13 | 115,572 | | 114,377 | |
| Investments | 14 | 7,114,290 | | 1,063,874 | |
| | | <u>9,926,879</u> | | <u>3,481,495</u> | |
| Current assets | | | | | |
| Debtors | 16 | 3,622,737 | | 3,893,670 | |
| Cash at bank and in hand | | 898,993 | | 1,459,459 | |
| | | <u>4,521,730</u> | | <u>5,353,129</u> | |
| Creditors: amounts falling due within one year | 17 | (6,897,113) | | (7,237,965) | |
| Net current liabilities | | | (2,375,383) | | (1,884,836) |
| Total assets less current liabilities | | | <u>7,551,496</u> | | <u>1,596,659</u> |
| Creditors: amounts falling due after more than one year | 18 | (5,682,547) | | | - |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 20 | 148,575 | | - | |
| | | <u>(148,575)</u> | | <u>-</u> | |
| Net assets | | | <u><u>1,720,374</u></u> | | <u><u>1,596,659</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | 1,257 | | 1,257 | |
| Share premium account | 24 | 49,889 | | 49,889 | |
| Revaluation reserve | 24 | 542,341 | | 679,753 | |
| Other reserves | 24 | 759,894 | | 759,894 | |
| Profit and loss reserves | 24 | 366,993 | | 105,866 | |
| Total equity | | | <u><u>1,720,374</u></u> | | <u><u>1,596,659</u></u> |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £637,215 (2020 - £1,436,123 profit).

28/02/23

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


P Nash
Director

Company Registration No. 02197452

ALPHA CRC LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | Share capital | Share premium account | Revaluation reserve | Capital redemption reserve | Other reserves | Profit and loss reserves | Total |
|--|---------------|-----------------------|---------------------|----------------------------|----------------|--------------------------|-----------|
| Notes | £ | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2020 | 1,257 | 49,889 | 1,210,244 | 10,000 | 759,894 | (755,588) | 1,275,696 |
| Year ended 31 December 2020: | | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | - | 1,295,733 | 1,295,733 |
| Balance at 31 December 2020 | 1,257 | 49,889 | 1,210,244 | 10,000 | 759,894 | 540,145 | 2,571,429 |
| Year ended 31 December 2021: | | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | - | 1,301,622 | 1,301,622 |
| Dividends | - | - | - | - | - | (513,500) | (513,500) |
| Transfers | - | - | (247,903) | - | - | 247,903 | - |
| Other movements in reserves | - | - | (420,000) | - | - | - | (420,000) |
| Balance at 31 December 2021 | 1,257 | 49,889 | 542,341 | 10,000 | 759,894 | 1,576,170 | 2,939,551 |

ALPHA CRC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | Share capital | Share premium account | Revaluation reserve | Merger reserve | Profit and loss reserves | Total |
|--|------------------|-----------------------------|------------------------|-------------------|--------------------------------|-----------|
| Notes | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2020 as restated | 1,257 | 49,889 | 679,753 | 759,894 | (1,330,257) | 160,536 |
| Year ended 31 December 2020: | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | 1,436,123 | 1,436,123 |
| Balance at 31 December 2020 | 1,257 | 49,889 | 679,753 | 759,894 | 105,866 | 1,596,659 |
| Year ended 31 December 2021: | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | 637,215 | 637,215 |
| Dividends | - | - | - | - | (513,500) | (513,500) |
| Transfers | - | - | (137,412) | - | 137,412 | - |
| Balance at 31 December 2021 | 1,257 | 49,889 | 542,341 | 759,894 | 366,993 | 1,720,374 |

