

Annual Report and Accounts 2018



The **power** of our **people**

Introduction

Welcome to Alpha's 2018 Annual Report & Accounts

**Alpha is a leading global consultancy to the
asset and wealth management industry.**

Perspective | Strategy | Technical Expertise

For more information, see our website:

investors.alphafmc.com

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Company Information

Directors and Advisers

Directors

ENB Fraser
JC Paton
K Fry
PR Judd
NR Kent

Company Number

09965297

Registered Office

Alpha Financial Markets
Consulting plc
60 Gresham Street
London EC2V 7BB

Auditor

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Park Row
Nottingham NG1 6FQ

Registrar

Computershare
The Pavilions
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Bristol BS99 6ZZ

Nominated Adviser

Grant Thornton
30 Finsbury Square
London EC2A 1AG

Broker

Joh. Berenberg, Gossler & Co.
60 Threadneedle Street
London EC2R 8HP

Bankers

Lloyds Bank Plc
10 Gresham Street
London EC2V 7AE

HSBC UK Bank Plc
71 Queen Victoria Street
London EC4V 4AY

Company Secretary

company.secretary@alphafmc.com

Corporate and Investors' Website

investors.alphafmc.com

Client Website

alphafmc.com

Strategic Report

Chairman's Report

The Group is led by a strong executive team, with a rich range of skills and experience, and a deep understanding of the asset and wealth management industry.

“Alpha has continued to perform confidently across its business areas and has delivered its first full-year results as a public company ahead of market expectations.”

In my first statement to you as Chairman of the Board, it gives me great pleasure to introduce Alpha's FY18 year-end results. FY18 was a definitive year for Alpha; in October 2017, the Company was successfully admitted to trading on the AIM of the London Stock Exchange and is now able to report Alpha's best financial results since it was founded in 2003. This compelling record of financial performance, together with investment in the business from our new shareholders, positions the Group extremely well for continued future growth.

Overview of the Financial Year

Alpha has continued to perform confidently across its business areas and has delivered its first full-year results as a public company ahead of market expectations. With continuing demand for Alpha's services from within the asset and wealth management industry and a strong pipeline of new business, the Group achieved annual revenues of £66.0m. Trading progressed well during the months following Alpha's admission to trading on AIM.

During the period, Alpha completed an important strategic acquisition in TrackTwo, a specialist data solutions and consulting firm. This now forms the core of a new business practice, Alpha Data Solutions. Alpha also launched another practice, Digital, thus strengthening further its platforms to fulfil business opportunities on an increasingly global basis.

Dividend

The Alpha Board¹ is recommending a final dividend of 3.69p per share, which, if approved at the Annual General Meeting, will be payable on 12 September 2018. Together with the previously paid FY18 interim dividend of 1.48p per share, this gives a total dividend for the year of 5.17p per share, in line with the policy of paying approximately 50% of post-tax profits to shareholders, this year adjusted to reflect normalised post-AIM admission earnings.

Governance

An important focus since AIM admission has been fulfilling the Group's corporate governance transition from a private to a public company. I am very pleased to be involved in Alpha's future growth journey, having worked with the Company as a client for over 10 years. The Alpha Board meets regularly to oversee the Group's corporate activities and progress towards its strategic objectives.

Board Changes

Recently, we welcomed Penny Judd to the Alpha Board, as a new Non-Executive Director, and John Paton, who joined Alpha as Chief Financial Officer. Together, Penny and John bring a wealth of public markets and financial services expertise to the Alpha Board and I look forward to working with them.

I was delighted to be appointed as Chairman in February, following two years serving on the Alpha Board as a Non-Executive Director. This follows the decision by Timothy Trotter, Alpha's longest serving independent Non-Executive Director, to step down, as was disclosed in the AIM Admission Document. Tim has been an invaluable support to the Directors in the last four years; the Directors and the entire management team would like to thank him and wish him well in the future.

Strategy

The Alpha Board works closely with Alpha's executive team to develop a successful and achievable strategy. Alpha's growth strategy remains focussed on continuing to grow in both existing and new jurisdictions. This strategy is being diligently executed through the continued strengthening of the global consulting teams, extension of Alpha's geographic footprint and investment in capabilities to expand further the service offering.

The Group is led by a strong executive team, with a rich range of skills and experience, and a deep understanding of the asset and wealth management industry. The Alpha Board is extremely confident that this team of people is well placed to deliver Alpha's strategic vision and objectives.

Outlook

The asset and wealth management industry is undergoing deep-rooted change, with increasing pressure on fees and regulatory focus driving the need for support with a range of complex change initiatives and projects. With its highly focussed market proposition, strong reputation in the industry and a robust platform for growth, Alpha is uniquely positioned to assist with its clients' needs. The Alpha Board is encouraged by the strong business pipeline and is confident of further growth in the financial year ahead.

Finally, I would like to thank all Alpha's employees, clients and the wider stakeholders for their commitment, hard work and invaluable contributions.

Ken Fry
Chairman
6 June 2018

¹ "Alpha Board" is the Alpha Board of Directors, also referred to as the "Board" and the "Directors"

Strategic Report

Global Chief Executive Officer's Report

We have continued to invest in geographic expansion and extending Alpha's service offering, responding to a strong pipeline and unwavering client demand.

"A relentless focus on quality ensures that we deliver exceptional results to our clients, which in turn drives client loyalty and repeat business."

I am delighted to present our full-year results, with FY18 having been a very successful year for Alpha. Following on from our AIM admission in October 2017, we have enjoyed another year of strong revenue, operating profit and adjusted EBITDA growth. This growth has been delivered across all of our core regions, through both the breadth of our service offering and a successful acquisition.

Summary of Financial Performance

The Group has demonstrated strong revenue growth, with a continued focus on operating margins resulting in revenue increasing by 51.5% to £66.0m (FY17: £43.6m), adjusted EBITDA by 62.9% to £13.9m (FY17: £8.6m) and operating profit by 39.5% to £8.6m (FY17: £6.1m). Our transition from a private limited company to a public company strengthened our statement of financial position and we have also had another year of excellent cash generation from operations. The Board is pleased to propose a final dividend of 3.69p per share, bringing the total dividend to 5.17p per share for the year, ahead of expectations.

The Group has delivered very strong organic growth across its core business, driven by working on some of the largest and most challenging projects in the asset and wealth management industry, on an increasingly global scale. The Group also added an additional 25 new clients during the year.

Operational Review

Client demand for our consulting talent and expertise continues to be driven by the structural industry trends of increasing cost pressures and regulatory demand, alongside increasing assets under management. Consequently, FY18 saw strong results from across all our core geographies: the UK, the US, and Europe & Asia.

Alpha continued to expand its service offering with the creation of new practices, including Alpha Data Solutions and Digital, in response to demand from our clients. In addition, practices that the Group launched in FY17 such as Investment Guidelines and Regulatory Compliance performed well and made a contribution to this year's substantial growth. Well-established practices such as Front Office, Distribution, M&A Integration and Operations & Outsourcing continued to be very successful.

Geographical Overview

We are pleased to have enjoyed strong client-led demand across all of the markets in which we operate:

	FY18 12 months to 31 Mar 2018	FY17 12 months to 31 Mar 2017 ²		2017 60 weeks to 31 Mar 2017 ³
Revenue				
UK	£40.0m	£28.5m	40.5%	£32.3m
US	£9.0m	£4.4m	107.1%	£4.9m
Europe & Asia	£17.0m	£10.7m	58.3%	£12.0m
	£66.0m	£43.6m	51.5%	£49.2m
Gross Profit				
UK	£17.0m	£11.2m	52.3%	£12.5m
US	£2.7m	£0.4m	511.2%	£0.4m
Europe & Asia	£5.6m	£3.4m	62.4%	£3.8m
	£25.3m	£15.0m	68.0%	£16.7m

² 12 months results to 31 March 2017 per Admission Document dated 6 October 2017; hereafter referred to as "FY17"

³ Audited results; hereafter referred to as "2017"

	31 March 2018	31 March 2017	Change
Consultant Headcount⁴			
UK	165	138	20%
US	44	26	69%
Europe & Asia	96	76	26%
Year-end totals	305	240	27%

⁴ Consultant Headcount refers to fee-generating consultants: employed consultants plus utilised contractors

Each of our regional businesses grew substantially compared to the previous 12 months, both in terms of revenue and consultant headcount. Our newest offices in Singapore and Switzerland, which opened at the end of FY17, were launched in response to client requests for the Group to provide local support in these locations. I am happy to report that both offices enjoyed profitable first years. We are very pleased with the success of our first office in Asia and have recently hired an executive director in Singapore to strengthen our offering and lead our expansion in that market.

The UK remains the largest geography within the Alpha Group and we are delighted with the continued growth that it has enjoyed this year.

In Europe, Alpha continues to deliver a robust performance growing revenue and profitability, with offices in France, Luxembourg, the Netherlands and Switzerland, along with our newly acquired business in Germany. We perceive a number of growth opportunities, both in terms of geographic expansion and in the development of our existing practices.

We believe that the US market represents the most significant geographic opportunity for future growth. We see no other consulting firm offering the same blend of expertise, market-leading consulting and project management skills, and our proposition is resonating with both national and global clients in that market. As a result of demand, and our existing projects in the US, we now have a presence in four financial centres (Chicago, Denver, Los Angeles and San Francisco), in addition to our core offices in Boston and New York. We are pleased to report that Alpha US delivered to our growth expectations in FY18.

Strategic Report

Global Chief Executive Officer's Report continued

Alpha's strong underlying adjusted EBITDA performance reflects our growing global reputation as the consulting partner of choice to support asset managers with their most critical projects, along with our strong utilisation and increased efficiency. We have continued to invest in central operational capability to support this continued global growth.

We were also delighted to win the Funds Europe Consultant of the Year (2017) award for the third consecutive year.

Our People

The people at Alpha are our greatest asset. We remain completely committed to hiring the very highest quality consultants at every level of the Group and we increased our headcount of consultants by 27% to 305 globally (March 2017: 240). That relentless focus on quality ensures that we deliver exceptional results to our clients, which in turn drives client loyalty and repeat business, and helps us to retain our market-leading reputation.

We will continue to offer market-leading compensation to attract the very best consulting talent. Our focus on creating a unique culture that differentiates us from our competitors also helps us to retain the talent that we hire, with unmanaged attrition at 5% in the year. This, in turn, limits recruitment costs and ensures that our clients benefit from the expertise that an experienced team brings.

We now have two employee equity schemes in place. Offering all our people the opportunity to be shareholders in Alpha helps us not only retain staff and align interests, but also attracts a wide pool of fresh talent. All staff that were employed at the time of AIM admission received a nominal number of additional shares.

To help achieve a consistent global culture, we have an important ongoing secondment programme, which has allowed us to second a significant number of our consultants to facilitate growth in our new offices, most recently Singapore and Switzerland, and embed our culture globally. This globally consistent culture is very important to the Group as it plays an integral role in ensuring the same high-calibre quality across our consultant team, driving a seamless client experience and market reputation.

We were delighted to have our culture recognised by winning a place, for the second consecutive year, in The Sunday Times 100 Best Small Companies to Work For (2018: top 20; 2017: top 50). Culture and quality have, for many years, been the foundation of Alpha's success and will continue to shape and drive our business.

Growth Strategy

Alpha's objective is to be recognised as the leading asset management consultancy in all the geographies in which it operates, with an ongoing strategic focus to continue building scale in all markets, for which it is well positioned.

The Group's growth strategy is both organic and inorganic. The majority of Alpha's historic growth has been organic, with last year's acquisition of TrackTwo highlighting the role that inorganic growth can play in adding to the products and services that the Group can successfully bring to its client base.

The Group expects to achieve continued growth in all geographic markets, including both established and more recently opened offices. Alpha will continue to focus on building its client base of asset managers, asset owners, wealth managers and those who support the asset management industry, such as third-party administrators.

We will continue to invest in our service offering and will both deepen and broaden our practice structure. Through a combination of internal promotions and external hires, we will ensure that each practice has the appropriate leadership to meet our clients' needs.

