

Annual Report & Accounts 2020



The power of our people

Introduction

Welcome to Alpha's 2020 Annual Report & Accounts

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

Perspective | Strategy | Technical Expertise | Data Solutions

Headquartered in the UK and quoted on the AIM of the London Stock Exchange, Alpha Financial Markets Consulting¹ is a leading global provider of specialist consultancy services to the asset and wealth management industry.

Alpha has worked with 85% of the world's top 20 asset managers by AUM, along with a wide range of other buy-side firms. It has the largest dedicated team in the industry, with over 430 consultants globally, operating from 12 client-facing offices spanning the UK, Europe, North America and Asia.

For more information, see the website: investors.alphafmc.com

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¹ Alpha Financial Markets Consulting plc: "Alpha", the "Company", the "Group"

Financial Highlights

Revenue²

£90.9m

(FY 19: £77.7m) +17.0%

Profit before tax

£9.3m

(FY 19: £12.5m) -25.8%

Adjusted earnings per share

14.21p

(FY 19: 12.05p) +17.9%

Adjusted³ EBITDA

£20.2m

(FY 19: £16.5m) +22.9%

Adjusted profit before tax

£18.6m

(FY 19: £16.2m) +15.2%

Adjusted cash conversion

106%

(FY 19: 101%)

Operating profit

£10.4m

(FY 19: £12.6m) -17.1%

Basic earnings per share

6.11p

(FY 19: 9.05p) -32.6%

Total dividend per share⁴

2.10p

(FY 19: 6.00p)



² FY 19 revenue is restated to reflect the presentation of revenue gross of rechargeable expenses. Refer to note 1 of the financial statements for further detail and note 2 for a reconciliation of revenue to net fee income

³ The Group uses alternative performance measures ("APMs") to provide stakeholders further metrics to aid understanding of the underlying trading performance of the Group. Refer to note 4 for further details

⁴ Total FY 20 dividend reflects Board decision not to recommend a final dividend for the year and includes only the H1 20 dividend of 2.10p

Operational Highlights



COVID-19 Update

- Transition to remote working executed swiftly and seamlessly; the entire team has adjusted very well and continues to service clients to the highest standards.
- Alpha took early decisive action to protect the business; alongside careful management of the Group's cash resources, protective measures included temporary salary sacrifices of 40% for the senior leadership team and Board, and 20% for the broader director team, modest staff furloughs, and the cancellation or deferral of all discretionary expenditure.
- In addition to a £23m net cash position, in order to provide further flexibility, the Group agreed an increased revolving credit facility of £20m in June 2020.
- The Group has made a solid start to the new financial year and continues to make selective investments in strategic hires.
- The Group is navigating a shifting business development landscape and continues to see opportunities, new wins and extensions to existing projects.
- The market drivers remain in place and the Group is confident that it is well positioned for future growth in market recovery.
- Ongoing uncertainty due to COVID-19 and the early stage of the financial year mean that the likely impact on the business is difficult to predict with accuracy; as such, the Board has not yet provided financial guidance for the current financial year.

⁵ "Consultants" and "headcount" refer to fee-generating consultants at the year end: employed consultants plus utilised contractors in client-facing roles

⁶ "Axxsys" refers to Axxsys Limited and its subsidiaries, acquired by the Group in June 2019

⁷ "Obsidian" refers to Obsidian Solutions Limited, acquired by the Group in November 2019



“I feel lucky to work with others who strive to provide only the best to our clients and look forward to what we will achieve in the future.”

Alpha employee

Chairman's Report

The strength of Alpha's people, a robust business model and effective governance have allowed the Group to deliver further growth and to progress its strategic objectives. The Group is well positioned to navigate through the current economic uncertainty and to continue to support clients.



Ken Fry
Chairman
24 June 2020

"The Group continues to make progress on its strategic objective to be recognised as the leading global asset and wealth management consultancy."

It gives me great pleasure to present to you the Annual Report & Accounts of the Group for the 12 months to 31 March 2020. As we end our third year as a public company, Alpha continues to deliver strategically, operationally and financially. Whilst the Board continues to monitor the global uncertainty caused by the COVID-19 situation closely, our position at the end of FY 20 represents a strong validation of the Group's strategy and places Alpha well for the market recovery.

Overview of the Financial Year

I am delighted that Alpha continued to perform well across its business areas and met market expectations for the year ended 31 March 2020. The Group has also made strategic progress, including the acquisition of two new businesses, Axxsys and Obsidian; launching its Pensions & Retail Investments ("P&RI") practice; as well as growing its highly skilled team including several key senior hires. This is all coupled with the continued success of Alpha's core consulting services globally, including an especially strong performance from the business in North America.

The Group has achieved annual revenue growth of 17.0% on the previous financial year to £90.9m. I am also pleased to report the Group's highest ever adjusted EBITDA of £20.2m (FY 19: £16.5m) and growth in adjusted earnings per share of 17.9% to 14.21p. Basic earnings per share was 6.11p, after increased adjusting costs as set out in note 4 of the notes to the consolidated financial statements.

During the year, through the acquisitions of Axxsys and Obsidian, the Group has expanded its geographic footprint further into Canada and Denmark, as well as establishing a software development capability centre aligned to Alpha Data Solutions (“ADS”) in Serbia. Alpha’s clients remain central to everything that the Group considers and does, and this will continue to drive investment both in offices and consulting practices that support Alpha’s existing and prospective base of clients.

Governance and the Board

Alpha maintains a robust corporate governance framework and continues to ensure that it reflects the needs of the Group’s shareholders, employees, clients and wider stakeholders. The Board⁸ has significant knowledge of the asset and wealth management industry, as well as a deep pool of leadership experience to draw from.

The Board continues to review and evolve the corporate governance framework, and this has included the appointment of Prism Cosec as Company Secretary from October 2019. This creates a fully dedicated function, separate from the executive role of Chief Financial Officer, in line with governance best practice. Prism Cosec brings experience and expertise to assist in monitoring and further improvement of the corporate governance framework and processes.

Having altered the composition of the Board committees to enhance independence in the previous financial year, we committed to the appointment of an additional independent Non-Executive Director before the 2020 Annual General Meeting (“AGM”). As recently announced, I am very happy that Jill May has agreed to join the Board from July 2020 and I look forward to Alpha benefitting from her range of experience across financial services, regulation and public companies.

As part of its activities during the year, the Board resolved to rename the Audit Committee as the Audit and Risk Committee. This change confirms the Board’s ongoing commitment to risk control and management, and better reflects the role and activities of the Committee in assisting the Board to oversee the risk management framework of the Group. The governance arrangements and responsibilities of the Audit and Risk Committee remain unchanged.

I am also delighted that we are introducing formal environment, social and governance (“ESG”) and sustainability reporting into this year’s Annual Report, including the disclosure of a number of ESG metrics for the first time. We believe that the provision of these non-financial metrics and reporting will allow us to facilitate an understanding of Alpha as a risk-managed business that is equipped for sustainable, long-term growth.

The Board continues to meet regularly to oversee the Group’s activities, to ensure the Group progresses with its strategic objectives, and that we adhere to our core values of governance, integrity and business ethics. One of the actions from last year’s Board evaluation and effectiveness review process was to ensure that it remains directly and closely engaged with the Group’s management teams, and I am pleased to report that the Board has received and discussed presentations from a number of the regional and operational teams during FY 20.

Strategy

The Group continues to make progress on its strategic objective to be recognised as the leading global asset and wealth management consultancy. As Alpha expands the breadth and depth of its service offering, the focus remains on understanding the needs of its clients and providing them with the highest quality service. Whilst, historically, the majority of the Group’s growth has been organic, the Board recognises the benefits of increasing the breadth of the service offering through both selective acquisitions and expansion of the senior team.

This year, the Group has successfully built upon the strategy of extending and deepening the range of services that it offers. With the introduction of the P&RI practice, Alpha can replicate its highly successful business model into a new area and has hired a number of high-performing individuals to lead and work in the new practice. At the same time, organic growth has been achieved in all regions. The Board and I are particularly pleased with the performance in North America and the addition to the Group of an office in Canada to further support this growth.