ALPHA CRC LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|--------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 27 | 3,686,826 | | 1,128,673 | |
| Interest paid | | (395,332) | | (96,123) | |
| Income taxes paid | | (120,936) | | (15,811) | |
| Net cash inflow from operating activities | | 3,170,558 | | 1,016,739 | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (877,737) | | (662,400) | |
| Purchase of tangible fixed assets | | (70,452) | | (14,901) | |
| Proceeds on disposal of tangible fixed assets | | 21,473 | | - | |
| Purchase of subsidiaries | | (6,235,777) | | - | |
| Interest received | | 14,346 | | 18,008 | |
| Net cash used in investing activities | | (7,148,147) | | (659,293) | |
| Financing activities | | | | | |
| Proceeds from other borrowings | | 960,952 | | - | |
| Proceeds of new bank loans | | 6,500,000 | | - | |
| Repayment of bank loans | | (120,442) | | (150,555) | |
| Dividends paid to equity shareholders | | (513,500) | | - | |
| Net cash generated from/(used in) financing activities | | 6,827,010 | | (150,555) | |
| Net increase in cash and cash equivalents | | 2,849,421 | | 206,891 | |
| Cash and cash equivalents at beginning of year | | (507,846) | | (714,737) | |
| Cash and cash equivalents at end of year | | 2,341,575 | | (507,846) | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 2,552,243 | | 1,520,785 | |
| Bank overdrafts included in creditors payable within one year | | (210,668) | | (2,028,631) | |

ALPHA CRC LIMITED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|--------------------|---|------------------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 28 | 3,151,942 | | 1,051,330 | |
| Interest paid | | (361,227) | | (95,887) | |
| Income taxes refunded/(paid) | | 2,126 | | - | |
| Net cash inflow from operating activities | | 2,792,841 | | 955,443 | |
| Investing activities | | | | | |
| Purchase of intangible assets | | (804,394) | | (662,400) | |
| Purchase of tangible fixed assets | | (31,683) | | (10,173) | |
| Purchase of subsidiaries | | (6,571,317) | | - | |
| Interest received | | 14,346 | | 18,008 | |
| Net cash used in investing activities | | (7,393,048) | | (654,565) | |
| Financing activities | | | | | |
| Proceeds of new bank loans | | 6,379,558 | | (150,555) | |
| Dividends paid to equity shareholders | | (513,500) | | - | |
| Net cash generated from/(used in) financing activities | | 5,866,058 | | (150,555) | |
| Net increase in cash and cash equivalents | | 1,265,851 | | 150,323 | |
| Cash and cash equivalents at beginning of year | | (569,172) | | (719,495) | |
| Cash and cash equivalents at end of year | | 696,679 | | (569,172) | |
| Relating to: | | | | | |
| Cash at bank and in hand | | 898,993 | | 1,459,459 | |
| Bank overdrafts included in creditors payable within one year | | (202,314) | | (2,028,631) | |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Alpha CRC Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is St Andrews House, 1st Floor, St Andrews Road, Cambridge, CB4 1DL.

The group consists of Alpha CRC Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Alpha CRC Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. The directors are mindful the the company continues to rely on the support of the bank, its suppliers and its 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. A review of the impact of COVID-19 on the business is in the Directors' Report.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

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 life of 10 years.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise primarily software and technology which are either separately acquired or internally generated. Such assets are defined as having finite useful lives and the costs are amortised on a straight line basis over their estimated useful lives of 10 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-------------------|-------------------|
| Development costs | 10% straight line |
| Software | 10% straight line |

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|------------------------------|------------------------------|
| Freehold land and buildings | 4% reducing balance |
| Leasehold land and buildings | over the period of the lease |
| Fixtures and fittings | 10% straight line |
| Computers | 25% - 33% straight line |
| Motor vehicles | 25% straight line |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Derivatives

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Hedge accounting

The Company designates certain hedging instruments, including derivatives, embedded derivatives and non-derivatives, as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in the profit or loss in the same line as of the income statement as the recognised hedged item. However when the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.21 Correction of parent company opening balance sheet

During the year it was found that one of the group entities had incorrectly been treated as a branch of the parent company rather than a subsidiary. We have therefore restated the balance sheet of the parent company for the prior year, with a decrease in the social security creditor and trade credit balances of £379,814 and £52,258 respectively. This was netted off by an increase in the intercompany creditor of £432,072. There was no impact on retained earnings or the consolidated accounts.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

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.