Alpha has built an exceptional service proposition, which is heavily in demand across a wide range of asset management sponsors and geographies. That service offering is currently defined by 10 practices within Alpha. Our ongoing focus is to deepen our offering within those practices and to consistently develop that proposition across all regions. We will continue to broaden our service offering and extend the number of practices so as to meet client demand.

The structural drivers within the asset management industry of fee pressure, growth in assets under management and ongoing regulatory change are creating significant change and opportunity within our clients, which are trends that we expect to continue.

Acquisitions

Acquisitions are an important part of the Group's growth strategy, alongside organic growth, with a focus on acquiring businesses that offer complementary services to clients in Alpha's existing and target markets. Our objective is to extend our consulting proposition and broaden our reach into other financial services industries beyond asset and wealth management.

In July 2017, we successfully completed our acquisition of TrackTwo, and the integration of the business and its core product, 360 SalesVista, has been very successful. Alpha's much broader footprint allows the Group to take the product, 360 SalesVista, to a much wider market than TrackTwo as a standalone entity, offering significant opportunity for future growth.

The Group remains acquisitive and will continue to add to its service offering through selectively investing in new products and services that provide diversified and established revenues and, where possible, are underpinned by strong data or technology components.

Current Trading and Outlook

The Group's trading performance in the second half of FY18 was excellent and we have started FY19 with confidence. The structural drivers in the asset management industry remain very strong and continue to drive a wide range of significant change projects within our client base. We remain focussed on delivering another year of growth and continuing to broaden our geographic footprint and service offering.

The Group is well positioned to leverage its recent accomplishments and to continue to build on its progress in the year ahead.

Euan Fraser
Global Chief Executive Officer
6 June 2018

Strategic Report

Chief Financial Officer's Report

Reflecting Alpha's successful growth strategy, the Group increased revenues by 51.5% and adjusted EBITDA by 62.9% year on year.

“The Group ends the year with a robust balance sheet, which positions it well for the year ahead.”

Group Results

I am delighted that Alpha has delivered strong inaugural full-year results following its admission to trading on AIM in October 2017, and to be reporting my first results as Alpha's Chief Financial Officer.

Alpha's accounting period represents the year to 31 March 2018 and the comparative period represents 60 weeks to 31 March 2017 from 3 February 2016, when Alpha Financial Markets Consulting plc, a new holding company, acquired the Alpha business. In order to allow better clarity to the underlying performance of the Group, constant period comparisons of selected profit and loss account and cashflow items have been included.

Revenue

The Group has delivered another impressive year of progress. Reflective of Alpha's successful growth strategy, Group revenue for FY18 increased to £66.0m, representing a 34.1% increase on the previous accounting period (2017: £49.2m), and a 51.5% increase against the prior 12 months.

Alpha grew in all three of its core geographic regions with revenues in the UK, the US, and Europe & Asia, increasing by 24.0%, 82.8% and 41.1% respectively (or 40.5%, 107.1% and 58.3% respectively in comparison to the prior 12 months). This growth has been driven by strong demand in our

	FY18 12 months to 31 Mar 2018	FY17 12 months to 31 Mar 2017	Change	2017 60 weeks to 31 Mar 2017	Change
Revenue	£66.0m	£43.6m	51.5%	£49.2m	34.1%
Gross Profit	£25.3m	£15.0m	68.0%	£16.7m	51.0%
Adjusted EBITDA	£13.9m	£8.6m	62.9%	£8.2m	69.0%
Adjusted Operating Profit ⁵	£13.6m	£8.3m	65.0%	£8.0m	71.4%
Operating Profit	£8.6m	£6.1m	39.5%	£4.0m	113.7%
Net Cashflow from Operations	£11.3m	£4.3m	161.8%	£5.9m	93.3%

⁵ Adjusted operating profit is operating profit before interest, tax, amortisation and other adjusting non-operational costs including acquisition costs, AIM admission costs, restructuring costs, earn-out costs and share based payment charges

established practices, including Front Office, Distribution, M&A Integration and Operations & Outsourcing, supported by an increase in global consultant headcount to 305 consultants (including contractors) by the year end (March 2017: 240). Both of the newer offices in Switzerland and Singapore also traded well and made good progress. TrackTwo, acquired in July 2017, contributed £0.9m in revenues whilst under Group ownership.

Group Profitability

The Group also substantially increased its profits. Gross profit rose to £25.3m (2017: £16.7m) and gross profit margin improved 430 basis points to 38.3% (2017: 34.0%), driven mainly through improved utilisation of our consultancy staff, both in the UK and globally, as both existing and new offices developed an expanded market presence.

Group overhead costs, before adjusting items as detailed in note 4 of the consolidated financial statements, increased 32% in the year to £11.3m (2017: £8.7m), reflecting increased recruitment spend required to deliver consultant headcount growth, strategic investment in the Group's management team to manage the global operations and anticipate future growth, other staff related costs and costs associated with being a publicly quoted company.

The Group also reported an adjusted EBITDA of £13.9m, representing an increase of 62.9% on the prior 12 months. Adjusted EBITDA margin improved to 21.1% (2017: 16.7%; or FY17: 19.6%). Adjusted operating profit increased to £13.6m (FY17: £8.3m).

Total Group operating profit more than doubled to £8.6m (2017: £4.0m) after charging depreciation, intangible amortisation costs, one-off costs and other non-operational costs. Adjusted EBITDA excludes these expense items to give better clarity to the underlying performance of the Group. These adjustments total £5.4m of costs in FY18 (2017: £4.2m) and are detailed in note 4 of the consolidated financial statements.

Currency

Currency translation had a modest impact on both sales and profits in FY18, as a result of the weaker Sterling. In the year, Sterling averaged USD1.34 (2017: USD1.32) and €1.14 (2017: €1.19). Currency translation increased FY18 sales by £0.4m (0.6%).

Strategic Report

Chief Financial Officer's Report continued

Net Finance Expense

Net finance costs decreased in the year to £7.1m (2017: £7.9m). This decrease reflects Alpha's capital restructuring and reduced indebtedness since the October equity raise at the time of admission to AIM. The Group repaid or converted to equity all of its previous private equity-related debt. As a consequence, £1.7m of amortising loan issuance costs were written off and are included in the £7.1m net finance costs for the year. Since its admission to AIM, the Group has operated with a net cash position.

Taxation

The Group's tax charge was £1.9m (2017: £0.5m). The effective tax rate was inflated by adjusting items, including AIM admission costs, and limits on tax deductibility of interest costs under the previous capital structure. The Group's cash tax payment in the year was £1.2m (2017: £1.7m). Adjusted profit after tax is shown using a blended rate of the jurisdictions in which the Group operates to better indicate the Group's expected ongoing tax position.

For further taxation details, see notes 8 and 9 in the notes to the consolidated financial statements.

Acquisition Activity

Complementary, bolt-on acquisitions to enhance the product and service offering to Alpha's clients are integral to the Group's strategy. On 18 July 2017, the Group acquired 100% of the share capital of TrackTwo, a German based consulting and data solutions business. Since acquisition, TrackTwo continues to progress well.

Earnings per Share

Pro forma adjusted earnings per share⁶ improved to 9.77p per share (2017: 7.75p) and, after including the adjusting expense items, the basic loss per share is 0.49p per share (2017: 5.52p loss).

Cashflow, Statement of Financial Position and Net Funds

The Group has continued to see healthy cash generation with net cash generated from operating activities rising to £11.3m (2017: £5.9m). This represents an 83% adjusted cash conversion⁷ rate from adjusted operating profit this year, improving on the 74% adjusted cash conversion rate in 2017.

On admission to trading on AIM on 11 October 2017, the Company issued 22 million shares, which raised £35.2m for the Group. This equity raising, together with existing cash reserves, was used to meet the admission expenses, and also repay all of the Group's outstanding debt facilities.

Net cash interest paid increased to £5.5m (2017: £1.4m), reflecting the settlement of debt facilities at the time of AIM admission. Income tax paid totalled £1.2m (2017: £1.7m). The Group also paid the initial TrackTwo consideration payment in the year and its maiden interim dividend payment of £1.5m. In the prior period, cash outflows from investing activities included the private equity acquisition of the group and associated financing.

The Group maintains a £5m committed revolving debt facility expiring in October 2020, arranged at the time of admission and which has since remained undrawn. At the year end, the Group's cash position was £9.8m (2017: net debt £77.9m).

⁶ Pro forma adjusted earnings per share is calculated by dividing the adjusted profit after tax by the weighted average number of ordinary shares in issue since admission to trading on AIM

⁷ Adjusted cash conversion is net cash from operating activities divided by adjusted operating profit

Dividends

The Board is recommending a final dividend of 3.69p per share (2017: nil). If approved at the Annual General Meeting, the final dividend will be paid on 12 September 2018 to shareholders on the register on 3 August 2018.

Together with the previously paid FY18 interim dividend of 1.48p per share, this gives a total dividend for the year of 5.17p per share. This is consistent with the Group's stated policy of paying dividends of approximately 50% of profits after tax, which, this year is calculated on an adjusted basis to represent normalised post-AIM admission earnings.

Total Shareholders' Funds

Total shareholders' funds increased to £83.0m (March 2017: £4.5m negative reserves). The changes in equity reserves reflect the Group's capital reorganisation on admission to AIM, the retained loss after tax for the year, currency movements on overseas asset values, equity settled consideration and the payment of the interim dividend.

Risk Management and the Year Ahead

Risk is managed actively and closely across our geographical business operations to individual materiality. Risk management is embedded within all aspects of the organisation and any principal Group risks will be identified to, discussed and monitored at Board level. Macro-economic and end-market conditions are subject to change and are reviewed regularly.

Alpha has a set of core company values, adopted internationally, which reflects the Group's ethical and responsible approach to business. The Board has considered all of the above factors in its review of going concern and has been able to conclude the review satisfactorily.

The Group has delivered a strong financial performance and ends the year with a robust balance sheet, which positions it well for the year ahead.

John Paton
Chief Financial Officer
6 June 2018

Report of the Directors

The Directors present their Annual Report and the audited consolidated financial statements of Alpha Financial Markets Consulting plc (the "Company" or the "Group"), registered number 09965297, for the year ended 31 March 2018.

The Company was incorporated on 22 January 2016 and began trading on 3 February 2016 on the acquisition of Alpha FMC Group Holdings Limited. The registered office is 60 Gresham Street, London EC2V 7BB.

Principal Activities

Alpha Financial Markets Consulting plc is the holding company for a global group of companies, the principal activity of which is the provision of consulting and related services to clients in the asset and wealth management industry. A review of the performance and future development of the Group's business is contained in the Chairman's, Global Chief Executive's and Chief Financial Officer's reports on pp 2-3, 4-7 and 8-11 respectively.

Results

The consolidated results for the Group for the year are set out in the consolidated statement of comprehensive income on p. 22. Revenue was £66.0m and operating profit more than doubled to £8.6m from £4.0m. A profit before tax of £1.5m (2017: £3.8m loss) was recorded for the year. Basic and diluted loss per share were 0.49p per share (2017: 5.52p loss per share). The Directors consider the current state of affairs of the Group to be satisfactory.

Dividends

An interim dividend of 1.48p per share was paid on 22 December 2017. The Directors have recommended a final dividend of 3.69p per share, which will be paid, subject to approval at the Annual General Meeting, on 12 September 2018, to shareholders on the register as at 3 August 2018.

Directors

The Directors of the Company who served during the year and to the date of this report, except where noted, were:

K. Fry (Chairman) (appointed 1 April 2018)
E. Fraser
J. Paton (appointed 28 February 2018)
N. Baker (resigned 5 October 2017)
M. Stricker (appointed 4 October 2017, resigned 28 February 2018)
P. Judd (non-executive) (appointed 28 February 2018)
N. Kent (non-executive)
T. Trotter (resigned 31 March 2018)

The below table represents the Directors' shareholdings as at the financial year end 31 March 2018:

	Number of £0.00075 Ordinary Shares	Percentage of Issued Share Capital	Share Options	Number of shares under JSOP ¹
Euan Fraser	2,034,121	2.15%	156,250	93,750
John Paton	-	-	-	31,250
Ken Fry	34,090	0.03%	-	-
Penny Judd	-	-	-	-
Nick Baker	1,918,802	1.88%	31,250	-
Nick Kent	995,520	0.97%	-	-
Maria Stricker	159,090	0.16%	-	-
Timothy Trotter	262,272	0.26%	-	-
Total	5,403,995	5.45%	187,500	125,000

¹ "JSOP" refers to joint ownership interests in shares scheme. Further detail may be found in note 21 to the consolidated financial statements

The proportion of the share-based payment expense relating to the Director share awards above is £19,000.