⁸ “Alpha Board” is the Alpha Board of Directors, also referred to as the “Board of Directors”, the “Board” and the “Directors”

Chairman's Report continued

Alpha will continue to invest in and incentivise its high-performing employees, financially through a market-leading incentive package, operationally through effective support and communication, and culturally through a range of initiatives across social events, corporate social responsibility, diversity and inclusion, wellbeing, and performance recognition. I am confident that Alpha's growth and performance further validate the Group's overall strategy in the long term, as we navigate through the global events that are currently impacting every aspect of our lives.

Dividend

In light of the uncertainty caused by the COVID-19 pandemic, the Board has decided not to recommend a final dividend for the year ended 31 March 2020. The Board considers that, during these exceptional times, it is in the best interests of all stakeholders to preserve the strength of the Group's balance sheet to provide maximum flexibility throughout, so that Alpha is as well positioned as it can be for the future. Therefore, the total dividend for FY 20⁹ comprises only the previously paid interim dividend of 2.10p.

Outlook and COVID-19

The Alpha Board recognises that COVID-19 poses challenges to all areas of life, to both the Group and the asset and wealth management industry at large. However, the Group starts its new financial year with strength across its people, strategy, finances and business model. The Group has taken pre-emptive measures to limit the immediate effects of COVID-19, which included implementing remote working arrangements and reducing spend appropriately to maximise liquidity.

Given the current environment, the Board is pleased with a solid start to trading in the current financial year. Whilst the Board is monitoring closely the situation presented by the COVID-19 pandemic, including the impact on win rates, sales cycles and project start dates, now and over the coming months, we continue to see opportunities, new client wins and extensions to existing projects. The Board remains confident that Alpha's strengths mean that it is positively positioned, with the underlying industry trends of cost reduction, changing regulation and increasing assets under management remaining in place, to drive client demand for Alpha's quality consulting services. In light of the ongoing uncertainty and the early stage of the new financial year, the likely financial impact on the business is difficult to predict with accuracy. As such, the Board believes it is prudent not to provide financial guidance for the current financial year.

Finally, I would like to thank Alpha's Board of Directors¹⁰, management team and employees for their continued hard work, dedication and contributions this year, especially given the disruptions presented by COVID-19. I look forward to continuing to make positive progress and pursuing the Group's long-term strategic goals.

⁹ FY 20 is the financial year covering the 12 months to 31 March 2020. By comparison, FY 19 is the previous financial year covering the 12 months to 31 March 2019; and FY 21 is the subsequent financial year covering the 12 months to 31 March 2021

¹⁰ "Directors" refers to the executive and non-executive members of the Board; meanwhile, "directors" refers to non-Board directors within the management teams of the Group

Global Chief Executive Officer's Report

We have delivered another year of strategic progress, achieving strong growth and extending further our service offering to the asset and wealth management industry. This positions Alpha well as we face an uncertain global economic period ahead.



Euan Fraser
Global Chief Executive Officer
24 June 2020

Welcome to Alpha's third set of full-year results as a public company. I am pleased to report that we have achieved a further year of strategic progress as the Group continues the momentum from previous years.

“The business growth and successes Alpha enjoys would not be possible without the teamwork, energy and dedication to delivering projects every day for our clients.”

We have delivered on our strategic growth objectives through the launch of the Pensions & Retail Investments practice and the successful acquisition and integration of the Axxsys and Obsidian businesses. Through our strong and comprehensive service offering and the performance of our highly skilled team of consultants, Alpha has enjoyed a good year of growth in the underlying business, as shown by increases in revenue, adjusted EBITDA, adjusted profit after tax and adjusted earnings per share (“EPS”). Operating profit and profit after tax have reduced as a result of increased adjusting items, primarily driven by the Group's acquisition activities in the year.

Global Chief Executive Officer's Report continued

COVID-19

We now face a period of economic uncertainty in the face of the global COVID-19 pandemic. Alpha, like many companies, is seeing the effects of this crisis on its business and business planning. At the time of writing, given the strength of the Alpha service proposition and a strong balance sheet entering the new financial year, the Group is well positioned for the market recovery. We have also taken steps to protect the business, including limiting recruitment to only a small number of strategic hires, maximising our cash position and reducing discretionary operational expenditure. Alpha's director team has taken a voluntary temporary reduction of 20 per cent in salary for six months and the Group's senior leadership team, including the Global Chief Executive Officer, Chief Financial Officer and the Non-Executive Directors of the Board, have taken a voluntary temporary 40 per cent reduction in salary and fees. We have also implemented modest staff furlough plans within the UK and Europe, which we believe is prudent to retain maximum flexibility in protecting the business.

To date, the Group has seen minimal impact to its in-flight projects, following a successful and seamless transition to remote working with its clients. Core projects have continued to progress with minimal pressure on fee rates, no material cancellations and excellent client feedback. Alpha, similar to many companies, is facing a shifting business development environment but has continued to make solid progress at the start of the new financial year, with good win rates and project extensions. We also expect that the earlier cost protection actions we have taken will help us through the uncertainty going forwards. The Board and leadership team will continue to monitor data points and leading indicators to respond appropriately to market conditions.

Summary of Financial Performance

The Group has continued to demonstrate strong growth in the year, despite the market and political uncertainty globally through much of 2019, including around the UK's Brexit discussions and general election. This has resulted in net fee income¹¹ increasing by 17.1% to £88.9m (FY 19: £76.0m), adjusted EBITDA by 22.9% to £20.2m (FY 19: £16.5m) and adjusted profit before tax by 15.2% to £18.6m (FY 19: £16.2m). The outstanding work that our consultants deliver while working on some of the largest,

most complex and challenging projects in the asset and wealth management industry has allowed us to see excellent client retention rates as well as the addition of new clients in all regions.

I am particularly pleased to report that the North American region achieved excellent growth this year, as expected, with net fee income increasing by 57.4% to £14.4m (FY 19: £9.2m) and revenue similarly. This demonstrates that our blueprint for geographic expansion is successful, and we will continue to invest in people and further our global reach, while exercising prudence, as part of the Group growth strategy.

While I am pleased with FY 20 performance, the Board is not recommending a final dividend for the year. We believe that this is the correct, prudent approach to maximise the Group's balance sheet strength through the current period of uncertainty, to align with the cost mitigants and deferrals implemented across the business and, in the interests of all stakeholders, to help position Alpha as well as possible for the future.

Operational Review

During the year, the Group continued to see strong demand for its service offering, subject matter expertise and consulting support across the asset and wealth management value chain. At a global level, I am delighted to confirm that the Group added 102 new clients during the year, with a number of those coming from our successful acquisitions and integrations of Obsidian and Axxsys, as well as in new jurisdictions including Australia and Canada. Continued interest in and demand for the Alpha proposition enabled a good set of results to be delivered across all the Group's core geographies: the UK, North America, Europe & Asia.

We have continued to progress our strategy through organic growth, developing the service offering for our clients and delivering value for our stakeholders. We have seen expansion and good revenue contributions from our well-established practices such as Investments, Distribution, M&A Integration and Operations & Outsourcing, as well as further geographic extension within our global locations. We also saw a good performance from our newer practices such as ETF & Indexing, Digital and Regulatory Compliance. We expect to see further interest and demand in those areas as structural drivers such as demographic change increase the importance

¹¹ Net fee income is revenue net of incidental rechargeable expenses. Please see note 4 for further detail

of effective digital experiences, and as the industry continues to consolidate and implement further regulatory changes. The ADS component of the business has also made progress in the year, both through increasing its client footprint and with the acquisition of Obsidian.

During the year, we launched the P&RI practice as part of a roadmap to move into the insurance sector and strategy to diversify our service offering across the value chain. We welcomed two new directors to the UK team to lead the practice and are delighted that their increasing client focus in this space, combined with working closely with other Alpha business practices to ensure that we can provide a comprehensive proposition and delivery experience for all our clients, is already gaining traction with new client project wins.

As the business grows, it is increasingly important for us to assess and disclose how sustainability informs the way we plan and operate. The overriding objective has always been to ensure that our business model remains effective and sustainable in the longer term. As part of this, we have consolidated and are in the process of formalising Alpha's ESG approach. We have begun the journey to adhere to a formal disclosure framework, a description of which we are including in our Annual Report 2020.