Revenue recognition

Revenue includes estimates in relation to accrued income arising from work in progress. This includes amounts which are yet to be invoiced but where work has been carried out in respect of projects.

3 Turnover and other revenue

| | 2021 £ | 2020 £ |
|---|-------------------|-------------------|
| Other significant revenue | | |
| Grants received | 29,516 | 66,852 |
| | <u>29,516</u> | <u>66,852</u> |
| | | |
| | 2021 £ | 2020 £ |
| Turnover analysed by geographical market | | |
| UK | 6,000,976 | 2,411,959 |
| Rest of the world | 16,431,300 | 14,471,703 |
| | <u>22,432,276</u> | <u>16,883,662</u> |

4 Auditor's remuneration

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 61,363 | 24,058 |
| Audit of the financial statements of the company's subsidiaries | 3,104 | 2,120 |
| | <u>64,467</u> | <u>26,178</u> |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

| | Group 2021 Number | 2020 Number | Company 2021 Number | 2020 Number |
|-------------|-------------------------|----------------|---------------------------|----------------|
| Directors | 15 | 18 | 2 | 2 |
| Other staff | 425 | 349 | 233 | 215 |
| Total | 440 | 367 | 235 | 217 |

Their aggregate remuneration comprised:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------|--------------------|-----------|----------------------|-----------|
| Wages and salaries | 9,980,838 | 7,356,875 | 5,621,737 | 5,241,005 |
| Social security costs | 1,585,738 | 1,348,827 | 859,755 | 744,801 |
| Pension costs | 88,735 | 83,097 | 88,735 | 83,097 |
| | 11,655,311 | 8,788,799 | 6,570,227 | 6,068,903 |

6 Directors' remuneration

| | 2021 £ | 2020 £ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 52,358 | 20,248 |

7 Interest receivable and similar income

| | 2021 £ | 2020 £ |
|-----------------------|-----------|-----------|
| Interest income | | |
| Other interest income | 18,008 | 19,513 |

8 Interest payable and similar expenses

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 395,332 | 96,123 |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Taxation

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Deferred tax | | |
| Origination and reversal of timing differences | 252,806 | 199,137 |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Profit before taxation | 1,554,428 | 1,494,870 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 295,341 | 284,025 |
| Tax effect of expenses that are not deductible in determining taxable profit | 672 | 1,030 |
| Effect of change in corporation tax rate | (35,659) | - |
| Effect of revaluations of investments | 98,971 | - |
| Other timing differences | (106,519) | (85,918) |
| Taxation charge | 252,806 | 199,137 |

10 Dividends

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Recognised as distributions to equity holders: | | |
| Final paid | 513,500 | - |

11 Impairments

| | Notes | 2021 £ | 2020 £ |
|---|-------|-----------|-----------|
| In respect of: | | | |
| Intangible assets | 12 | 420,000 | - |
| Amounts transferred from the revaluation reserve in respect of impairment losses on previously revalued assets. | | 420,000 | - |

There was a material impairment loss in the period in relation to the capitalised development costs. During the annual test for impairment, it was deemed that the assets would not generate future economic benefits through use or sale and therefore they were impaired fully to nil value.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