Directors' remuneration for the year comprises the following:

	Salary £'000s	Profit share £'000s	Pension £'000s	FY18 £'000s	2017 £'000s
Euan Fraser	460	46	5	511	475
John Paton	18	2	-	20	-
Ken Fry	30	-	-	30	28
Penny Judd	4	-	-	4	-
Nick Kent	50	-	1	51	51
Maria Stricker	136	-	-	136	-
Nick Baker	169	17	2	188	354
Timothy Trotter	38	-	-	38	19
Total	905	65	8	978	927

At the Annual General Meeting, Penny Judd and John Paton will offer themselves for election.

Report of the Directors continued

Risk Management and Internal Financial Control

The Group has established internal control and risk management structures in relation to the process for preparing the consolidated financial statements. The key features of this framework are:

- The Group's executive team understands the importance of internal control and adhering to the principles of risk mitigation on a global, operational basis;
- The Audit Committee has primary responsibility for reviewing the quality of internal controls and checks with a view to ensuring that the financial performance of the Group can be properly measured and reported on;
- The Chief Financial Officer regularly monitors and considers developments in accounting regulations and best practice in financial reporting and, where appropriate, reflects developments in the consolidated financial statements;
- The Group's results are subject to various levels of review within the the Group's finance and executive teams;
- Both the Audit Committee and the Board review the draft consolidated financial statements;
- The Audit Committee receives reports from senior executives and the external auditors on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the consolidated financial statements; and
- The financial statements are subject to external audit.

UK Referendum on European Union Membership

The impact of the UK referendum on leaving the European Union is unlikely to damage the global demand for Alpha's consulting services. The main impact to date has been on the translation of overseas results from the recent unpredictability of the Sterling, particularly against the US Dollar. However, the Directors anticipate that the Group's European offices could benefit from any potential increase in demand depending on the ultimate shape of Brexit. The Board will continue to review the implications of the result of the UK referendum and is confident that the Group will be able to adapt to any new requirements during the transition period.

Going Concern

The Directors continue to adopt the going concern basis in preparing the financial statements. The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group has sufficient financial resources together with assets that are expected to generate cash flow in the normal course of business. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements. See notes 23 and 24 to the consolidated the financial statements for the financial risks facing the Group.

Share Capital

Details of the issued share capital, together with movements in the Company's issued share capital during the year, are shown in the consolidated statement of changes in equity and note 19 to the consolidated financial statements. The Company has only one class of ordinary share, which carries no right to fixed income and each ordinary share is entitled to one vote at general meetings of the company.

Articles of Association

A copy of the full articles of association are available upon request from the Company Secretary.

Qualifying Third-Party Indemnities

The Company may indemnify a Director against all losses and liability that they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him/her in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority.

Employees and Employment

The Company is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement.

It is the Group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions made relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

Financial Risk Management

The Group's approach to managing financial risk is described in the Strategic Report and in notes 23 and 24 of the consolidated financial statements.

Charitable Donations

The Group operates a payroll giving scheme for employees to elect to make charitable donations by sacrificing part of their gross salary. The Company further contributes the related Employers' National Insurance payments on such donations to the relevant charities, which totalled £16,000 in the year. The Group also operates a pro-bono charity scheme. During the year, staff implemented IT systems for the Lucy Faithful Foundation, pro bono, utilising time to equivalent value of over £10,000.

No political donations were made during the year (2017: £nil).

Disclosure of Information to Auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- So far as each of the Directors is aware, there is no information relevant to the audit of which the Company's auditors are unaware; and
- Each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any information relevant to the audit and to establish that the Company's auditors are aware of that information.

Independent Auditor

The auditor, KPMG LLP, chartered accountants and registered auditors, have audited the Group consolidated financial statements (in each case, as constituted at that time) for each of the three financial years ended 31 March 2015, 2016 and 2017. KPMG LLP indicated their willingness to continue in office and in accordance with section 489 of the Companies Act 2006, a resolution proposing the reappointment of KPMG LLP as the Group's auditor will be proposed at the Annual General Meeting.

Post Balance Sheet Events

There are no post balance sheet events to be disclosed.

Annual General Meeting

The Annual General Meeting will be held on 5 September 2018 at the offices of Berenberg, 60 Threadneedle Street, London EC2R 8HP. Details of the business to be considered at the Annual General Meeting and the Notice of Annual General Meeting will be sent to shareholders.

By order of the Board.

John Paton
Chief Financial Officer & Company Secretary
6 June 2018

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As necessitated by AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law, and have elected to prepare the parent Company financial statements on the same basis.

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 parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU;
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company, and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Report of the Directors that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

1 Our opinion is unmodified

We have audited the financial statements of Alpha Financial Markets Consulting plc ("the Company") for the year ended 31 March 2018, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Financial Position, Company Statement of Cash Flows, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2018 and of the Group's loss for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- The parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- The financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2017).

Operational Risk	Our Response
<p>Revenue recognition in the appropriate period, recognition of accrued income and existence of trade receivables at the year end</p> <p>(Trade Debtors £17.8m; 2017: £9.4m Accrued Income £3.3m; 2017: £1.6m)</p> <p>Refer to note 1 and note 15 of the financial statements.</p>	<p>Manipulation of revenue recognition on contracts around their year end:</p> <p>The Group has a number of open contracts at the year end for which work performed but not billed is recognised as accrued income. The trade debtors' balance has increased significantly in the year. There is a risk that revenue might be overstated and not supported by genuine hours worked.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Control design: evaluated the Group's procedures for calculating the amount of revenue to recognise in a given period. - Tests of detail: we have performed tests of detail which include: <ol style="list-style-type: none"> 1) Selected a sample of items in trade receivables and accrued income at 31 March 2018 to check whether the revenue recognised in the year was appropriate by agreeing amounts recognised to hours recorded on timesheets; 2) Calculated the monthly employee utilisation trend throughout the year to identify any unusual trends, around the year end; and 3) Checked any unusual accounting entries for revenue (which could potentially be indicative of revenue inappropriately recognised in the year). The unusual transactions have been examined in full to check whether this revenue has been recognised appropriately.
<p>Recoverability of investments in subsidiaries and intercompany debtors</p> <p>(£1.3m and £92.4m, 2017: £1.3m and 12.4m)</p> <p>Refer to note 1 and note 15 of the financial statements.</p>	<p>Low risk, high value</p> <p>The carrying amount of the parent Company's investments in subsidiaries and intercompany debtors represents 100% (2017: 100%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, due to their materiality in the context of the parent Company financial statement, this is considered to be the area that had the greatest effect on our overall parent Company audit.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> - Test of detail: Compared the carrying amount of 100% of investments of the total investment balance with the relevant subsidiaries' balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit making. - Assessing subsidiary audits: Considering the results of our audit work on the profits and net assets of those subsidiaries.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £0.5m, determined with reference to a benchmark of group adjusted profit before tax, normalised to exclude this year's interest charges (which are not expected to recur following the Group's finance restructuring), and adjustments as disclosed in note 4 of £2.1m, of which it represents 4.6%. The Group team performed procedures on the items excluded from Group adjusted profit. The materiality for 2017 was determined with reference to a benchmark of total profits and losses, of which it represented 7.9%.

Materiality for the parent Company financial statements as a whole was set at £0.15m (2017: £0.10m), determined with reference to a benchmark of Company gross assets of £93.9m (2017: £13.7m), of which it represents 0.2% (2017: 0.7%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.025m (£0.03m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 15 (2017: 13) reporting components, we subjected 10 (2017: 9) in the UK, France and USA (2017: UK and France) to full scope audits for Group purposes and 0 (2017: 1, USA) to specified risk-focussed audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed. We conducted reviews of financial information (including enquiry) at a further 5 (2017: 3) non-significant components.

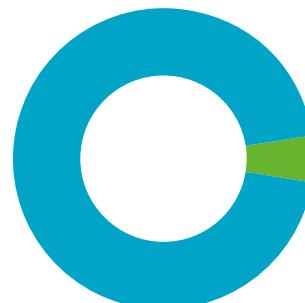
The component materialities ranged from £0.275m to £0.450m (2017: £0.300m to £0.525m), having regard to the mix of size and risk profile of the Group across the components. The Group team also performed procedures on the items excluded from normalised Group profit before tax.

The components within the scope of our work accounted for 90% (2017: 93%) of total Group revenue, 95% (2017: 99%) of total profits and losses that made up the Group profit before tax, and 97% (2017: 100%) of Group total assets.

The remaining 10% (2017: 7%) of total Group revenue, 5% (2017: 1%) of total profits and losses that made up Group profit before and 3% (2017: 0%) of total Group assets is represented by 5 reporting components (2017: 3), none of which individually represented more than 5% of any of total Group revenue, of total profits and losses that made up Group profit before tax or total Group assets. For these residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Group Adjusted Profit before Tax

£10.9m (2017: £7.6m)



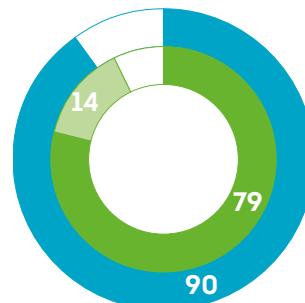
Group Materiality

£0.5m (2017: £0.6m)



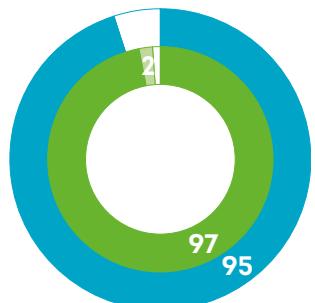
Group Revenue

90% (2017: 93%)



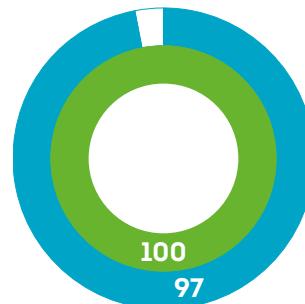
Total profits and losses that made up the group profit before tax

95% (2017: 99%)



Group Total Assets

97% (2017: 100%)



● Full scope for Group audit purposes 2018

● Full scope for Group audit purposes 2017

● Specified risk-focused audit procedures 2017

● Residual components

Independent Auditor's Report continued

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Report of the Directors

Based solely on our work on the other information:

- We have not identified material misstatements in the strategic report and the directors' report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' Responsibilities

As explained more fully in their statement set out on p. 16, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at: www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.