In the last month of the financial year, our key operational focus was securing the health and safety of our people and transitioning to remote working in the context of the COVID-19 pandemic. Leveraging our strong operational, technological and cultural foundations, we were able to transition quickly and effectively, and did not see any material disruption to our business operations. We have also worked closely with all our clients, again without material disruption to our client delivery engagements. As we enter a period of economic uncertainty, I am confident that our high-performing team and flexibility to respond to client demand in many different environments and locations will help ensure that we remain resilient and can fully support our client stakeholders through this turbulent time.

Geographic Overview

As a global business, we can provide an exceptional end-to-end advisory service to our clients, irrespective of where they are located; as well as support our larger clients on international change programmes. I am delighted to present our regional financial figures for the period:

	12 months to 31 March 2020	12 months to 31 March 2019	Change
Net Fee Income			
UK	£50.5m	£45.4m	11.4%
North America	£14.4m	£9.2m	57.4%
Europe & Asia	£24.0m	£21.4m	11.7%
	£88.9m	£76.0m	17.1%
Gross Profit			
UK	£22.2m	£19.7m	12.8%
North America	£4.8m	£1.7m	187.3%
Europe & Asia	£7.4m	£7.7m	(4.1)%
	£34.4m	£29.1m	18.3%
		As at 31 March 2020	As at 31 March 2019
Consultant Headcount			Change
UK	217	174	24.7%
North America	68	55	23.6%
Europe & Asia	151	133	13.5%
Year-end totals	436	362	20.4%

I am very pleased with the exceptional growth that we have seen this year in the North American business, achieving our aim to make substantial gains in that market after investing in and strengthening the team in the previous year. We added several new domestic clients in the region, which has demonstrated the importance, interest and breadth of the Alpha service offering to clients on both sides of the Atlantic. We have also established an office in Toronto as part of our acquisition of Axxsys, which both complements and enhances the reach of our existing US offices. Our growth in North America has also been recognised by Forbes, who identified us as one of "America's Best Management Consulting Firms" this year.

The UK remains the geography with the largest revenues within the Group and we are delighted with the growth achieved this year in the context of some sustained political and economic uncertainty. Decision making from many clients improved following the UK general election, although it has been disrupted once again with the onset of COVID-19. We are monitoring the situation and will continue to act to protect our business and people, as and when required, in a careful and considered manner.

Global Chief Executive Officer's Report continued

There was a consistent performance across Alpha Europe & Asia, which includes offices in Singapore, France, Luxembourg, the Netherlands, Switzerland and, following the acquisition of Axxsys, Denmark. We continue to be recognised as one of the leading management consultancies in those jurisdictions, once again being recognised as a “#1 consulting firm” by *Décideurs Magazine* in France¹². We see the Nordics and Central Europe as a key area of growth and, as part of this, the Group appointed a new Chief Executive Officer of Central Europe for Axxsys. This appointment is a significant move in our strategic objective to become a market leader in that area.

We see Asia as a region with exceptional growth potential over the longer term. We have been extending our footprint there by growing our team in Singapore and implementing projects for clients across the region, including in Hong Kong and Australia. We will continue to invest in our people there to ensure that we can demonstrate Alpha's fantastic knowledge and talent, as well as take advantage of opportunities that arise.

The Group's year-on-year growth reflects an expanding international footprint and growing global reputation as the consulting partner of choice for clients across the asset and wealth management value chain as we continue to support some of their most complex and challenging projects. Our strong financial figures, international awards and operational growth indicate that we have a geographical expansion blueprint that remains successful and allows us to be well positioned for the years ahead.

Our People

Alpha's people are our greatest strength and we are proud of the exceptional calibre and commitment of our global teams. The quality of our people allows us to support and deliver some of the most complex and high-profile change programmes within the asset and wealth management industry, and to retain very strong recognition and loyalty across our client base.

We are committed to hiring and retaining the very best quality of people at every level, and this year we have increased our global headcount to 436 (March 2019: 362). Of that headcount figure, an increase of 30 is attributable to the organic growth of the existing business, with the remaining 44 arising from the Group's acquisition activity in the year. We have also increased

our director team by 13 globally, through a combination of key hires and promotions, which further reflects our growth and investment in people this year.

We recognise the high performance of our people through financial, operational and other people-orientated initiatives and incentives. We are proud to have market-leading compensation packages to ensure that we attract and retain the very best consulting talent. We provide our employees with a profit share, linked to Company performance, as well as the opportunity to take part in employee equity schemes to become shareholders in Alpha. During the reporting period, 3,374,881 share options were awarded to new joiners and certain members of the senior management team. As of 31 March 2020, approximately 17% of the Company's issued share capital with voting rights was held by employees. We will continue to benchmark our financial incentive schemes against the industry in order to maintain best-in-class compensation and, therefore, attract the best candidates in the market and achieve market-leading retention rates.

In supporting a global client base, our consultants are required to work across different locations and time zones. We make sure that our technology and operations are cloud based, secure and versatile to allow them to work wherever they need in order to support our clients most effectively. Our strong operations were put to the test following decisions to work from home due to COVID-19, and the resilience of our people and operational infrastructure meant that we were able to quickly and successfully move to remote working whilst maintaining every aspect of delivery excellence for our clients.

Alpha's unique culture and quality have always been an important part of working at Alpha and a fundamental part of our historic success. We work hard to maintain the same culture globally, which in turn ensures the same high level of quality of delivery for our clients. This unique culture has been recognised globally, for example allowing us to win a place in the Sunday Times 100 Best Small Companies to Work For list for four consecutive years, as well as being named as a “Best of the Best” in the 2020 Asia Asset Management Awards (Journal of Investments & Pensions).

We remain committed to providing an open and collaborative working environment. Following the transition to remote working due to COVID-19, the Alpha team designed and

¹² Joint first position with McKinsey and BCG in “asset management”; joint first position with Bain, McKinsey and BCG in “wealth management”

launched an internal programme that focusses on the pillars of wellbeing, productivity, technology and community. By sharing best practice, keeping connected, optimising the use of remote functionality and tools, and supporting one another, our people are promoting the very best aspects of the Alpha culture.

Our employees are and will always be the main reason for the Group's ongoing success. Whether this is in developing new products and ideas through the "Innovation at Alpha" platform, running our diversity and inclusion initiatives, or deciding on our partnership with a charity for the year, they remain central to how Alpha is run.

Growth Strategy and Acquisitions

The Group continues to follow a growth strategy that is both organic and inorganic to achieve its objective to be recognised as the leading global asset and wealth management consultancy. In the period, as part of the strategy, the Group has expanded through acquisition into complementary data and technology services.

Historically, Alpha has mainly grown organically, and experience has shown that our business model can lead to successful expansions of our service offering, geographic footprint and our ability to cater to increasingly large parts of the asset and wealth management value chain, such as vendors and third-party administrators in addition to traditional asset managers and asset owners. We continue to see shifting structural changes across the industry, and we will utilise our reputation for exceptional service to act on opportunities for organic growth as part of our strategy. We have increased our range of services in the past year from 12 practices to 13, and we expect that to grow as we explore new industry opportunities and client propositions.

During the year, the Group made two strategic acquisitions. In both cases, the acquired organisation provided services that enhanced the Group's strengths and business lines, which in turn enhanced our client proposition in all regions. The addition of Axxsys has brought a strong technology-led consulting service offering to the Group's core functions, in particular, extending our expertise in SimCorp and investment management platforms. Meanwhile, Obsidian has created a strong complementary software development and product expertise within the ADS team.

These acquisitions have added to Alpha's organic growth this year, enabling strong local introductions and cross-selling opportunities in the markets where they operate, with Obsidian bringing an increased focus on the alternatives space and Axxsys incorporating a strong pension client base. Acquisition remains a key part of the Group's growth strategy and we will continue to monitor how we implement that strategy in line with both market opportunity and client demand. We will keep seeking investment opportunities that provide diversified and established revenues, looking in particular at data and product businesses and technology consulting firms that can complement and grow the Group's service offering.

Current Trading and Outlook

We are reporting on a strong FY 20 but remain conscious that we are navigating a period of economic uncertainty. Despite these difficult times, and at the point of writing, we have seen a limited impact on change projects and Alpha remains in a good position with a substantial net cash balance, a strong client base and a robust business model.

I am confident that the structural drivers facing the industry remain and, therein, the opportunity to continue to broaden our geographic footprint and offering for clients, and, in turn, for our investors. We are monitoring and responding to the COVID-19 situation as it unfolds and we are in a good position to evolve and adapt our approach as is required.