12 Intangible fixed assets

| Group | Goodwill | Development costs | Software | Total |
|--|-----------|-------------------|-----------|------------|
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1 January 2021 | 2,430,764 | 3,442,689 | 861,320 | 6,734,773 |
| Additions - separately acquired | - | 804,394 | - | 804,394 |
| Additions - business combinations | 5,987,170 | - | 653,614 | 6,640,784 |
| At 31 December 2021 | 8,417,934 | 4,247,083 | 1,514,934 | 14,179,951 |
| Amortisation and impairment | | | | |
| At 1 January 2021 | 2,430,764 | 1,156,772 | 423,993 | 4,011,529 |
| Amortisation charged for the year | 299,359 | 324,489 | 86,132 | 709,980 |
| Impairment losses | - | 420,000 | - | 420,000 |
| Accumulated amortisation transferred - business combinations | - | - | 518,490 | 518,490 |
| At 31 December 2021 | 2,730,123 | 1,901,261 | 1,028,615 | 5,659,999 |
| Carrying amount | | | | |
| At 31 December 2021 | 5,687,811 | 2,345,822 | 486,319 | 8,519,952 |
| At 31 December 2020 | - | 2,285,917 | 437,327 | 2,723,244 |
| Company | | | | |
| | Goodwill | Development costs | Software | Total |
| | £ | £ | £ | £ |
| Cost or valuation | | | | |
| At 1 January 2021 | 2,050,000 | 2,842,689 | 861,320 | 5,754,009 |
| Additions | - | 804,394 | - | 804,394 |
| At 31 December 2021 | 2,050,000 | 3,647,083 | 861,320 | 6,558,403 |
| Amortisation and impairment | | | | |
| At 1 January 2021 | 2,050,000 | 976,772 | 423,993 | 3,450,765 |
| Amortisation charged for the year | - | 324,489 | 86,132 | 410,621 |
| At 31 December 2021 | 2,050,000 | 1,301,261 | 510,125 | 3,861,386 |
| Carrying amount | | | | |
| At 31 December 2021 | - | 2,345,822 | 351,195 | 2,697,017 |
| At 31 December 2020 | - | 1,865,917 | 437,327 | 2,303,244 |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Intangible fixed assets

(Continued)

Computer software was revalued during 2015, if the assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

| | Group 2021 £ | 2021 £ | Company 2021 £ | 2021 £ |
|--------------------------|--------------------|-----------|----------------------|-----------|
| Cost | 357,626 | 357,626 | 357,626 | 357,626 |
| Accumulated amortisation | 357,626 | 357,626 | 357,626 | 357,626 |
| Carrying value | - | - | - | - |

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.

13 Tangible fixed assets

| Group | Freehold land and buildings £ | Leasehold land and buildings £ | Fixtures and fittings £ | Computers £ | Motor vehicles £ | Total £ |
|--|-------------------------------------|---|-------------------------------|----------------|------------------------|------------|
| Cost | | | | | | |
| At 1 January 2021 | - | 314,214 | 510,437 | 906,484 | 28,355 | 1,759,490 |
| Additions | - | 26,582 | - | 43,870 | - | 70,452 |
| Business combinations | 164,426 | - | 180,551 | 224,250 | 22,792 | 592,019 |
| Disposals | - | - | (1,780) | (19,393) | - | (21,173) |
| At 31 December 2021 | 164,426 | 340,796 | 689,208 | 1,155,211 | 51,147 | 2,400,788 |
| Depreciation and impairment | | | | | | |
| At 1 January 2021 | - | 197,234 | 488,347 | 876,302 | 28,355 | 1,590,238 |
| Depreciation charged in the year | - | 14,063 | 2,579 | 20,436 | - | 37,078 |
| Eliminated in respect of disposals | - | - | (926) | (11,937) | - | (12,863) |
| Accumulated depreciation transferred - business combinations | 43,801 | - | 157,962 | 196,212 | 20,381 | 418,356 |
| At 31 December 2021 | 43,801 | 211,297 | 647,962 | 1,081,013 | 48,736 | 2,032,809 |
| Carrying amount | | | | | | |
| At 31 December 2021 | 120,625 | 129,499 | 41,246 | 74,198 | 2,411 | 367,979 |
| At 31 December 2020 | - | 116,980 | 22,090 | 30,182 | - | 169,252 |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Tangible fixed assets