**Mark Flanagan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants
St Nicholas House, Park Row,
Nottingham
NG1 6FQ

6 June 2018

Consolidated statement of comprehensive income

For the year ended 31 March 2018

	Note	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Continuing operations			
Revenue	2	66,009	49,240
Cost of sales		(40,748)	(32,515)
Gross profit		25,261	16,725
Administration expenses		(16,703)	(12,721)
Operating profit	3	8,558	4,004
Depreciation		297	289
Adjusting items	4	5,078	3,951
Adjusted EBITDA¹	4	13,933	8,244
Finance income	7	-	5
Finance expense	7	(7,059)	(7,880)
Profit/(loss) before tax		1,499	(3,871)
Taxation	8	(1,941)	(537)
Loss for the year/period		(442)	(4,408)
Exchange differences on translation of foreign operations		(186)	(224)
Total comprehensive expense for the year/period		(628)	(4,632)
Basic earnings/(losses) per ordinary share (p)	11	(0.49)	(5.52)
Diluted earnings/(losses) per ordinary share (p)	11	(0.49)	(5.52)
Pro forma adjusted basic earnings per ordinary share (p) ²	11	9.77	7.75
Pro forma adjusted diluted earnings per ordinary share (p) ²	11	9.77	7.75

¹ Adjusted EBITDA is operating profit before interest, tax, depreciation, amortisation and other adjusting non-operational costs including acquisition costs, IPO costs, restructuring costs, earn-out costs and share based payment charges

² Pro forma adjusted earnings per share for FY18 is calculated by dividing the adjusted PAT by the weighted average number of ordinary shares in issue from IPO during the year

The notes on pp 26-52 form part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March 2018

	Note	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Assets			
Non-current assets			
Goodwill	12	52,626	51,529
Intangible fixed assets	12	22,913	23,213
Property, plant and equipment	14	397	451
Total non-current assets		75,936	75,193
Current assets			
Trade and other receivables	15	21,242	12,087
Cash and cash equivalents	16	9,774	8,023
Total current assets		31,016	20,110
Current liabilities			
Trade and other payables	17	(20,302)	(10,024)
Total current liabilities		(20,302)	(10,024)
Net current assets		10,714	10,086
Non-current liabilities			
Borrowings	18	-	(85,879)
Deferred tax provision	9	(3,401)	(3,946)
Other non-current liabilities	18	(277)	-
Total non-current liabilities		(3,678)	(89,825)
Net assets/(liabilities)		82,972	(4,546)
Equity			
Issued share capital	19	77	-
Share Premium		89,396	86
Retained earnings		(6,358)	(4,408)
Other reserves		267	-
Foreign exchange reserve		(410)	(224)
Total shareholders' equity		82,972	(4,546)

The notes on pp 26-52 form part of these consolidated financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 6 June 2018. They were signed on its behalf by:

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

Consolidated statement of cash flows

For the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Cash flows from operating activities:		
Operating profit/(loss) for the year	8,558	4,004
Depreciation of property, plant and equipment	297	289
Amortisation of intangible fixed assets	2,383	2,488
Share-based payment charge	191	-
Acquisition related costs	241	1,463
Costs relating to the IPO	1,621	-
Operating cashflows before movements in working capital	13,291	8,244
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	(8,839)	(1,644)
Increase/(decrease) in trade and other payables	8,107	970
Tax paid	(1,222)	(1,707)
Net cash generated from operating activities	11,337	5,863
Cash flows from investing activities:		
Interest received	-	5
Acquisition of subsidiary	(1,941)	(77,790)
Costs relating to the IPO	(892)	-
Costs relating to acquisitions	(242)	(1,463)
Capital expenditure	(243)	(199)
Net cash used in investing activities	(3,318)	(79,447)
Cash flows from financing activities:		
Issue of ordinary share capital	34,348	86
Repayment of borrowings	(33,602)	(1,540)
New borrowings	-	83,829
Interest paid	(5,469)	(1,431)
Repayment of preference shares	-	(95)
Dividends paid	(1,508)	-
Net cash used in financing activities	(6,231)	80,849
Net increase in cash and cash equivalents	1,788	7,265
Cash and cash equivalents at beginning of the period	8,023	-
Effect of exchange rate fluctuations on cash held	(37)	758
Cash and cash equivalents at end of the period	9,774	8,023

Consolidated statement of changes in equity

For the year ended 31 March 2018

	Share Capital £'000	Share premium £'000	Foreign exchange reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 22 January 2016	-	-	-	-	-	-
Comprehensive income						
Loss for the period	-	-	-	-	(4,408)	(4,408)
Foreign exchange differences on translation of foreign operations	-	-	(224)	-	-	(224)
Transactions with owners						
Shares issued (equity)	-	86	-	-	-	86
As at 31 March 2017	-	86	(224)	-	(4,408)	(4,546)
As at 1 April 2017	-	86	(224)	-	(4,408)	(4,546)
Comprehensive income						
Loss for the period	-	-	-	-	(442)	(442)
Foreign exchange differences on translation of foreign operations	-	-	(186)	-	-	(186)
Transactions with owners						
Shares issued (equity)	77	89,310	-	-	-	89,387
Share based payment reserves	-	-	-	191	-	191
Consideration to be settled in equity	-	-	-	76	-	76
Dividends	-	-	-	-	(1,508)	(1,508)
As at 31 March 2018	77	89,396	(410)	267	(6,358)	82,972

Share capital

Share capital represents the nominal value of share capital subscribed.

Share premium

Share premium represents the aggregate amount or value of premiums paid when the company's shares are issued at a premium, net of associated share issue costs.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Other reserves

The other reserves represent the cumulative fair value of the IFRS 2 share based payment charge to be recognised each year and equity-settled consideration reserves.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income. This makes up our distributable reserves.

Notes to the consolidated financial statements

1. Summary of significant accounting policies

General information

The principal activity of the Group is the provision of consulting and related services to clients in the asset and wealth management industries principally in the UK, USA, Europe and Asia.

Alpha Financial Markets Consulting plc is incorporated in England and Wales with registered number 09965297. The Company's registered office is 60 Gresham Street, London, EC2V 7BB. The Company is a public limited company and listed on the AIM of the London Stock Exchange.

The Consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 30 May 2018.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee.

These are the first general purpose financial statements prepared in accordance with IFRS and the provisions of IFRS 1 First time adoption of International Financial Reporting Standards have been adopted throughout. An opening IFRS statement of financial position has not been prepared as the Company was incorporated on 22 January 2016. The adjustments posted on adoption of IFRS are detailed in note 27.

These financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value.

The presentational currency of these financial statements is pounds sterling. The functional currency of the Group is considered to be pounds sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Principal accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

Significant judgements and estimates

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting

policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The judgements and estimates that have a significant impact are noted below:

Judgements

Business combinations – valuation and asset lives of separately identifiable intangible assets (see note 13)

In determining the fair value of intangible assets arising in a business combination, management are required to make judgements regarding the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. Management estimates the appropriate discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired.

Estimates

Share-based payments (see note 21)

Management have estimated the share-based payments expense under IFRS 2. In determining the fair value of share-based payments management has considered a number of internal and external factors in judging the probability that management and employee share incentives may vest. Such judgements involve estimating a number of future performance and other factors. The fair value calculations have been externally assessed as reasonable in the circumstances.

Earn-out (see note 13)

The TrackTwo earn-out expense calculation under IFRS 3 contains estimation uncertainty as it relates to future performance. Management have assessed the potential future cashflows of the TrackTwo business, the likelihood of an earn-out payment being made and discounted using an appropriate discount rate.

Trade & other receivables (see note 15)

Alpha provides services to customers on credit terms with mainly arrears billing. Certain receivables may not be paid. The trade receivables impairment provision has been estimated in the context of the overall year end trade receivables due, the trade receivables age profile and recent collection experience.

Foreign exchange

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the consolidated statement of income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, pounds sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Property, plant and equipment

All property, plant and equipment are stated at historical cost (or deemed historical cost) less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis at the following annual rates:

Leasehold improvements	3-10 years
Fixtures and fittings	4 years
Computer equipment	3-5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The net recognised amount of the identifiable assets acquired and liabilities assumed.

Goodwill is initially recognised and measured as set out above. Goodwill is not amortised but is reviewed for impairment at least annually.

Intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and any impairment losses.

Customer relationships

The fair value has been determined by applying the 'multi-period excess earnings' method to the cash flows expected to be earned from customer relationships. The key management assumptions are around forecast revenues, operating margins, discount factors and contributory asset charges used. A useful economic life of 12 years has been deemed appropriate based on previous acquisitions and benchmarking data and projected cash flows have been discounted over this period.

Intellectual property

The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the intellectual property. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 7 years has been deemed appropriate based on previous acquisitions and benchmarking data and projected cash flows have been discounted over this period.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

Trade name

The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the trade name. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 15 years has been deemed appropriate based on benchmarking reviews and projected cash flows have been discounted over this period.

Acquisition costs

Costs related to acquisition, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of comprehensive income.

Impairment reviews – goodwill and intangible assets

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The Group performs impairment reviews at the reporting period end to identify any goodwill or intangible assets that have a carrying value that is in excess of its recoverable value. Determining the recoverability of goodwill and intangible assets requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, its carrying value will be reduced to its recoverable value with the difference recorded as an impairment charge in the income statement.

In accordance with IFRS 1, the Group has tested goodwill for impairment at the balance sheet date. No goodwill impairment was deemed necessary at 31 March 2018.

Provisions for impairment of trade receivables

The trade receivables balances recorded in the Group's statement of financial position comprise a relatively small number of large balances. A full line by line review of trade receivables is carried out at the end of each month. Whilst every attempt is made to ensure that the trade receivables provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Impairment of investment in subsidiaries

The uncertainties described above in respect of the potential impairment of goodwill in the Group consolidated financial statements also represent uncertainties regarding the carrying value of the investment in Alpha FMC Group Holdings Limited in the Company financial statements. As at 31 March 2018 the carrying value of this investment was £1.3 million.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group has sufficient financial resources together with assets that are expected to generate cash flow in the normal course of business. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements. See note 24 for the financial risks facing the Group.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 31 March.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Revenue recognition

Revenue consists of the value of work executed for clients during the year, exclusive of VAT and rechargeable expenses. Revenue is recognised as services are performed in accordance with the terms of the contract which are primarily on a time and materials basis, although a small proportion of contracts are invoiced against agreed milestones. Revenue is wholly attributable to the principal activities of the Group. Activity performance in excess of invoices raised is included within accrued income. Where amounts have been invoiced in excess of work performed, the excess is included within deferred income.

Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset under IAS 38. Such assets are only recognised if either:

- They are capable of being separated or divided from the company and sold, transferred, licenced, rented or exchange, either individually or together with a related contract, identifiable asset or liability, regardless of whether the company intends to do so; or
- They arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The cost of such intangible assets is their fair value at the acquisition date. All intangible assets acquired through business combination are amortised over their estimated useful lives. The significant intangibles recognised by the Group; their useful economic lives and the methods used to determine the cost of the intangibles acquired in business combinations are as follows:

Intangible asset	Useful economic life	Valuation method
Customer relationships	11-12 years	Multi-period excess earnings method
Intellectual property	7 years	Relief from royalty method
Trade name	15 years	Relief from royalty method

Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, preference shares and other short-term instruments such as trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and working capital requirements.

Accounting policies in respect of financial instruments are outlined below.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor or creditor with no intention of trading the receivable or payable. They are included in current assets or liabilities, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets or liabilities. Loans and receivables are included in trade and other receivables or trade and other payables in the balance sheet.

Loans, receivables and payables are measured at invoice or historic cost less any impairment. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. The Group has the following loans and receivables:

Trade and other receivables

Trade and other receivables are recognised initially at invoice value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The provision is recognised in the income statement as an operating charge.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

The Group holds no available-for-sale or held-to-maturity investments. The Group may from time to time recognise a financial asset at fair value through profit or loss in the form of an interest rate swap as described below.

Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. As at 31 March 2018 the Group had no such financial liabilities.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement. As at 31 March 2018 the Group had no such financial liabilities.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

Preference shares

Share capital is classified as a liability or equity (or a combination of both) depending on the rights attaching to the relevant share classes.

Current and deferred income tax

Taxation expense on the result for the period comprises current and deferred income tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impairment asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through statement of comprehensive income.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('the cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units ('CGU') that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated. Goodwill is tested annually for impairment in accordance with IFRS.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of other assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. An impairment loss recognised for goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period of the lease.

The Group does not currently hold any assets under finance leases.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to that component and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker as required by IFRS 8 "Operating Segments". The Chief Operating Decision-Maker responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segmental profit represents the profit earned by each segment without allocation of depreciation, amortisation, foreign exchange gains or losses, interest payable and tax. This is the measure of profit that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

The Chief Operating Decision-Maker regularly reviews consolidated operating results to make decisions about the financial and organisational resources of the Group to assess overall performance.

Employee benefits

Defined Contribution pension plan

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the statement of profit or loss.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

Other benefits

The Group operates a profit share bonus scheme which aims to pay employees a percentage of an individual's salary subject to corporate performance in the period. The profit share is accrued in the financial year, based on management's best estimates of overall financial performance and recognised as an employee benefit expense in the income statement.