Finally, I would like to join with Ken in thanking everyone at Alpha. The business growth and successes that Alpha enjoys would not be possible without the teamwork, energy and dedication of all Alpha's employees in delivering projects of the highest quality every day for our clients. The response of our people to the COVID-19 challenge globally has demonstrated the exceptional talent, resourcefulness and team spirit across the Group. I believe that Alpha has the best consulting team in the industry, which will continue to position the Group well and allow us to achieve our strategic objectives.

Strategic Report

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The power of
our people to
grow the
business





Strategic Report

At a Glance: creating a global growth model

North America

65+ Consultants

New York (2009)
Boston (2015)
Toronto (2019)

UK

215+ Consultants

London (2003)
Edinburgh (2016)

Europe

135 Consultants

Luxembourg (2008)
Paris (2010)
Amsterdam (2015)
Geneva (2017)
Zurich (2019)
Copenhagen (2019)

Asia

15+ Consultants

Singapore (2017)



Our story so far...

First we:

- Became known to our clients for the high quality of our team;
- Focussed on outsourcing, operational change and M&A integration, with emerging distribution and front office capabilities.

Then we:

- Capitalised on our reputation for market-leading consulting advice;
- Continued to develop consulting solutions across the asset and wealth management chain.

We have:

- Established our global capability and reputation for delivering some of the most challenging and complex projects in the industry.

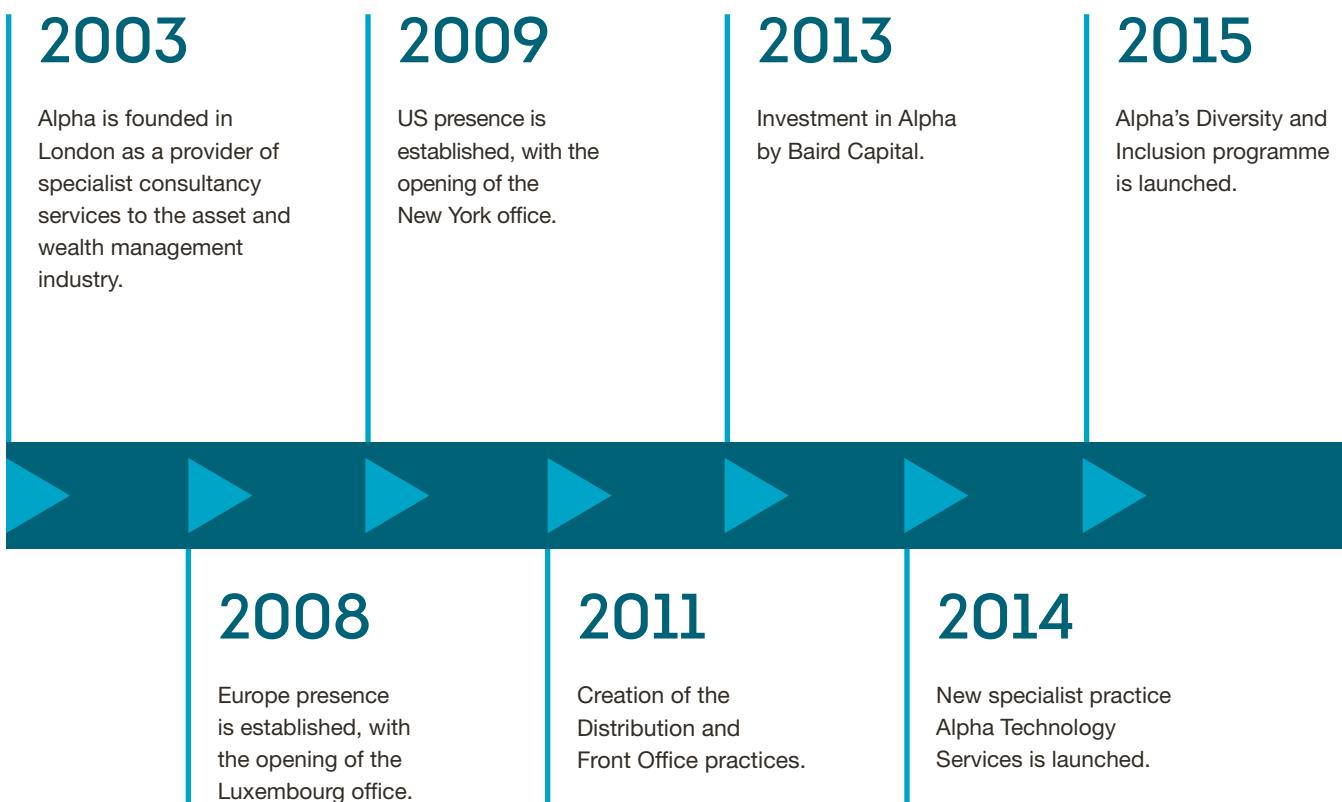
Now we will:

- Continue to build scale both globally and across a range of domestic markets by growing and differentiating the service offering;
- Pursue our objective to be recognised as the leading global asset and wealth management consultancy.



Strategic Report

At a Glance continued



Alpha has been selected as Management Consultancy of the Year in the *Journal of Investments & Pensions* Asia Asset Management Best of the Best awards in 2020



2016

Investment in Alpha by Dunedin, with Baird Capital exiting in full. Alpha has c. 200 consultants across six offices.

Creation of the Investment Guidelines and Regulatory Compliance practices.

2018

Creation of the FinTech & Innovation practice.

2020

Alpha continues to grow, reporting the most successful financial year to date, with Group revenues of £90.9m.

2017

Asia presence is established, with the opening of the Singapore office.

Creation of the Digital practice. Acquisition of TrackTwo; new specialist practice Alpha Data Solutions is launched.

Successful AIM admission with a market capitalisation of £160m. Alpha has 240 consultants across nine offices.

2019

Creation of the ETF & Indexing practice.

Successful acquisition of Axxsys, including a Toronto office and extending presence into North America.

Creation of the Pension & Retail Investments practice.

Successful acquisition of Obsidian, expanding the Alpha Data Solutions proposition.

Alpha has been selected #1 Consulting Firm in France by *Décideurs Magazine* 2020 in both the categories of “asset management” and “wealth management”

 **DÉCIDEURS**
MAGAZINE



Strategic Report

Market Overview

Alpha helps its clients in the asset and wealth management industry to transform their business models, implement change and respond to an ever-changing market and regulatory landscape.

Market Context

Alpha is a leading global consultancy to the asset and wealth management industry. The industry is made up of a large number of organisations including the asset and wealth managers themselves, but also platforms, intermediaries and service providers that provide support and vital infrastructure as part of a dynamic marketplace.

Alpha works with all types of organisations within the industry, and its clients are of all shapes, sizes and levels of maturity. They range from the largest multinational asset managers to small boutique hedge funds and wealth managers.

Alpha has expertise and supports clients across the whole asset and wealth management value chain, apart from advising on investment decisions. Its experience, which it organises through 13 business practices, extends across the consulting lifecycle from strategy, to the operating model and process design, to vendor selection, to change delivery and support.

COVID-19

COVID-19 poses a risk to the asset and wealth management industry at large. Although the consequences of the pandemic are uncertain in the medium and even long term, short-term disruption to the industry, the markets and the workforce is already in evidence. Alpha and its clients have moved to remote working in order to comply with government regulations and safeguard the health and wellbeing of their people. Alpha has been able to respond quickly and effectively to ensure that it is operationally fit and able to service its clients' needs. Further details on how Alpha has achieved this can be found in the "response to COVID-19" section of the Role in Society report.

At the end of FY 20, it is impossible to predict the duration and scale of impact that the COVID-19 pandemic will have on the industry and, therefore, on demand for the Group's services. Historically, however, the asset and wealth management industry has remained resilient during market downturns and may also do so during this one, although it is sensible to expect that many organisations will need to adjust their core business in the short term, while innovating and evolving in the medium to long term¹³. The Group also believes that its highly regarded, diversified service proposition is well positioned to navigate through an expected period of market turbulence and uncertainty. The overall structural drivers of increasing cost pressures, regulatory change and increases in assets under management within the industry will also remain.