(Continued)

| Company | Leasehold land and buildings | Fixtures and fittings | Computers | Motor vehicles | Total |
|------------------------------------|------------------------------------|--------------------------|-----------|-------------------|-----------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2021 | 232,307 | 402,598 | 705,655 | 28,355 | 1,368,915 |
| Additions | 26,582 | - | 5,101 | - | 31,683 |
| At 31 December 2021 | 258,889 | 402,598 | 710,756 | 28,355 | 1,400,598 |
| Depreciation and impairment | | | | | |
| At 1 January 2021 | 161,183 | 383,643 | 681,357 | 28,355 | 1,254,538 |
| Depreciation charged in the year | 10,161 | 2,579 | 17,748 | - | 30,488 |
| At 31 December 2021 | 171,344 | 386,222 | 699,105 | 28,355 | 1,285,026 |
| Carrying amount | | | | | |
| At 31 December 2021 | 87,545 | 16,376 | 11,651 | - | 115,572 |
| At 31 December 2020 | 71,124 | 18,955 | 24,298 | - | 114,377 |

Tangible fixed assets with a carrying value of £115,572 (2020: £114,377) are pledged as security for the company's overdraft.

14 Fixed asset investments

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 15 | - | - | 7,114,290 | 1,063,874 |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2021

1,063,874

Additions

6,571,317

At 31 December 2021

7,635,191

Impairment

At 1 January 2021

-

Impairment losses

520,901

At 31 December 2021

520,901

Carrying amount

At 31 December 2021

7,114,290

At 31 December 2020

1,063,874

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|--------------------------------|-------------------|----------------------|---------------|
| Alpha CRC Sarl | France | Ordinary | 100.00 |
| Alpha CRC GmbH | Germany | Ordinary | 100.00 |
| Tradnet Snc | Italy | Ordinary | 100.00 |
| Alpha Estonia | Estonia | Ordinary | 100.00 |
| Language Technology Centre Ltd | England | Ordinary | 100.00 |
| Agile Web Solutions Limited | England | Ordinary | 100.00 |
| Coronel Gold SL | Spain | Ordinary | 100.00 |
| Intertranslations | Greece | Ordinary | 100.00 |

Intertranslations was acquired during the period. The net assets acquired were represented by tangible fixed assets (£176,663), intangible fixed assets (software) (£135,214), long term loans (-£1,059,551), net current assets of £1,256,147, and goodwill of £5,987,170.

All of the above subsidiaries are accounted for in these consolidated group accounts.

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Debtors

| | Group 2021 | 2020 | Company 2021 | 2020 |
|--|------------------|------------------|------------------|------------------|
| | £ | £ | £ | £ |
| Amounts falling due within one year: | | | | |
| Trade debtors | 2,703,850 | 2,555,981 | 2,117,738 | 2,364,499 |
| Corporation tax recoverable | 54,483 | 15,460 | 365 | 2,491 |
| Other debtors | 1,561,617 | 953,850 | 851,248 | 917,557 |
| Prepayments and accrued income | 663,552 | 563,651 | 653,386 | 507,885 |
| | <u>4,983,502</u> | <u>4,088,942</u> | <u>3,622,737</u> | <u>3,792,432</u> |
| Amounts falling due after more than one year: | | | | |
| Deferred tax asset (note 20) | - | 101,238 | - | 101,238 |
| | <u>-</u> | <u>101,238</u> | <u>-</u> | <u>101,238</u> |
| Total debtors | <u>4,983,502</u> | <u>4,190,180</u> | <u>3,622,737</u> | <u>3,893,670</u> |

17 Creditors: amounts falling due within one year

| | Group 2021 | 2020 | Company 2021 | 2020 as restated |
|------------------------------------|---------------|------------------|------------------|---------------------|
| | £ | £ | £ | £ |
| Notes | | | | |
| Bank loans and overdrafts | 19 | 907,679 | 2,028,631 | 899,325 |
| Trade creditors | | 2,726,180 | 1,962,639 | 1,994,651 |
| Amounts owed to group undertakings | | - | - | 2,053,219 |
| Corporation tax payable | | 17,295 | 14,302 | - |
| Other taxation and social security | | 910,952 | 1,072,145 | 232,110 |
| Deferred income | 21 | 356,405 | 137,500 | 234,746 |
| Other creditors | | 1,466,072 | 441,319 | 1,291,117 |
| Accruals and deferred income | | 315,901 | 302,016 | 191,945 |
| | | <u>6,700,484</u> | <u>5,958,552</u> | <u>6,897,113</u> |
| | | <u>6,700,484</u> | <u>5,958,552</u> | <u>7,237,965</u> |