Short term employee benefits including holiday pay are accrued as services are rendered.

Earnings per share & adjusted earnings per share

The Group presents basic and diluted earnings per share on an IFRS and adjusted basis. In calculating the weighted average number of shares outstanding during the period any share restructuring is adjusted to allow comparability with other periods.

Notes to the consolidated financial statements continued

1. Summary of significant accounting policies continued

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

Adjusted earnings per share has been calculated after allowing for adjusting items explained in notes 4 and 5 to the financial statements.

Alternative performance measures

In order to provide better clarity to the underlying performance of the Group Alpha uses alternative performance measures. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. These non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but have been included as the Directors consider them to be key measures used within the business for assessing the underlying performance of the Group's ongoing business across periods.

Dividends policy

Dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when they are paid.

New standards and interpretations – in issue but not yet effective

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards and interpretations which are not yet effective:

- IFRS 9 – Financial Instruments (effective for periods commencing on or after 1 January 2018)
- IFRS 15 – Revenue from contracts with customers (effective for periods commencing on or after 1 January 2018)
- IFRS 16 – Leases (effective for periods commencing on or after 1 January 2019)

The Directors reviewed the impact that these new standards will have on the Group and do not believe that the impact will be material. The Group intends to adopt the standards in the reporting period when they become effective. The following standards are relevant to the Group but were not yet effective. These standards have not been early adopted by the Group:

IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2018)

IFRS 9 changes the classification and measurement of financial assets and the timing and extent of credit provisioning. The Group has not adopted the standard early. The new categories per IFRS 9 are not expected to have a material impact on the financial assets as trade receivables will continue to be carried at amortised cost. An expected credit loss model replaces the incurred loss model. This requires an assessment of the likelihood of default and any potential loss that may arise in the event of default. The Group does not believe that the new standard would cause a material change in the provision for bad debts on trade receivables or any other financial assets because of the short-term nature of the trade receivables and the specific provisions currently being raised for them.

IFRS 15 Revenue from contracts with customers (effective for periods beginning on or after 1 January 2018)

This standard establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue would be recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The Group performed an analysis of the new five-step approach to recognise revenue and the impact on the reporting of revenue for the Group. Based on the analysis performed, the Group found that IFRS 15 will have no significant impact on the recognition and reporting of revenue.

2. Segment information

Management has determined the operating segments by considering the segmental information that is reported internally to the Chief Operating Decision-Maker, the Board of Directors. For management purposes, the Group is currently organised into three geographical operating divisions: UK, US and Europe & Asia. The Group's operations consist of one type - consultancy services to the asset/wealth management industry.

31 March 2018

	UK £'000	US £'000	Europe & Asia £'000	Total £'000
External revenue	40,020	9,036	16,953	66,009
Cost of sales	(22,986)	(6,353)	(11,409)	(40,748)
Gross profit	17,034	2,683	5,544	25,261

31 March 2017

	UK £'000	US £'000	Europe & Asia £'000	Total £'000
External revenue	32,280	4,942	12,018	49,240
Cost of sales	(19,759)	(4,504)	(8,252)	(32,515)
Gross profit	12,521	438	3,766	16,725

During the year the Group had one customer which comprised 10.7% of the Group's revenues. This customer is reported within both the UK and US segments. No customer contributed more than 10% of Group revenues in 2017.

3. Operating profit

Operating profit for the period is stated after charging/(crediting):

	2018 £'000	2017 £'000
Amortisation of intangible assets	2,383	2,488
Depreciation of plant and equipment	297	289
Net foreign exchange losses/(gains)	36	364
Operating lease rentals	673	642
Impairment provision recognised on trade receivables	400	6
Defined contribution pension scheme costs	189	202
Share based payments charge	191	-
Earn out & deferred consideration	391	-
Costs directly attributable to IPO	1,621	-
Acquisition costs	241	1,460
Restructuring costs	251	-

Auditor's remuneration:

	2018 £'000	2017 £'000
Audit fees - Parent Company	25	25
Audit fees - subsidiary companies	57	33
Tax compliance services	14	24
Tax advisory services	54	48
Other assurance services	24	12

Notes to the consolidated financial statements continued

4. Reconciliation of adjusted operating profit and adjusted EBITDA

	2018 £'000	2017 £'000
Operating profit	8,558	4,004
Amortisation	2,383	2,488
Loss on disposal of fixed assets	-	3
Share based payments charge	191	-
Earn out & deferred consideration	391	-
Acquisition costs	241	1,460
Restructuring costs	251	-
Costs directly attributable to IPO	1,621	-
Total adjustments	5,078	3,951
Adjusted operating profit	13,636	7,955
Depreciation of plant and equipment	297	289
Adjusted EBITDA	13,933	8,244

Alpha uses alternative performance measures, including adjusted EBITDA, to allow a clearer understanding of the underlying performance of the Group. Adjusted EBITDA is a commonly-used measure in which earnings are stated before intangible asset amortisation and depreciation, used by the Board to assess performance; the Board considers that this alternative performance measure is the most appropriate measure by which users of the financial statements can assess the ongoing performance of the Group. Adjusted EBITDA also excludes the employee share-based payments charge to remove the inherent volatility in share-based payment expense calculations and more closely align to the operational activities. Note 21 sets out further details of the employee share-based payments expense calculation under IFRS 2.

As per note 13, the acquisition of TrackTwo GmbH involved deferred consideration payments in the form of an earn-out which, in accordance with IFRS 3, will be expensed annually to 2021 dependent on the ongoing employment of the vendor. This cost has been removed to calculate adjusted EBITDA as, whilst it will recur in the short-term, it represents additional payments linked to the TrackTwo acquisition.

Other acquisition costs expensed in the current year, relating to the TrackTwo acquisition, and in the prior period, relating to the acquisition of Alpha FMC Group Holdings Limited, have also been excluded from adjusted EBITDA as they are not directly attributable to the ongoing performance of the Group. Similarly, costs directly attributable to the IPO in October 2017 have also been excluded.

Restructuring costs relating to realigning the US operations have been excluded from adjusted EBITDA as they relate to a specific restructuring programme.

5. Reconciliation to adjusted profit after tax

	2018 £'000	2017 £'000
Adjusted operating profit	13,636	7,955
Tax charge	(1,941)	(537)
Tax impact of adjusting items	(1,739)	(1,229)
Adjusted profit after tax	9,956	6,189

Adjusted profit after tax is also shown to allow a clearer understanding of the underlying performance of the Group. Adjusted profit after tax is stated before adjusting items and their associated tax effects.

6. Staff costs

The average number of employees employed by the group, including Executive Directors, was:

	2018 Number	2017 Number
UK	117	97
US	32	21
Europe & Asia	73	47
Administration	23	16
	245	181

Staff costs for the above persons were:

	2018 £'000	2017 £'000
Wages and salaries	28,841	22,413
Social security costs	3,629	2,949
Pension costs	189	202
Share incentive plans	191	-
	32,850	25,564

7. Finance costs and finance income

	2018 £'000	2017 £'000
Bank interest receivable	-	5
Interest payable on bank loans and overdraft	2,858	2,363
Shareholder and management loan note interest	2,479	5,075
Amortisation of issue costs on loan notes	1,722	442
	7,059	7,880

As part of the loan repayments on IPO, loan note issue costs amortisation of £1.7m was accelerated and expensed.

8. Taxation

	2018 £'000	2017 £'000
Current tax		
In respect of the current year	1,400	385
Adjustment in respect of prior periods	(29)	-
Foreign taxation	1,467	832
Deferred tax		
In respect of the current year	(908)	(423)
Change in tax rate	-	(257)
Adjustment in respect of prior periods	11	-
Total tax expense for the year	1,941	537

Tax has been calculated using an estimated annual effective tax rate of 19% (2017: 20%) on profit before tax.

Notes to the consolidated financial statements continued

8. Taxation continued

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2018 £'000	2017 £'000
Profit/(loss) before taxation	1,499	(3,871)
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 20%)	285	(774)
Effects of:		
Fixed asset differences	4	-
Expenses not deductible for taxation	902	1,493
Income not taxable for tax purposes	(81)	-
Differences due to overseas tax rates	757	499
Adjustments in respect of prior periods	(29)	-
Adjustments in respect of prior periods – deferred tax	11	-
Change in deferred tax rate	106	(681)
Deferred tax not recognised	(14)	-
Total tax expense for the year	1,941	537

9. Deferred tax

	2018 £'000	2017 £'000
At 1 April	3,946	4,627
Arising on business combinations	352	-
Charged to the statement of profit or loss	(897)	(681)
At 31 March	3,401	3,946

The UK Government has announced future tax changes to the corporation tax rate. These changes resulted in a decrease in the standard rate of corporation tax to 20% for the 2016/17 tax year, falling to a rate of 19% for the 2017/18, 2018/19 and 2019/20 tax years and eventually culminating in a rate of 17% by 2020/21.

As at 31 March 2018 all such changes have been substantively enacted and have therefore been reflected in the calculation of deferred tax for the year ended 31 March 2018.

Movements in deferred tax during the year:

	1 April 2017 £'000	Recognised in income £'000	Amount arising on acquisition £'000	31 March 2018 £'000
Accelerated capital allowances	-	20	-	20
Arising on business combinations	3,946	(917)	352	3,381
	3,946	(897)	352	3,401

10. Dividends

Amounts recognised as distributions to equity holders:

	2018 £'000	2017 £'000
Interim dividend for the year ended 31 March 2018 of 1.48p (2017: 0p) per share	1,508	-
Proposed final dividend for the year ended 31 March 2018 of 3.69p (2017: 0p) per share	3,757	-

The proposed final dividend is subject to approval by the shareholders at the AGM and has not been included as a liability in these financial statements.

11. Earnings/(loss) per share

The Group presents basic and diluted earnings per share ('EPS') data, both adjusted and non-adjusted for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the period attributable to ordinary shareholders by the weighted normalised average number of ordinary shares outstanding during the period. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share).

In order to reconcile to the adjusted profit for the financial period, the same adjustments as in notes 4 and 5 have been made to the Group's loss for the financial period. The profits/(losses) and weighted average number of shares used in the calculations are set out below:

	Year ended 31 March 2018	Period ended 31 March 2017
Basic & diluted EPS		
(Loss) for the financial year/period used in calculating basic and diluted EPS (£'000)	(442)	(4,408)
Weighted average number of ordinary shares in issue ('000)	90,185	79,842
Basic EPS (p)	(0.49)	(5.52)
Diluted EPS (p)	(0.49)	(5.52)
Pro forma adjusted EPS		
Adjusted profit for the financial year/period used in calculating adjusted basic and diluted EPS (note 5) (£'000)	9,956	6,189
Weighted average number of ordinary shares in issue ('000)	101,860	79,842
Pro forma adjusted EPS (p)	9.77	7.75
Pro forma adjusted diluted EPS (p)	9.77	7.75

Loss per share is calculated based on the share capital of Company and the earnings of the Group.

As explained, the Group's consolidated financial statements reflect the continuation of the pre-existing group previously headed by Alpha FMC Topco Limited. To aid comparability following the Group's reconstruction and share reorganisation, the 79,841,931 ordinary shares held by original Shareholders immediately before the IPO has been used to best indicate the share capital in existence before IPO and provide earnings information on a consistent basis. Similarly, in the pro forma adjusted EPS and the pro forma adjusted diluted EPS calculations, to allow comparability between periods, the weighted average number of shares in issue only considers the shares in issue at and since IPO and 2017 considers the shares in issue immediately prior to AIM admission.

There were no potentially dilutive ordinary shares for the period ended 31 March 2017. Employee incentive plans were put in place in October 2017. No dilution has been applied in accordance with accounting standards.