¹³ BCG, "Global Asset Management 2020: Protect, Adapt and Innovate" (May 2020)



Structural Drivers

Irrespective of the COVID-19 conditions, the asset and wealth management industry is going through significant structural change, and several high-level themes are driving innovation and transformation: increasing cost pressure and regulatory change, alongside a growth in assets under management. Holistically, the industry remains resilient¹⁴ and adept at growing in line with these structural drivers, but challenges still exist, which Alpha is well placed to identify and support.

These challenges include the need to protect margins, increase operating efficiency and address the changing needs and expectations of customers. Furthermore, there is a constant backdrop of regulatory change and unfolding political and macro-economic events. Asset managers are acting on this complex mix by increasing efficiencies and addressing the changing needs of customers by adapting their profiles, for example through the diversification of asset classes and products, such as multi-asset products, liability-driven solutions, ESG and alternatives¹⁵. The Group's consulting model has allowed it to engage with clients to help them understand and meet these challenges, through profitability benchmarking analysis, automation, enhanced operating models or processes, product innovation, improved sales and marketing effectiveness, and overall strategy reviews.



Strong revenue growth delivered over multiple years.



381 clients assisted including asset managers, wealth managers and platform providers.



436 fee-generating consultants operating globally.

¹⁴ Moody's, "Asset Management – Global: 2020 Outlook" (December 2019)

¹⁵ Alpha Outlook 2020, "Profitability: Rising to the top of the agenda" (January 2020)

Strategic Report

Market Overview continued

Alpha is also seeing clients prepare for a significant transfer and growth of wealth from the “baby boomer” generation to its heirs. Over \$15tn is expected to transition over the next decade¹⁶ and asset and wealth managers are preparing for how best to manage this. It is driving significant operating model changes including front-to-back digitisation, enhanced distribution models, and a greater focus on technology and data. Alpha’s subject matter experts in wealth, distribution and digital are at the forefront in their knowledge and perspective; and are helping clients through this period of significant change.

This year, the Group has continued to develop its propositions to meet the changing demands of its clients and to help them meet the unique challenge to both adapt to the structural drivers and to differentiate within the industry. Alpha’s highly qualified consultants are doing this in a variety of ways, from designing effective ESG processes and approaches, to redeveloping end-to-end customer journeys that meet changing demographic needs, such as for the aforementioned new inheritors of wealth.

In this market context, firms are also likely to continue to look for M&A opportunities¹⁷ to strengthen their businesses by acquiring new capabilities and products as well as growing existing ones. Strategic M&A can help managers to launch or strengthen their offerings in specific asset classes or geographies, build scale and improve margins, or add new specialisms such as data science. Alpha has a strong track record of supporting its clients in pre-M&A due diligence and business case development, as well as in post-M&A integration planning and implementation. Alpha’s teams have a deep and proven record of interpreting clients’ needs and recommending the most effective strategies, operating models and technology solutions using experience, expertise and knowledge of vendors and partners in the marketplace.

Geographic Demand

The structural drivers of change and macro factors are applicable across all markets and, therefore, Alpha sees similar demand for its services across all of the regions in which it operates, albeit with some local nuances. Regulatory regimes are different in each jurisdiction and geopolitical factors may also have separate impacts in different regions.

Alpha’s global network of offices and teams ensures that its consultants align to the same brand of delivery excellence everywhere while, at the same time, being able to respond to local demand and provide specialist local knowledge. For example, the Group has seen significant growth and potential in Asia and recognises that, by 2025, Asia AUM¹⁸ is expected to double to \$29.6tn¹⁹, outpacing any other region globally. This expected outperformance is underpinned by longer term trends including high-growth economies, rising wages and favourable demographics. Consequently, Alpha continues to focus on Asia, principally through the Group’s Singapore office, while investigating potential new office locations in this large region.

Alpha continues to invest in all 12 client offices from which it operates, in London, Edinburgh, Luxembourg, Paris, Geneva, Zurich, Amsterdam, New York, Boston, Singapore, Toronto and Copenhagen, in addition to its new development capability in Belgrade from the Obsidian acquisition. These offices are part of the Group’s strategic growth story; they enable Alpha to initiate delivery relationships with clients across the globe as well as to support multinational clients on strategic engagements globally. The Group looks forward to future long-term expansion, repeating the growth blueprint that has worked so successfully in the US and across multiple other regions.

As the Group continues to expand, there will be opportunities to strengthen regional presences and open new offices. However, the Group maintains that opening new offices is always conditional upon identifying the right people with the right blend of experience and expertise, and the ability to maintain and represent Alpha’s culture, talent and strong corporate values.

¹⁶ Penta, “The Wealthy Will Transfer \$15.4 Trillion by 2030” (June 2019)

¹⁷ Deloitte, “2020 Investment Management Outlook” (January 2020)

¹⁸ “AUM” refers to assets under management

¹⁹ PwC, “Asset & Wealth Management 2025: The Asian Awakening” (April 2019)

Competitive Environment

Alpha is a provider of consultancy and complementary services and, therefore, has a range of competitors in the market. These include professional services companies, specialist global consulting firms and local consulting boutiques.

As asset management continues to outperform other industries within financial services²⁰, there is an increased focus and interest in the asset and wealth management space from professional services firms, for example, the “Big 6”²¹. However, Alpha remains in a very strong position to compete through its highly focussed proposition to the asset and wealth management industry, a global reputation amongst clients for consistently delivering to the highest standards, as well as differentiating intellectual property, data analytics solutions and benchmarking information. Through acquisitions, the establishment of new practices and new specialist hires, Alpha has also demonstrated a proven ability to understand the structural drivers in the market, to innovate and develop the service offering accordingly.

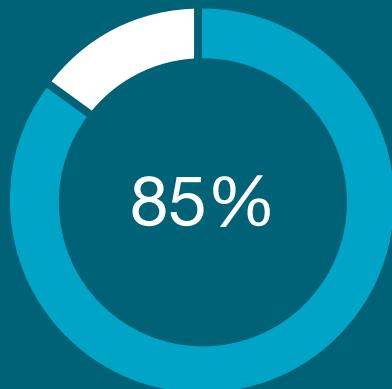
Collectively, this compounds Alpha’s reputation within the industry, ensures its strong position when compared to competitors, and enables the creation of long-term relationships that produce cross-sell and repeat business opportunities. Meanwhile, Alpha’s recognised brand in the marketplace and reputation for a meritocratic working culture allow the Group to attract the best talent, including consultants both at the start and mid-way through their careers, as well as at director level.

Addressable Market

Alpha engages with clients across the asset and wealth value chain, from small managers with a few hundred million dollars in assets under management to large multinationals with trillions of dollars under management. According to a recent study by PwC, the asset and wealth management industry continues to grow, controlling an estimated \$100tn in assets worldwide in 2019²², and AUM is expected to increase to an estimated \$145.4tn by 2025²³. Although the impact of COVID-19 on this outlook is yet to be quantified, the industry’s fundamentals remain strong and indicative of further growth over the long term.



Offices in 12 major financial centres:
London, Edinburgh, Boston, New York,
Amsterdam, Luxembourg, Paris,
Geneva, Zurich, Singapore, Toronto
and Copenhagen.



Of the 20 largest
global asset managers
by AUM, and 74% of the top 50.

²⁰ McKinsey, “Beyond the Rubicon: Asset Management in an era of unrelenting change” (November 2019)

²¹ “Big 6” comprises PwC, KPMG, Deloitte, EY, Accenture and IBM

²² PwC, “Asset and Wealth Management Revolution: Investor perspectives” (November 2019)

²³ Funds Europe, “AUM Growth to 2025 Strong not Stellar” (February 2019)

Strategic Report

Market Overview continued

Alpha's addressable market extends beyond traditional asset and wealth managers to the vendors and platforms that support them, to specific asset owners and boutique alternatives, such as private assets, real assets and hedge funds. The Group recognises that there are opportunities to further expand its addressable market into other parts of the financial services sector that it does not currently service, where Alpha could utilise its existing expertise and connections to develop a market-leading proposition. Alpha has progressed a roadmap to extend its services into insurance during the financial year through the set-up of the Pensions & Retail Investments practice, making key hires to develop the proposition in this natural adjacency.