18 Creditors: amounts falling due after more than one year

| | Group 2021 | 2020 | Company 2021 | 2020 |
|---------------------------|---------------|------------------|-----------------|------------------|
| | £ | £ | £ | £ |
| Notes | | | | |
| Bank loans and overdrafts | 19 | 5,682,547 | - | 5,682,547 |
| Other borrowings | 19 | 960,952 | - | - |
| | | <u>6,643,499</u> | <u>-</u> | <u>5,682,547</u> |
| | | <u>6,643,499</u> | <u>-</u> | <u>5,682,547</u> |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

19 Loans and overdrafts

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-------------------------|--------------------|------------------|----------------------|------------------|
| Bank loans | 6,379,558 | - | 6,379,558 | - |
| Bank overdrafts | 210,668 | 2,028,631 | 202,314 | 2,028,631 |
| Other loans | 960,952 | - | - | - |
| | <u>7,551,178</u> | <u>2,028,631</u> | <u>6,581,872</u> | <u>2,028,631</u> |
| Payable within one year | 907,679 | 2,028,631 | 899,325 | 2,028,631 |
| Payable after one year | <u>6,643,499</u> | <u>-</u> | <u>5,682,547</u> | <u>-</u> |

The overdraft is secured by way of a mortgage debenture held by the company's bankers and by personal guarantees of the directors.

During the year, the parent company borrowed funds from its bankers under two term loans of £2,700,000 and £3,800,000 respectively. The first is repayable in full in July 2025 and the second is repayable over a four year period ending in July 2025 and it accrues interest at a variable rate. The loans are secured by way of a personal guarantee from the directors.

A cross guarantee exists between Alpha CRC Limited and Language Technology Centre Limited.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| Group | Liabilities 2021 £ | Liabilities 2020 £ | Assets 2021 £ | Assets 2020 £ |
|--------------------------------|--------------------------|--------------------------|---------------------|---------------------|
| Accelerated capital allowances | 202,049 | - | - | (122,779) |
| Tax losses | (61,907) | - | - | 224,017 |
| Foreign taxation | - | 73,480 | - | - |
| | <u>140,142</u> | <u>73,480</u> | <u>-</u> | <u>101,238</u> |
| Company | Liabilities 2021 £ | Liabilities 2020 £ | Assets 2021 £ | Assets 2020 £ |
| Accelerated capital allowances | 210,482 | - | - | (122,779) |
| Tax losses | (61,907) | - | - | 224,017 |
| | <u>148,575</u> | <u>-</u> | <u>-</u> | <u>101,238</u> |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Deferred taxation

(Continued)

| | Group 2021 £ | Company 2021 £ |
|-------------------------------|--------------------|----------------------|
| Movements in the year: | | |
| Asset at 1 January 2021 | (27,758) | (101,238) |
| Charge to profit or loss | 249,813 | 249,813 |
| Other | (81,913) | - |
| Liability at 31 December 2021 | <u>140,142</u> | <u>148,575</u> |

Deferred tax is recognised in respect of tax losses of £247,629 (2020: £1,179,039) on the basis it is probable they will be recovered against future taxable profits.

21 Deferred income

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|--------------------------------|--------------------|----------------|----------------------|-----------|
| Arising from government grants | 121,659 | 137,500 | - | - |
| Other deferred income | <u>234,746</u> | <u>-</u> | <u>234,746</u> | <u>-</u> |
| | <u>356,405</u> | <u>137,500</u> | <u>234,746</u> | <u>-</u> |

22 Retirement benefit schemes

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>88,735</u> | <u>83,097</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

| | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
|---|----------------|----------------|--------------|--------------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary of 10p each | <u>12,570</u> | <u>12,570</u> | <u>1,257</u> | <u>1,257</u> |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Reserves

Share premium

This reserve includes any premiums received on issue of share capital.