Notes to the consolidated financial statements continued

12. Goodwill and Intangible fixed assets

Goodwill

	31 March 2018 £'000	31 March 2017 £'000
Cost at beginning of the year/period	51,529	-
Additions	1,097	51,529
Cost at end of the year/period	52,626	51,529

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill was recognised upon the acquisition of Alpha FMC Group Holdings Limited by Alpha Financial Markets Consulting plc on 3 February 2016 and is the difference between the consideration paid and the fair value of assets acquired and liabilities assumed. During the current year goodwill increased reflecting the acquired goodwill arising on the acquisition of TrackTwo. Goodwill acquired and liabilities assumed represent the potential synergy benefits of combining the Alpha and TrackTwo intellectual property and talents of the team into the Group. In line with IAS 36, the carrying value of goodwill is not subject to systematic amortisation but is reviewed at least annually for impairment. The review assesses each cash-generating unit ('CGU') to which goodwill has been allocated for impairment by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The impairment reviews completed have calculated the recoverable amount of goodwill through a Value in Use calculation.

The cash generating units that have been considered are UK, US and Europe & Asia, in line with our operating segments and the goodwill allocated to the CGU's as follows:

Goodwill by cash-generating unit

	31 March 2018 £'000	31 March 2017 £'000
UK	31,241	31,241
USA	7,054	7,054
Europe & Asia	14,331	13,234
At end of the year/period	52,626	51,529

In considering this position, the estimated adjusted weighted average cost of capital ('WACC') for the Group was determined to be 11.6% (2017: 12.5%). This discount rate has been applied to the Group's future cash flow forecasts in order to make this assessment at each balance sheet date.

Revenues and gross margins have continued at the rate projected, with limited customer attrition, no significant change in the competitor landscape, no negative events impacting on the Group's brand or reputation and no legal or regulatory changes impacting the Group's offering. There are no other aspects of the key business objectives that have not been met. The recoverable amounts of all CGUs are based on the same key assumptions.

The Directors do not therefore believe there to be any impairment indicators.

As in the prior period, the base actuals have been inflated by 10% up to year 3 and by 1% then onwards, for each cash generating unit, which management believe does not exceed the long-term average growth rate for the industry, with a terminal value calculated on a perpetuity basis.

These cash flows are discounted at a post-tax discount rate of 11.6% and adjusted for specific risk factors that take into account the sensitivities of the projection. The Group has conducted a sensitivity analysis on the impairment test for all cash generating units individually. If the assumed growth rate was reduced to 0%, the receivable amount for each cash generating unit would remain greater than their carrying values. Further increasing the post-tax discount rate to 13.5% resulted in positive headroom remaining for all cash generating units compared to the carrying value of goodwill.

Intangible fixed assets**As at 31 March 2018**

	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Total £'000
Cost				
At the start of the year	18,650	1,421	5,630	25,701
Recognised on acquisitions (see note 13)	1,418	665	-	2,083
At the end of the year	20,068	2,086	5,630	27,784
Amortisation				
At the start of the year	(1,813)	(237)	(438)	(2,488)
Charge for the year	(1,629)	(262)	(492)	(2,383)
At the end of the year	(3,442)	(499)	(930)	(4,871)
Net book value	16,626	1,587	4,700	22,913

As at 31 March 2017

	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Total £'000
Cost				
At the start of the year	-	-	-	-
Recognised on acquisitions (see note 13)	18,650	1,421	5,630	25,701
At the end of the year	18,650	1,421	5,630	25,701
Amortisation				
At the start of the year	-	-	-	-
Charge for the year	(1,813)	(237)	(438)	(2,488)
At the end of the year	(1,813)	(237)	(438)	(2,488)
Net book value	16,837	1,184	5,192	23,213

Customer relationships

Customer relationships represent the fair value at the 3 February 2016 acquisition date of the customer relationships which were owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited. The fair value has been determined by applying the 'multi-period excess earnings' method to the cash flows expected to be earned from customer relationships. The key management assumptions are around forecast revenues, operating margins, discount factors and contributory asset charges used.

Additions during the period represent the fair value of the customer relationships acquired with Track Two GmbH. Refer to note 13 for details.

A useful economic life of 11-12 years has been deemed appropriate based on the average realisation rate of cumulative cash flows and benchmarked data and projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 9.8 years and 10.3 years remaining to be amortised for the customer relationships in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

Notes to the consolidated financial statements continued

12. Goodwill and Intangible fixed assets continued

Intellectual property

Opening intellectual property represents the fair value at the 3 February 2016 acquisition date of the intellectual property which was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited.

The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the intellectual property. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 7 years has been deemed appropriate based on previous acquisitions and benchmarking data and projected cash flows have been discounted over this period.

Additions during the period represent the fair value of the intellectual property acquired from Track Two GmbH. Refer to note 13 for details.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 4.8 years and 6.3 years remaining to be amortised for the intellectual property in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

Trade name

Trade name represents the fair value at the 3 February 2016 acquisition date of the trade name which was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited.

The fair value has been determined by applying the 'relief from royalty' method to the cash flows earned from the trade name. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised. A useful economic life of 15 years has been deemed appropriate based on benchmarking reviews and projected cash flows have been discounted over this period.

Additions during the period represent the fair value of the trade name acquired from Track Two GmbH. Refer to note 13 for details.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 12.8 years and 14.3 years remaining to be amortised for the trade name in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

13. Acquisitions and disposal of business

Acquisitions in the current year

On 18 July 2017, the Group acquired 100% of the share capital and voting interest of TrackTwo GmbH for an upfront cash consideration of EUR 2,331,610, deferred consideration EUR 1,166,200 payable in January 2019 and 695 consideration shares in the Company with a fair value of £1 per share.

This acquisition has been accounted for under the acquisition method of accounting. The fair value adjustments relate to the identification of separately identifiable intangibles and associated deferred tax liabilities. For the remaining assets and liabilities acquired no fair value adjustments were identified. The table below sets out the book and fair values of the identifiable assets and liabilities acquired. Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
TrackTwo net assets at the acquisition date:			
Tangible fixed assets	9	-	9
Customer relationships	-	1,418	1,418
Intellectual property	-	665	665
Trade and other debtors	316	-	316
Cash	108	-	108
Trade and other creditors	(195)	-	(195)
Deferred tax liability	-	(352)	(352)
Net identifiable assets and liabilities acquired	238	1,731	1,969
Cash consideration relating to business combination			3,066
Goodwill on acquisition (see note 12)			1,097

In addition, as part of the purchase negotiations, the Company has put in place an annual earn-out arrangement and a final ownership consideration based on the financial performance of TrackTwo over the three year period to July 2020 subject to continuous employment of vendor until July 2020.

The earn-out and final ownership consideration payments have been estimated by the Directors based on anticipated future earnings and discounted to current values. An expense of £391,000 has been recognised in the current year and presented as an adjusted expense (see note 4). This consists of £38,000 payable within one year, £277,000 to be settled after one year and £76,000 to be settled in equity.

If the acquisition of TrackTwo had been completed on 1 April 2017, Group revenues for the period would have been £66,263,000 and Group profits before tax would have been £2,202,000. TrackTwo contributed £926,000 to the Group's revenue and £377,000 to the Group's profit before tax for the period from the date of acquisition to the year-end date.

Acquisitions in the prior period

On 3 February 2016, the Group acquired 100% of the ordinary shares in Alpha FMC Group Holdings Limited for £85,669,000. This amount included £48,914,000 satisfied by cash, settlement of existing debt of £33,045,000, the issue of equity of £86,000, and acquisition costs of £3,624,000 (of which £1,460,000 were directly related to the business combination and £2,164,000 were related to the raising of loan financing). Consequently, the cashflow associated with the acquisition, net of cash acquired of £5,905,000, was £79,764,000. This acquisition has been accounted for under the acquisition method of accounting. The resulting goodwill of £51,529,000 was capitalised. The table overleaf sets out the book and fair values of the identifiable assets and liabilities acquired.

Notes to the consolidated financial statements continued

13. Acquisitions and disposal of business continued

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Goodwill	24,765	(24,765)	-
Tangible fixed assets	541	-	541
Intangible assets	-	25,701	25,701
Trade and other debtors	10,443	-	10,443
Cash	5,905	-	5,905
Interest-bearing loans and borrowings	(33,045)	-	(33,045)
Trade and other creditors	(7,448)	-	(7,448)
Deferred tax liabilities	-	(5,140)	(5,140)
Net identifiable assets and liabilities acquired	1,161	(4,204)	(3,043)
Internal cash consideration relating to business combination			48,914
Equity instruments issued			86
IFRS adjustments			(514)
Total consideration			48,486
Goodwill on acquisition (see note 12)			51,529

The fair value adjustments relate to the identification of separately identifiable intangibles, the reversal of the goodwill already recognised in the acquired group on consolidation and deferred tax on the fair values of the intangibles. For the remaining assets and liabilities acquired no fair value adjustments were identified.

The IFRS adjustment relates to the revaluation of the deferred tax liability to fair value, based on the revised expected future tax rate at the end of the period.

The settlement of debt of £33,045,000 has been included in cashflows from investing activities in the cashflow statement as part of the acquisition of subsidiaries.

14. Tangible fixed assets

As at 31 March 2018

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 22 January 2016	-	-	-	-
Acquired through business combinations	208	126	678	1,012
Additions	-	66	101	167
Disposals	-	-	(9)	(9)
At 31 March 2017	208	192	770	1,170
Acquired through business combinations	-	7	7	14
Additions	-	57	197	254
Disposals	-	-	(20)	(20)
At 31 March 2018	208	256	954	1,418
Depreciation				
At 22 January 2016	-	-	-	-
Acquired through business combinations	(81)	(56)	(293)	(430)
Charge for the period	(34)	(122)	(140)	(296)
Disposals	-	-	7	7
At 31 March 2017	(115)	(178)	(426)	(719)
Acquired through business combinations	-	(2)	(3)	(5)
Charge for the period	(37)	(43)	(221)	(301)
Disposals	-	-	4	4
At 31 March 2018	(152)	(223)	(646)	(1,021)
Net book value at 31 March 2018	56	33	308	397
Net book value at 31 March 2017	93	14	344	451

There are no assets held on finance leases.

15. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due within one year:		
Trade receivables	18,297	9,490
Less: provision for impairment	(446)	(46)
Trade receivables - net	17,851	9,444
Other debtors	55	454
Prepayments and accrued income	3,336	2,189
Total amounts due within one year:	21,242	12,087

Trade receivables are non-interest bearing and generally have a 30 – 90 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

Notes to the consolidated financial statements continued

15. Trade and other receivables continued

A provision for impairment of trade receivables is established when there is objective evidence that the Group will be unable to collect all amounts due according to the original terms. The Group considers factors such as default or delinquency in payment, significant financial difficulties of the receivable and the probability that the debtor will enter bankruptcy in deciding whether the trade receivable is impaired.

Provision for impairment of trade debtors

	2018 £'000	2017 £'000
At 1 April	46	40
Charge for the period	400	6
Uncollected amounts written off, net of recoveries	-	-
As at 31 March	446	46

At the year end the following trade receivables were overdue but not impaired:

	2018 £'000	2017 £'000
Not yet due	14,873	8,839
Between 1 and 3 months	1,343	457
Over 3 months	1,635	148
As at 31 March	17,851	9,444

16. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash in bank and at hand	9,774	8,023
Cash and cash equivalents	9,774	8,023

17. Trade and other payables

	2018 £'000	2017 £'000
Secured bank loans	-	1,245
Trade creditors	2,361	1,334
Accruals and deferred income	11,404	5,433
Taxation and social security	2,428	1,607
Corporation tax	1,826	209
Other creditors	2,245	196
Earn out provision (note 13)	38	-
Total amounts owed within one year:	20,302	10,024

Trade payables comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 30 days (2017: 30 days). No interest is charged on the outstanding balance.

The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

Included within other creditors is an amount of EUR1,166,200 of deferred consideration relating to the acquisition of TrackTwo (see note 13).

18. Non-current liabilities

	31 March 2018 £'000	31 March 2017 £'000
Dunedin loan notes	–	44,911
Bank loans and overdrafts	–	24,815
Management loan notes	–	14,806
Management preference shares	–	1,347
Deferred tax provision (note 9)	3,401	3,946
Other non-current liabilities	277	–
	3,678	89,825

Dunedin loan notes

Dunedin Buyout LLP invested £41,137,000 of ordinary 'A' loan notes in Alpha FMC Midco Limited on 3 February 2016. The loan notes were converted to ordinary equity shares on IPO for 29,241,568 shares.