Each of Alpha's clients has a range of priorities, responses and plans to address the structural, geographical and macro drivers impacting the asset and wealth management industry. Alpha's deep expertise within the asset and wealth management industry, wide geographic footprint and deep understanding of the drivers of change allow it to predict and meet client demand. Through its understanding of these drivers, Alpha can support its clients through all stages of their complex change programmes as they try to grasp and adapt to the evolving marketplace. Alpha has always invested in its people, practices and capabilities, and will continue to do so to ensure that it can meet the changing needs of its clients and the wider market while, at the same time, providing the best level of service and expertise.



Experiences

Tim Cheah

Manager, Singapore

I joined the Alpha Singapore team in July 2018 after some years in corporate banking. The catalyst had been a matter of pure chance – I had bumped into a contact (now a colleague) in the lobby of a building where I had arrived in advance of a meeting. Later that day, we caught up over coffees, and that was how I got to know about Alpha.

If I were pressed to identify a single aspect, the most valuable experience of my time at Alpha has been the wide exposure of client engagements that I've enjoyed. From investment compliance, to regulatory reporting, to data infrastructure, every project has been intellectually stimulating and has provided an ideal platform to upgrade my content knowledge and hone my client-facing and project management skills. But what has given me the confidence to perform these roles has been the powerful support of my colleagues, who make Alpha such a compelling organisation to work for.

While still unborn historians will have the last word, 2020 will likely leave deep scars in economies and societies across the globe. As a global business, Alpha has truly been put to the test. The resilience of the organisation, the forethought of leadership, and perhaps above all, our commitment to the values we preach, have been hugely impressive to witness. I am excited to do my small part in taking our Asian business to the next level.



**“The powerful support
of my colleagues makes
Alpha such a compelling
organisation to work for.”**

Alpha employee

Strategic Report

Business Model

The Group's business model aims to deliver great outcomes for clients and sustainable long-term growth for shareholders by providing consulting and complementary technology and data solutions across the investment management value chain.

Highlights for FY 20

- Successful Axxsys integration, strengthening the technology consulting offering;
- Successful Obsidian integration, diversifying the ADS product;
- Strong performance of the US business, creating a significant opportunity for further growth and geographic expansion within North America;
- Launch of the Pensions & Retail Investments practice as part of roadmap to move into insurance adjacency; and
- Addition of offices in Canada and Denmark.

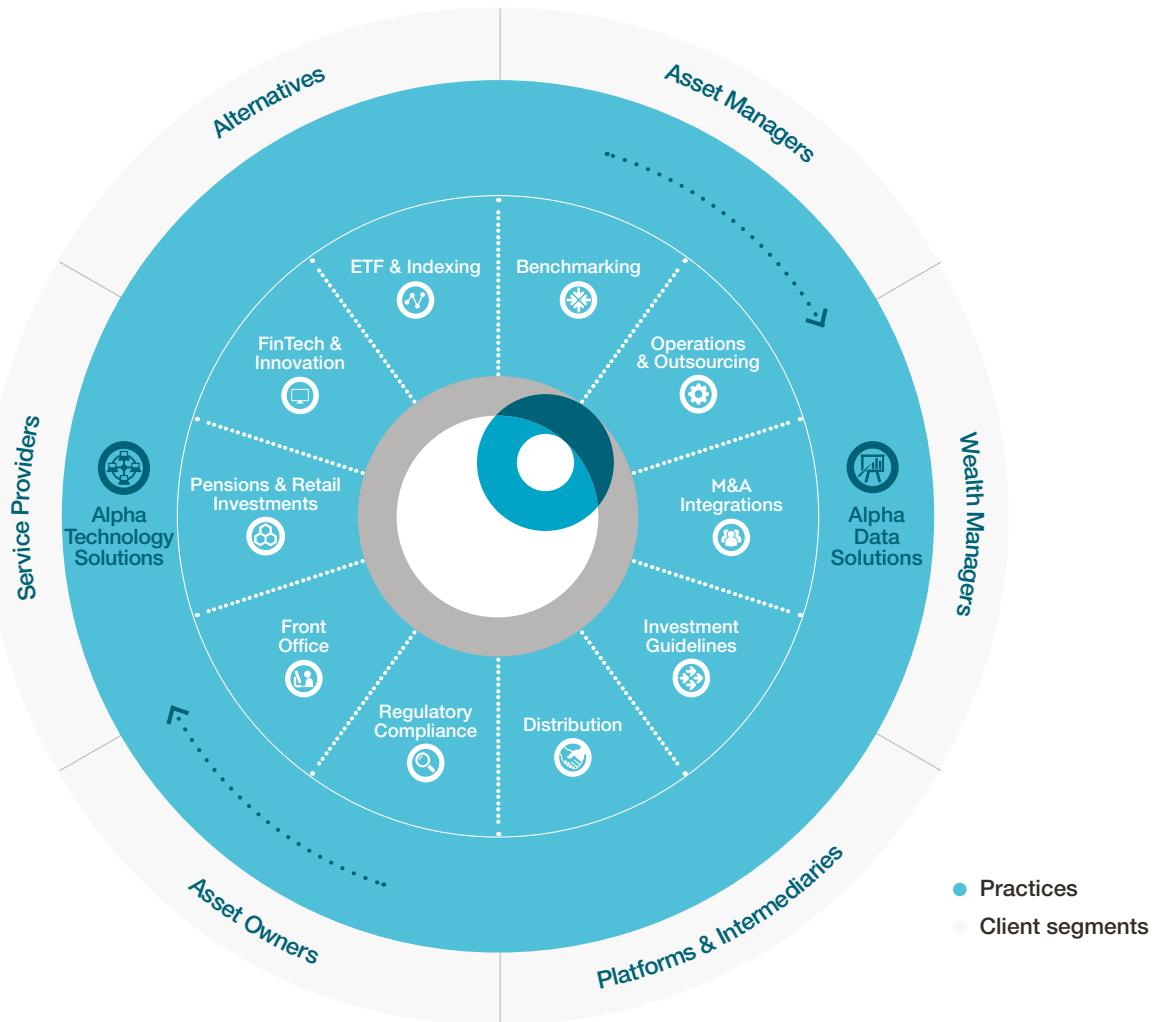
Client Focus

Alpha aims to be the leading global consultancy in the asset and wealth management industry, with an unrelenting focus on industry expertise and delivery excellence for its clients. In order to fulfil this aim, the Alpha business model puts its clients' needs front and centre of everything that the Group does.

The business model is designed to be as flexible as possible and necessary to service clients, prioritising an ability to reach client entities in a multitude of geographic locations, growing subject matter expertise and deepening experience in the end-to-end asset and wealth management value chain. The Group's range of business practices, through which its knowledge and client propositions are organised, are managed to support all the various teams and departments that operate within client organisations. To this end, during the year, Alpha has further diversified its business model both geographically, by adding Denmark and Canada to its office locations, and through its proposition, in the creation of the P&RI practice, and the maturity of ADS.

Acquisitions that the Group has undertaken during the year align to this client-centric view. The acquisition of Obsidian allowed the Group to expand the ADS proposition, in turn providing the market with a more comprehensive and richer suite of data and business intelligence products. The acquisition of Axxsys enables the Group to target and address a strong demand for investment management technology implementations and advisory support.





Alpha's Strategy in Action

Organic Growth

Alpha's strategy focusses on organic growth through expansion into new geographies, broadening its service offering and building the client base.

1

Expand the existing business practices.

2

Roll out the practice model globally.

3

Make selective acquisitions.

Inorganic Growth

Acquisitions can support organic growth in adding new services and expertise that the Group can take to clients.

Strategic Report

Business Model continued

Acquisitions

Alpha's stated objective is to generate growth both organically and through acquisitions. Working in and knowing the industry helps the Group to identify optimal acquisition targets, and it has been able to develop a timely and efficient integration process. Acquisition targets are represented by companies with highly complementary products and services, who are also at a point in their lifecycle that provides exceptional value for Alpha shareholders as well as a potential for significant further growth. Both of Alpha's acquisitions this year have demonstrated these characteristics.