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 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|----------------------------|--------------------|------------------|----------------------|------------------|
| Within one year | 385,033 | 356,873 | 385,033 | 356,873 |
| Between two and five years | 613,562 | 951,661 | 613,562 | 951,661 |
| | <u>998,595</u> | <u>1,308,534</u> | <u>998,595</u> | <u>1,308,534</u> |

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2021 £ | 2020 £ |
|------------------------|---------------|---------------|
| Aggregate compensation | <u>56,048</u> | <u>20,248</u> |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Related party transactions

(Continued)

Other information

The company has taken advantage of the exemptions available under Section 33.1A of FRS 102 not to disclose intra-group transactions with wholly owned subsidiaries.

The directors P Nash and I Weiss have given personal guarantees to the company's bankers of £650,000 in support of bank borrowings. They have also given an additional personal guarantee of £600,000 in support of the loan facilities taken out in the year.

At the balance sheet date a balance of £106,823 was owed by P Nash to the company, in 2020 a balance of £45,237 was owed to P Nash. A balance of £353,043 (2020: £185,976) was owed to I Weiss by the company. There are no terms relating to the payment of interest or repayment of balances.

Included in other debtors is a balance owed to the company by Spectrum Building Services of £332,624 (2020: £350,165). This balance is guaranteed in full by P Nash in the event the debtor is irrecoverable and he has committed to assuming the debt in January 2022.

27 Cash generated from group operations

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Profit for the year after tax | 1,301,622 | 1,295,733 |
| Adjustments for: | | |
| Taxation charged | 252,806 | 199,137 |
| Finance costs | 395,332 | 96,123 |
| Amortisation and impairment of intangible assets | 709,980 | 363,327 |
| Depreciation and impairment of tangible fixed assets | 37,078 | 63,252 |
| Interest receivable | (14,346) | (18,008) |
| Movements in working capital: | | |
| (Increase) in debtors | (825,343) | (476,136) |
| Increase/(decrease) in creditors | 1,610,792 | (532,255) |
| Increase in deferred income | 218,905 | 137,500 |
| Cash generated from operations | 3,686,826 | 1,128,673 |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

28 Cash generated from operations - company

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Profit for the year after tax | 637,215 | 1,436,123 |
| Adjustments for: | | |
| Taxation charged | 249,813 | 199,137 |
| Finance costs | 361,227 | 95,887 |
| Amortisation and impairment of intangible assets | 931,522 | 303,327 |
| Depreciation and impairment of tangible fixed assets | 30,488 | 53,126 |
| Interest receivable | (14,346) | (18,008) |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 167,569 | (776,255) |
| Increase/(decrease) in creditors | 553,708 | (242,007) |
| Increase in deferred income | 234,746 | - |
| Cash generated from operations | 3,151,942 | 1,051,330 |

29 Analysis of changes in net debt - group

| | 1 January 2021 £ | Cash flows £ | 31 December 2021 £ |
|---------------------------------|------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 1,520,785 | 1,031,458 | 2,552,243 |
| Bank overdrafts | (2,028,631) | 1,817,963 | (210,668) |
| | (507,846) | 2,849,421 | 2,341,575 |
| Borrowings excluding overdrafts | - | (7,340,510) | (7,340,510) |
| | (507,846) | (4,491,089) | (4,998,935) |

30 Analysis of changes in net debt - company

| | 1 January 2021 £ | Cash flows £ | 31 December 2021 £ |
|---------------------------------|------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 1,459,459 | (560,466) | 898,993 |
| Bank overdrafts | (2,028,631) | 1,826,317 | (202,314) |
| | (569,172) | 1,265,851 | 696,679 |
| Borrowings excluding overdrafts | - | (6,379,558) | (6,379,558) |
| | (569,172) | (5,113,707) | (5,682,879) |

ALPHA CRC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31 Subsidiary audit exemptions

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:

Language Technology Centre Limited (Company Number 02748678)