Bank loans and overdrafts

As at 31 March 2017, Alpha FMC Bidco Limited had a Mezzanine Facility of £7,317,000 with Beechbrook Capital LLP. In addition, Alpha FMC Bidco Limited had a loan 'A' of £9,460,000 and a loan 'B' of £11,000,000, both with Lloyds Bank Plc.

The bank loans were repaid on 12 October 2017 from the proceeds of the IPO.

In October 2017 the Group entered into a committed revolving credit facility of £5,000,000 with Lloyds Bank Plc. Interest on drawings is based on LIBOR plus 2.25%. As at 31 March 2018 the facility remained undrawn.

Management loan notes

UK, French and US management invested £12,362,087 of ordinary 'B1', 'B2', 'C1', 'C2' and 'D' loan notes in Alpha FMC Topco Limited on 3 February 2016. The loan notes were converted to ordinary equity shares on IPO for 4,383,585 shares.

Preference shares

On 3 February 2016, management invested £1,322,000 of preference shares in Alpha FMC Topco Limited.

The preference shares were converted to ordinary equity shares on IPO for 784,461 shares.

Other non-current liabilities

Included within trade and other payables is £277,000 of costs associated with the earn-out payments associated with the acquisition of TrackTwo (see note 13).

19. Called up share capital

Allotted, called up and fully paid

	2018 Number	2017 Number
Class		
Ordinary 'A' £0.00001 shares (1 vote per share capped at 55%)	–	58,898
Ordinary 'B1' £0.00001 shares (no voting rights)	–	9,564
Ordinary 'B2' £0.00001 shares (no voting rights)	–	7,120
Ordinary 'C1' £0.00001 shares (no voting rights)	–	5,390
Ordinary 'C2' £0.00001 shares (no voting rights)	–	5,155
Ordinary 'D' £0.00001 shares (5% per share)	–	9
Ordinary £0.00075 shares (1 vote per share)	101,859,583	–
	101,859,583	86,136

Notes to the consolidated financial statements continued

19. Called up share capital continued

Allotted, called up and fully paid

	2018 £	2017 £
Class		
Ordinary 'A' £0.00001 shares (1 vote per share capped at 55%)	-	0.58
Ordinary 'B1' £0.00001 shares (no voting rights)	-	0.09
Ordinary 'B2' £0.00001 shares (no voting rights)	-	0.07
Ordinary 'C1' £0.00001 shares (no voting rights)	-	0.05
Ordinary 'C2' £0.00001 shares (no voting rights)	-	0.05
Ordinary 'D' £0.00001 shares (5% per share)	-	0.90
Ordinary £0.00075 shares (1 vote per share)	76,394.69	-
	76,394.69	1.74

Movements in share capital during the year ended 31 March 2018:

	2018 £
Note	2018 £
Balance at 1 April 2017	2
86,136 ordinary shares of £0.00001 each	2
Issue of shares	(i)
Bonus issue	(ii)
Balance prior to reorganisation	4,998
Share capital reorganisation	(iii)
Issue of shares	(iv)
JSOP share award	(v)
Balance at 31 March 2018	76,676

- (i) Prior to the IPO, a series of small share issues were made, totalling 13,810 shares of £0.00001 each, ahead of the larger capital reorganisation on IPO. Additionally, shares were issued as part settlement of the TrackTwo acquisition.
- (ii) On 2 October 2017, each holder of equity shares in the capital of the Company was issued 4,999 bonus shares (credited as fully paid) for each existing share held, resulting in the issue of 499,530,108 shares.
- (iii) Immediately prior to the IPO, on 11 October 2017, all classes of ordinary equity share capital in issue (including shares issued on conversion of loan notes and preference shares, A shares, B1 shares, B2 shares, C1 shares, C2 shares, and D shares) were consolidated and converted to ordinary shares of £0.00075 each as part of the capital reorganisation on IPO. The issued share capital of the Company after this capital restructuring was £59,881.45 comprising of 79,841,931 ordinary shares.
- (iv) On IPO, the Company issued a further 22,017,652 ordinary shares which were allotted in connection with the placing. Immediately following Admission, the Company's issued share capital was £76,394.69, comprising of 101,859,583 ordinary shares of £0.00075 each (all of which is fully paid or credited as fully paid).
- (v) Since IPO, 375,000 shares have been issued as JSOP awards to management. At 31 March 2018, the total number of shares in issue was 102,234,583.

20. Reconciliation of liabilities arising from financing activities

	2017 £'000	Cashflows £'000	Non-cash changes £'000	2018 £'000
Dunedin loan notes	44,911	-	(44,911)	-
Secured bank loans	1,245	(1,245)	-	-
Bank loans and overdrafts	24,815	(24,815)	-	-
Management loan notes	14,806	(7,542)	(7,264)	-
Management preference shares	1,347	-	(1,347)	-
	87,124	(33,602)	(53,522)	-

As part of the capital restructuring immediately prior to the IPO, the loan notes and preference shares outstanding were partly converted into equity comprising 34,409,614 ordinary shares. The remaining loan notes, preference shares and bank loans were repaid from the proceeds of the IPO.

21. Share based payments

The Management Incentive Plan ('MIP')

The Group has a MIP designed to retain and incentivise the Executive Directors and selected key employees. The MIP consists of four parts, part A of which will enable the granting of enterprise management incentive and non-tax advantaged options to acquire Shares, part B of which will enable the awarding of joint ownership interests in Shares ('JSOP'), and part C of which will enable the awarding of restricted stock units for participants in the US, and Part D of which will enable the awarding of RSUs in France (together the 'Options').

Options granted to certain Executive Directors are subject to the fulfilment of performance conditions including (a) the Group to achieve its initial IPO market consensus estimate for adjusted earnings per share ('EPS') for the financial year ending 31 March 2018, (b) the Group to achieve a total shareholder return for the three years from Admission in excess of the average total shareholder return of a peer group of comparable companies, and (c) the Group to achieve between 10 or 15 percent EPS growth for the financial year ending 31 March 2019. Assuming conditions (a) and (b) are met 100 percent of the Options or Awards will vest if EPS for the financial year ending 31 March 2019 exceeds the EPS for the year ending 31 March 2018 by 15 percent; 66 percent will vest if EPS for the financial year ending 31 March 2019 exceeds the EPS for the year ending 31 March 2018 by 10 percent. There will be a straight line of vesting if EPS for the year ending 31 March 2019 exceeds the EPS for the year ending 31 March 2018 by between 10 percent and 15 percent.

Options granted to selected senior management and employees on Admission will be subject to performance condition (b) above and such conditions determined by the Remuneration Committee as being appropriate to their personal role and objectives.

MIP awards have either nil exercise price payable (or there shall be no more than a nominal purchase price payable) in order to acquire Shares pursuant to Options. MIP awards have either 3 or 4 year vesting periods from the date of grant and can be equity settled only.

The Employee Incentive Plan ('EIP')

In addition to the MIP, as stated in the AIM Admission Document, the Board intends to put in place a medium term Employee Incentive Plan ('EIP'). Under the EIP, a broad base of the Group's employees will be granted share options or share awards over a small number of shares. The EIP will be structured as is most appropriate under the local tax, legal and regulatory rules in the key jurisdictions and therefore may vary between those jurisdictions.

At 31 March 2018 a total of 2,977,775 share option and award grants had been made to management and employees (2017: nil).

Notes to the consolidated financial statements continued

21. Share based payments continued

Details of the share based payments made are as follows:

	Number of share options	2018 Weighted average exercise price
Outstanding at the beginning of the year	-	-
Granted during the year	2,977,775	-
Exercised during the year	-	-
Forfeited during the year	-	-
Expired during the year	-	-
Outstanding at the year end	2,977,775	-
Exercisable at the year end	-	-

No share options were exercisable in the year.

The options outstanding at 31 March 2018 had a weighted average remaining contractual life of 3 years and a nil or nominal exercise price.

During the year ended 31 March 2018, options were granted on 11 October 2017, 2 March 2018 and 27 March 2018 to certain senior management. The weighted average of the estimated fair values of the options outstanding is £0.69 per share. No options were granted in previous years.

The value of the options has been measured by the use of the Monte Carlo Option Pricing Model. The model simulates a variety of possible results, across 10,000 iterations for each of the options, by substituting a range of values for any factor that has inherent uncertainty over a number of scenarios using a different set of random values from the probability functions. The model takes any market-based performance conditions into account and adjusts the fair value of the options based on the likelihood of meeting the stated vesting conditions..

The inputs into the model were as follows:

	2018 £'000
Weighted average share price at grant date	1.60
Exercise price	-
Volatility	30%
Weighted average vesting period	3
Risk free rate	0.53%
Expected dividend yield	3.00%

Expected volatility was determined by calculating the historic volatility of the market the Group operates in. The expected expense calculated in the model has been adjusted, based on management's best estimate, for the effects of non-market based performance conditions and employee attrition.

The options outstanding which have time vesting criteria only were valued using a Black-Scholes model using the same inputs as above.

The Group recognised a total expense of £191,000 related to equity-settled share-based payment transactions in the current year (2017: £nil).

22. Operating lease commitments

At 31 March 2018, the Group has lease agreements in respect of properties and equipment for which the payments extend over a number of years. The future minimum lease payments under non-cancellable leases are as follows:

Due:	2018 £'000	2017 £'000
Within one year	452	498
Within two to five years	1,621	1,377
After five years	751	891
	2,824	2,766

23. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018 £	2017 £
Assets measured at amortised cost	27,625	17,467
Liabilities measured at amortised cost	(3,326)	(88,458)

The book value of the financial instruments is deemed to be approximate to fair value.

The Group's financial instruments comprise cash and cash equivalents, items such as trade payables and trade receivables which arise directly from its operations and in prior years bank borrowings. These financial instruments arise in the ordinary course of business and their main purpose is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Company's finance department.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has policies that require appropriate credit checks on potential customers before sales are made.

Interest rate risk

The Group has interest-bearing assets and previously interest-bearing liabilities. Interest-bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Group historically had a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows and will reconsider were the Group to re-incur indebtedness. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no derivative transactions outstanding at 31 March 2018. As at 31 March 2018, given the low levels of interest earned on these balances, if LIBOR had increased or decreased by 0.5% the effect on post-tax profit and equity would have been minimal.

The Group's cash and cash equivalents earned interest at a variable rate during the year.

Details of the terms of the Group's prior borrowings are disclosed in notes 17 and 18.

Liquidity risk

The Group maintains a committed revolving credit facility alongside its cash balances designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

Notes to the consolidated financial statements continued

23. Financial instruments continued

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk mainly as a result of trade receivables and payables which will be settled in Euros and US Dollars. During the year the Group did not enter into any arrangements to hedge this risk, as the Directors did not consider the exposure to be significant given the short-term nature of the balances. The Group will review this policy as appropriate in the future.

	GBP '000	Euro '000	USD '000	CHF '000	SGD '000	HKD '000
Receivables	12,368	3,033	3,016	565	434	-
Cash	4,736	3,858	1,513	81	921	26
Payables	(1,700)	(472)	(308)	(35)	(2)	-
Total	15,404	6,419	4,221	611	1,353	26

24. Capital risk management

The Group defines capital as being share capital plus all reserves, which amounted to £82,972,000 as at 31 March 2018 (2017: £(4,546,000)). The Group currently holds net cash balances. The Board of Directors monitors the level of capital as compared to the Group's long-term debt commitments and adjusts the ratio of debt to capital as is determined to be necessary, by issuing new shares, reducing or increasing debt, paying dividends and returning capital to shareholders.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Group is not subject to any externally imposed capital requirements.