In June 2019, the Group acquired Axxsys, a specialist business and technology consultancy for the asset and wealth management industry, with renowned expertise, particularly in the implementation and optimisation of the SimCorp Dimension investment platform. The acquisition brought significant benefits to the Alpha Group:

- A proven, technology-focussed skillset that enhances the Group's consulting offering to clients and enables access to previously unavailable change budgets;
- A team of 30+ technical consultants whose skills are highly complementary to the existing Alpha Technology Services ("ATS") proposition for delivering leading-edge technology solutions;
- A complementary geographic footprint, with offices in strategic locations for Alpha: North America (Toronto) and continental Europe (Copenhagen);
- Good revenue visibility from a strong client base with a range of long-term projects, as well as a healthy pipeline of work across SimCorp Dimension and other key investment platforms; and
- Excellent cross-selling opportunity, bringing new clients to the distribution model.

The integration of Axxsys was completed on schedule at the end of the third quarter of FY 20. Axxsys has performed extremely well since the acquisition, leveraging synergies with Alpha's client base to continue to expand the business and contributing £7.1m in revenues in the financial year.

In November 2019, the Group acquired Obsidian, a specialist software solutions business for the investment management industry. Obsidian offers advanced data analytics, visualisation and technology solutions to complement the Group's ADS product offering. By the time of the acquisition, Alpha had already partnered with Obsidian to sell jointly a combined product solution to a major Alpha client, hence proving the solution and client demand, and materially de-risking the transaction. In addition to a leading cloud-based product suite, the acquisition has brought the Group:

- 21 new clients with an existing Obsidian products licence, providing a new recurring revenue stream;
- A strong hedge funds offering, enabling the Group to target additional clients;
- An offshore technology development centre in Belgrade; and
- A team of 10 highly skilled development specialists.

The integration programme to align product code bases, improve security and integrate support functions has largely been completed as at the end of the financial year. Together, Alpha and Obsidian have an enhanced suite of data and technology solutions that will form the basis of a recurring licence revenue stream.



The Group continues to explore acquisition possibilities and maintain a pipeline of further targets, which are carefully evaluated to ensure business alignment and the opportunity for strategic progress. Acquisitions will most likely be in niche product businesses within the ADS practice, or smaller consultancies that offer additional expertise or the potential to develop the Group's geographic reach. The Group will selectively proceed with those that provide the greatest value through the addition of new expertise, products, services and people to serve more fully the needs of clients and to open up new client opportunities.

Services and Expertise

Alpha has 13 business practices, which allow it to organise its skills, expertise, data, subject matter knowledge and intellectual property according to a client recognised topic. Each practice is led by senior directors who are responsible for practice coordination, development of the practice proposition, and the overall direction and strategy of each practice. This practice model is also supported by a strong collaborative culture, technology and operational infrastructure that allow the various business practices to share knowledge, insights and best practice seamlessly. The extensive range of knowledge of the Alpha team allows the Group to be able to meet any demands that its clients may have and allows Alpha's consultants to provide the best quality of service regardless of the topic, location or role in the industry that the client performs.

As the markets change, the Group continues to extend its capabilities to best cater to clients' evolving profiles and needs. The Group considers the launch of new practices where there is client-led demand while, at the same time, pursuing growth in the existing practice areas. During the period, several of the Group's more nascent practices matured further, such as Regulatory Compliance, Digital and ADS, while there were a number of key client wins for the ETF & Indexing practice, which was launched in the second half of FY 19.

In this period, the Group launched its P&RI practice, which was in line with the Group's objective to diversify its proposition, as well as forming the first step in a wider strategy to duplicate Alpha's success in adjacent areas of the financial services sector. It offers the Group's clients focussed expertise in the life and pensions space, allied to Alpha's deep understanding and experience of managing complex delivery challenges. The new practice addresses the growing demand for consulting support from clients in this area across such topics as market participation strategy, distribution transformation, platform implementations, cost reduction, regulation and client experience; and demonstrates Alpha's ability to respond to new opportunities arising in the rapidly changing investment management landscape.

Talented People

To deliver a market-leading service to its clients and meet its growth strategy and objectives, the Group seeks to ensure that the high-performing team remains financially, operationally and culturally incentivised to provide the best possible service. Further details of the Group's engagement and incentivisation approaches can be found in the "looking after our people" section of the Role in Society report.

During FY 19, the Group launched the "Innovation at Alpha" platform to engage its employees more formally in the development of new product, services and business line idea formation. The platform allows Alpha's team of consultants to use their expertise and insights gained from working in the industry to provide innovative ideas directly to the senior management team, which then go through a thorough consideration and analysis framework before, if appropriate, approval and development. In the last financial year, 30 ideas were submitted globally, of which a third were taken forward for assessment and a number of those are currently being developed further. Ideas included new products, tools or services, and successful ideas were rewarded in different ways including vouchers and recognition at company events.

Alpha in Society

Alpha believes that its role in society is critically important to all areas of the business and business model. It is a topic that its employees and leadership teams are passionate about; and one that presents a significant part of its ability to maintain a high-performing, sustainable culture.

Alpha also sees that its corporate social responsibility ("CSR") and ESG credentials are important to a growing number of clients, investors and shareholders. This year, Alpha has further focussed on ensuring it is one of the best places to work for its people, developing more its diversity and inclusion ("D&I") initiatives; considering the role it plays in the environment and community, such as becoming carbon neutral in the UK; and considering the role it plays in society at large, for example in its expanding charity of the year work.

Alpha has also worked on aligning its D&I, CSR and ESG initiatives globally to provide further clarity and purpose. Further details on the role that Alpha plays in society can be found in the Role in Society disclosure of the Annual Report.



Strategic Report

Business Model continued

Sustainability Focus

Building a sustainable, long-term business model is important for the Group, its employees, its client stakeholders and investors. As such, the Group perceives that having a comprehensive understanding of the potentially material non-financial factors that affect the business is crucial to mitigating risks, taking advantage of opportunities and ensuring that the business model is effective for long-term returns. During the year, Alpha has begun to formalise its approach and has linked its ESG credentials directly to the Sustainability Accounting Standards Board ("SASB") framework. The SASB framework applies an

industry-level materiality matrix to recognise environmental and social impacts arising from the production of goods and service; and provides a framework that guides a minimum level of disclosure based on long-term ESG factors.

As a "professional and commercial services" organisation within the SASB framework, the identified material factors that impact the Group concern data security; workforce diversity and engagement; and professional integrity. These ESG topics are reviewed along with specific metrics in the following sections of the Annual Report:

Topic	Summary Approach	For More Information
Data Security	Maintaining strong, robust and secure operations around data is central to effectively supporting and retaining the trust of the Group's clients, colleagues and wider stakeholders. Alpha follows comprehensive information security and data privacy strategies and continuously monitors data security as a principal risk.	SASB metrics (including data security policy): pp 167-69 Risk management: pp 40-42
Workforce Diversity & Engagement	The success of the Alpha business is based on the delivery of high-quality consulting projects and solutions to clients, which, itself relies upon having a highly engaged and motivated workforce. Alpha recognises the importance of an engaged, motivated and diverse team of employees and, as such, has in place several initiatives that seek to maintain an inclusive culture, recognise achievement and support all employees.	SASB metrics: pp 167-69 Looking after our people: pp 52-57
Professional Integrity	Acting and being seen to act with the highest standards of professional integrity is critical to developing and maintaining a trusted partner status with clients. Working with professional integrity is a core value at Alpha, which is monitored through local governance forums and the client delivery oversight framework. The CSR initiatives of the Group further uphold this commitment to acting with transparency, honesty and personal integrity within society.	SASB metrics: pp 167-69 Community & corporate social responsibility: pp 60-67

"I've never heard a consultancy partner spoken about more positively across such a broad variety of business partners than Alpha, and that includes our strategy and Big 4 consultants."

Alpha also understands that reporting its impact on the environment is important to its investors as they consider systemic risks that may affect their portfolios. Alpha remains committed to minimising its impact on the environment and has increased its focus this year on iterating, improving and meeting its environmental obligations. There are multiple policies in place to ensure an environmentally friendly place of work but, more widely, the Group is currently on the journey of reducing its global carbon footprint and has made formal steps in the UK (the Group's largest jurisdiction) during the year to achieve that aim. Further details and key metrics can be found in the "environment" section of the Role in Society report. This is the first year that Alpha is providing a formal ESG and environment disclosure, and it will continue to iterate and improve this process in future years.

The Group operates a robust and effective governance and risk management framework to ensure that it manages risk, adds value to the business and brings long-term benefits to the Group's shareholders. Ensuring long-term, sustainable growth is a key part of the Group's strategy and business model. More information can be found on the Group's objectives and approach around this topic in the "risk management" section of the Strategic Report and in the Corporate Governance report.