25. Related party disclosures

Transactions with directors

Transactions with directors, or entities in which a director is also a director or partner:

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Consultancy services provided by a director – Mr T Trotter	23	20

Key management, including members of the Executive Board and heads of regional businesses, held both loan notes and preference shares in the Group. At 31 March 2018, management loan notes totalled £nil (2017: £14,806,000) and management preference shares totalled £nil (2017: £1,347,000). Further details are provided in note 20. Director's share options and JSOP awards disclosed in the Directors' report.

Transactions with shareholders

In the period ended 31 March 2018, the Group paid monitoring fees of £nil (2017: £261,000) to Dunedin LLP, a major shareholder of the Company prior to IPO. At 31 March 2018, loan notes due to Dunedin totalled £nil (2017: £44,911,000). Further details around the nature of these instruments are provided in note 20.

26. Ultimate controlling party

At the year end there is no ultimate controlling party.

27. First time adoption of IFRS

As stated in note 1, these are the Group and Company's first financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the period ended 31 March 2017. The Company was incorporated on 22 January 2016, the date of transition, and therefore preparation of an opening IFRS statement of Financial Position is not required.

In preparing its opening IFRS Statement of Financial Position, the Group and Company has adjusted amounts reported previously in financial statements prepared in accordance with UK GAAP (previous GAAP). An explanation of how the transition from previous GAAP to IFRSs has affected the Group and Company's financial position and financial performance is set out below in the tables and associated notes. There has been no impact on the Company's financial position and financial performance in the period ended 31 March 2017.

	As previously presented 31 March 2017 £'000	Effect of transition 31 March 2017 £'000	IFRS (as represented) 31 March 2017 £'000
Assets			
Non-current assets			
Goodwill (a)	47,261	4,268	51,529
Intangible assets	23,213	-	23,213
Property, plant and equipment	451	-	451
Total non-current assets	70,925	4,268	75,193
Current assets			
Trade and other receivables	12,087	-	12,087
Cash and cash equivalents	8,023	-	8,023
Total current assets	20,110	-	20,110
Current liabilities			
Trade and other payables	(10,024)	-	(10,024)
Total current liabilities	(10,024)	-	(10,024)
Net current assets	10,086	-	10,086
Non-current liabilities			
Borrowings	(85,879)	-	(85,879)
Deferred tax provision	(3,946)	-	(3,946)
Total non-current liabilities	(89,825)	-	(89,825)
Net assets/(liabilities)	(8,814)	4,268	(4,546)
Equity			
Issued share capital	86	-	86
Share premium	-	-	-
Retained earnings	(8,676)	4,268	(4,408)
Foreign exchange reserve	(224)	-	(224)
Total shareholders' equity	(8,814)	4,268	(4,546)

Notes to the consolidated financial statements continued

27. First time adoption of IFRS continued

	As previously presented 31 March 2017 £'000	Effect of transition 31 March 2017 £'000	IFRS (as represented) 31 March 2017 £'000
Continuing operations			
Revenue	49,240	-	49,240
Cost of sales	(32,515)	-	(32,515)
Gross profit	16,725	-	16,725
Administration expenses (a)	(17,503)	4,782	(12,721)
Operating profit	(778)	4,782	4,004
Finance income	5	-	5
Finance expense	(7,880)	-	(7,880)
Profit/(loss) before tax	(8,653)	4,782	(3,871)
Taxation (a)	(23)	(514)	(537)
Loss for the period	(8,676)	4,268	(4,408)
Exchange differences on translation of foreign operations	(224)	-	(224)
Total comprehensive expense for the period	(8,900)	4,268	(4,632)

The previously reported goodwill was being amortised under previous GAAP; however is not amortised under IFRS and an annual impairment review is undertaken, with the associated deferred tax movement. In addition the previously capitalised acquisition costs of £1,460,000 can no longer be capitalised under IFRS and have, therefore, been recognised as an expense within the Consolidated Statement of Comprehensive Income.

The policies applied under the entity's previous accounting framework are not materially different to IFRS and have not impacted equity or profit or loss.

Company statement of financial position

As at 31 March 2018

	Note	31 March 2018 £'000	31 March 2017 £'000
Assets			
Non-current assets			
Investments	1	1,344	1,338
Total non-current assets		1,344	1,338
Current assets			
Trade and other receivables	2	92,523	12,416
Cash and cash equivalents		-	-
Total current assets		92,523	12,416
Current liabilities			
Trade and other payables	3	(5,167)	(193)
Total current liabilities		(5,167)	(193)
Net current assets		87,356	12,223
Non-current liabilities			
Borrowings		-	(14,741)
Deferred tax provision		-	-
Deferred consideration		-	-
Total non-current liabilities		-	(14,471)
Net assets/(liabilities)		88,700	(1,180)
Equity			
Issued share capital		77	-
Share premium		89,396	86
Retained earnings		(964)	(1,266)
Other reserves		191	-
Total shareholders' equity		88,700	(1,180)

As permitted by section 408 of the Companies Act 2006, a separate statement of comprehensive income of the parent company has not been presented. The parent company's profit for the year was £1,810,000.

The notes on pp 56-58 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 6 June 2018. They were signed on its behalf by:

Euan NB Fraser
Global Chief Executive Officer

John C Paton
Chief Financial Officer

Company statement of cash flows

For the year ended 31 March 2018

	Year ended 31 March 2018 £'000	Period ended 31 March 2017 £'000
Cash flows from operating activities:		
Operating profit	(2,178)	5,065
Costs relating to AIM admission	1,621	-
Acquisition related costs	78	-
Share-based payment charge	191	-
Gain on repayment of loan notes	-	(11,249)
Operating cashflows before movements in working capital	(288)	(6,184)
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	(10,927)	(3,298)
Increase/(decrease) in trade and other payables	11,218	13,101
Tax paid	(3)	(3,619)
Net cash generated from operating activities	-	-
Cash flows from investing activities:		
Costs relating to AIM admission	-	-
Acquisition related costs	-	-
Gain on repayment of loan notes	-	-
Amounts received by group undertakings	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Issue of ordinary share capital	-	-
Repayment of borrowings	-	-
Interest paid	-	-
Dividends paid	-	-
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the period	-	-
Effect of exchange rate fluctuations on cash held	-	-
Cash and cash equivalents at end of the period	-	-

Company statement of changes in equity

For the year ended 31 March 2018

	Share Capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 22 January 2016	-	-	-	-	-
Comprehensive income					
Loss for the period	-	-	-	(1,266)	(1,266)
Foreign exchange differences on translation of foreign operations	-	-	-	-	-
Transactions with owners					
Shares issued (equity)	-	86	-	-	86
As at 31 March 2017	-	86	-	(1,266)	(1,180)
As at 1 April 2017	-	86	-	(1,266)	(1,180)
Comprehensive income					
Profit for the period	-	-	-	1,810	1,810
Foreign exchange differences on translation of foreign operations	-	-	-	-	-
Transactions with owners					
Shares issued (equity)	77	89,310	-	-	89,387
Share based payment reserves	-	-	191	-	191
Dividends	-	-	-	(1,508)	(1,508)
As at 31 March 2018	77	89,396	191	(964)	88,700

Share capital

Share capital represents the nominal value of share capital subscribed for.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at a premium, net of associated share issue costs.

Other reserves

The other reserves represent the cumulative fair value of the IFRS 2 share based payment charge to be recognised each year and equity-settled consideration reserves.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

Notes to the Company financial statements

1. Fixed asset investments

Company

	£'000
Cost	
At 22 January 2016	-
Additions	1,338
Disposals	-
At 31 March 2017	1,338
Additions	6
Disposals	-
At 31 March 2018	1,344

The Company's fixed asset investments are all in relation to investments in subsidiaries. The Company holds no tangible fixed assets.

The undertakings in which the Group's and Company's interest at the period end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held 31 March 2018	Class and percentage of shares held 31 March 2017
Alpha FMC			Intermediate holding company		
Midco Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC			Intermediate holding company		
Midco 2 Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC			Intermediate holding company		
Bidco Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC			Intermediate holding company		
Group Holdings Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC			Intermediate holding company		
Group Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC			Group services		
Group Nominees Limited	UK	1	Group services	100% ordinary	100% ordinary
Alpha Financial Markets			Intermediate holding company		
Consulting Group Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha Financial Markets			Consultancy services		
Consulting Limited	UK	1	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets			Consultancy services		
Consulting (France) SA	France	2	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets			Consultancy services		
Consulting Inc	USA	3	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets			Consultancy services		
Consulting (Luxembourg) SARL	Luxembourg	4	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets			Consultancy services		
Consulting Netherlands B.V.	Netherlands	5	Consultancy services	100% ordinary	100% ordinary

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held 31 March 2018	Class and percentage of shares held 31 March 2017
Alpha Financial Markets Consulting Singapore Pte. Limited	Singapore	6	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Switzerland S.A.	Switzerland	7	Consultancy services	100% ordinary	100% ordinary
Glass Client Programs Limited	UK	1	Dormant	100% ordinary	100% ordinary
Alpha Technology Services Consulting Limited	UK	1	Dormant	100% ordinary	100% ordinary
Alpha Data Solutions GmbH	Germany	8	Consultancy services	100% ordinary	0%
Alpha Financial markets Consulting Hong Kong Limited	Hong Kong	9	Consultancy services	100% ordinary	n/a

- 1 60 Gresham Street, London, EC2V 7BB
- 2 6 Square de l'Opera Louis Jouvet, 75009 Paris, France
- 3 400 Madison Avenue, New York, NY, 10017
- 4 19/21 route d'Arlon – bloc B, L-8009 Strassen, Luxembourg
- 5 Zuid-Hollandlaan 7, Den Haag, 2569 AL, The Netherlands
- 6 16 Raffles Quay, 33-03, Hong Leong Building, Singapore (048581)
- 7 Rue du Rhone 14-1204 Geneva, Switzerland
- 8 Mergenthalerallee 73-75, 65760 Eschborn, Germany
- 9 Level 8 Admiralty Ctr Tower 11, 18 Harcourt Road Admiralty, Hong Kong

Subsidiary undertakings	Share capital and reserves £'000	Profit/(loss) for the period
		£'000
Alpha FMC Midco Limited	(1,922)	(1,942)
Alpha FMC Midco 2 Limited	2	-
Alpha FMC Bidco Limited	1,342	(1,237)
Alpha FMC Group Holdings Limited	620	-
Alpha FMC Group Limited	-	3
Alpha FMC Group Nominees Limited	n/a	n/a
Alpha Financial Markets Consulting Group Limited	6,052	(246)
Alpha Financial Markets Consulting UK Limited	275	7,776
Alpha Financial Markets Consulting (France) SA	107	1,199
Alpha Financial Markets Consulting Inc	143	456
Alpha Financial Markets Consulting (Luxembourg) SARL	214	237
Alpha Financial Markets Consulting Netherlands B.V.	-	150
Alpha Financial Markets Consulting Singapore Pte. Limited	28	267
Alpha Financial Markets Consulting Switzerland S.A.	40	69
Glass Client Programs Limited	n/a	n/a
Alpha Technology Services Consulting Limited	n/a	n/a
Alpha Data Solutions GmbH	22	352
Alpha Financial Markets Consulting Hong Kong Limited	1	3

Notes to the Company financial statements continued

2. Trade and other receivables

	2018 £'000	2017 £'000
Trade debtors	-	-
Less: provision for impairment	-	-
Trade debtors - net	-	-
Amounts owed by group undertakings	92,520	12,413
Other debtors	3	3
Prepayments and accrued income	-	-
	92,523	12,416

3. Trade and other payables

	2018 £'000	2017 £'000
Amounts owed to group undertakings	4,437	188
Corporation tax	1	-
Other creditors	729	4
Accruals and deferred income	-	1
	5,167	193

The directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

4. Non-current liabilities

	31 March 2018 £'000	31 March 2017 £'000
Management loan notes	-	13,394
Management preference shares	-	1,347
	-	14,741

5. Reconciliation of liabilities arising from financing activities

	2017 £'000	Cashflows £'000	Non-cash changes £'000	2018 £'000
Management loan notes	13,394	(7,542)	(5,852)	-
Management preference shares	1,347	-	(1,347)	-
	14,741	(7,542)	(7,199)	-

Notes

Notes

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