Generating Value

Alpha provides a market-leading proposition for solving problems for its clients through a diverse offering, expert knowledge and relevant experience. The Group also uses its position as a leading consultancy to help advise, inform and provide insight for the asset and wealth management industry at large.

Due to the excellent work that Alpha's employees deliver for clients, it continues to see high levels of client retention, which produces repeat client sales year on year as well as cross-sale opportunities across different business practices. To sustain this, Alpha puts a strong emphasis on managing its client relationships; and there is clear individual responsibility on every client engagement with a senior member of the Alpha team. This framework ensures both an effective means for maintaining business relationships on a day-to-day basis and the ability to clearly report to the executive team, represented by the Global Management Board, and, where appropriate, the Board of Directors on how those relationships are performing. The Group has been successful in adding organically a further 30 clients during the year, as well as gaining several new clients from its acquisitions of Obsidian and Axxsys.

In order to fulfil its advisory role and maintain a reputation of being able to deliver the best and most accurate insights, Alpha works hard to understand and maintain relationships with vendors, industry bodies, regulatory authorities and its competitors in the marketplace. In addition, this knowledge and these relationships continue to facilitate decision making within the senior management team and at Board level about the Group's business activities and growth plans.

The Board recognises the need to have a flexible service offering to meet the ever-changing needs of the Group's clients and with an aim to exceed the proposition being presented by its competitors. As part of the business model, the Group works with and has experience of producing high-quality deliverables for clients across the industry, including asset managers, wealth managers, alternatives managers, platforms, intermediaries, service providers and asset owners. This enables the business model to be continually reviewed and enhanced to ensure that it still offers a differentiated service proposition, the highest level of delivery quality and the ability to generate value for the Group's stakeholders over the long term.

Alpha remains confident that, in serving the asset and wealth management industry and its stakeholders with an exceptional proposition and level of service, it is ensuring the ongoing success of the business. This, in turn, supports the ability of the Group to provide long-term returns for its shareholders. The Group will continue to develop its offering by broadening the range of services that it provides, the types of clients that it can support, and the geographies from which it operates.



Strategic Report

Business Model continued

Key Strengths

The key attributes that enable Alpha to provide a strong and sustainable business model are:

- Providing a highly focussed industry proposition for the asset and wealth management industry;
- A proven ability to identify talent and invest in the very best consultants in the market;
- A unique culture that supports and rewards high levels of performance, collaboration and integrity;
- An integrated service offering and seamless global reach;
- Continual development of capability and range of services to both anticipate and meet client requirements;
- A focus on putting clients first and establishing long-term relationships;
- An emphasis on providing the highest quality of service to clients and, where possible, exceeding their expectations; and
- An ability to leverage best practice, differentiating intellectual property and data, state-of-the-art technology options and invaluable market knowledge developed over more than 16 years.

Experiences

Shona McCluskey Manager, UK

I joined Alpha at the end of January 2020, excited by the prospect of being part of a small team building the new Pensions & Retail Investments ("P&RI") practice. I started my first P&RI client engagement remotely during the COVID-19 lockdown and I am proud to be part of an organisation that cares so much about their employees during challenging times. From remote working wellbeing initiatives to home team workout challenges and even remote social coffee clubs, everyone at Alpha has contributed all around the world. This has ensured that we are all fully supported to continue to deliver top quality work for our clients whilst protecting our mental health, proving the strength of the Alpha culture despite the external challenges.

I have enjoyed working with such a high calibre and supportive team, allowing us to successfully build Alpha's presence in a new market. It has also been refreshing to have the creative freedom to shape meaningful internal initiatives where I can see tangible results for the business. For example, I have been working on a global HR innovation project and a piece of collaborative primary research between the benchmarking and P&RI team on platform orphan clients.

The people at Alpha make it such a motivating and fun place to work and I am looking forward to building the P&RI team further and developing my skills in such a dynamic environment.



Experiences

Julia Sinclair

ADS Product Manager, UK

I have been at Alpha since July 2019, working as a product owner within ADS for the 360 SalesVista and distribution data cloud product suites. Life at ADS is fast paced, as you would expect from an early life practice! My role extends from the traditional product owner responsibilities of representing the customer within an agile team, to working with our existing and potential clients to design and develop new product offerings for the financial services industry.

During my time with ADS, I have overseen a revamp of our core 360 SalesVista offering, gathering client feedback and upgrading the functionality and usability of our system to bring more value to our end users. My interest has always been in building products that matter, and I have gravitated towards this in my role at ADS. I enjoy taking ownership of our client engagement agenda and creating multiple opportunities for our teams to work with real end-users, helping us to stay focussed on the real-life problems we are solving with our product set.

Working with talented people across the globe has been eye opening and I have been fortunate to collaborate with extremely hard-working and skilled teammates. I feel lucky to work with others who strive to provide only the best to our clients and look forward to what we will achieve in the future.



Strategic Report

Strategy

The Group's strategic objective is to be recognised as the leading global asset and wealth management consultancy. Alpha will accomplish this by growing and diversifying its market-leading proposition both organically and inorganically.

Alpha continues to build on its previous successes by growing and expanding the business, leveraging a market-leading proposition, an understanding of trends in the industry and the high calibre of its people. Alpha's strong business model and long-term growth strategy mean it is well positioned to navigate the current uncertainty presented by COVID-19. The Directors are confident that the Group remains well placed to continue to meet its strategic objective to become the leading consultancy to the asset and wealth management value chain globally.

The Group continues to focus on maintaining its client-led organic expansion. This is done through extension of the business model into new jurisdictions; creating excellent client relationships to improve retention rates and generate repeat business; and the broadening and deepening of existing services, practices and propositions. Organic growth remains a key component of Alpha's strategy and has been central to Alpha's growth historically.

Acquisitions of other market-leading propositions are a core part of the Group's strategy, whereby the Group will selectively consider opportunities to enhance value, broaden expertise and complement the existing set of services and products. Through its own experience, and from working with many clients in the M&A space, the Group is confident that it has a good blueprint for successful acquisitions and integrations.

Moving into additional parts of the asset and wealth management value chain also represents a key focus for the Directors and management team of the Group, including expanding into the insurance market. The Group has made cautious steps into expanding in this area through the introduction of the P&RI practice and looks forward to developing a market-leading reputation to service existing and new clients in those segments. Through the Group's effective growth and diversification strategy, the Directors are confident that Alpha will remain successful in the long run.

The Group continues to develop its overall strategy in three key ways:

1. Expand the existing business practices

Alpha serves clients in multiple countries through its successfully deployed practice model. The Directors have identified that there is substantial scope to grow the Group's share within these markets by extending the services that are delivered to existing clients, or by serving new clients, through the addition of business practices. The Group will continue to evaluate market demand for new products and services; and respond to it by deepening the proposition and expanding the number of practices. To achieve this, the Group will invest in its talented people, the service offering and the practice structure, through a combination of internal promotions and external senior hires.



2. Roll out the business practices globally

The Group currently provides services to its clients from 12 global offices in the UK, North America, Europe and Asia. The strategy is to extend and strengthen its service proposition globally by deploying the existing practices consistently across all regions. This will be achieved by introducing and developing those specialist practices in each of the Group's jurisdictions. The Directors believe that the building out of the Group's proven practice model across North America, Europe and, ultimately, Asia will help to meet evolving client demand and drive future growth globally.

3. Make selective acquisitions

The Group recognises that it can strengthen the service offering and, therefore, add value through strategic acquisitions. The Group operates a selective and disciplined approach to acquisition, considering opportunities of consulting businesses, technology and data products, and intellectual property that support and complement organic growth. Alpha believes it is well placed to identify technology and data led acquisitions that would benefit its clients' operations and, in turn, generate growth for the Group. A broader range of knowledge and capabilities can also increase cross-sell potential, as well as create additional addressable areas of the market. The Directors are confident that Alpha's industry proposition and strong culture offer a compelling platform for the owners of any such target complementary firms.



Strategic Report

Section 172 Statement and Stakeholder Engagement

Section 172 Statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

The Directors remain committed to engaging with all of the Group's stakeholders and considering their interests when making any strategic decisions.

Engagement with Key Stakeholders

The Board considers its key stakeholders to be its employees, its shareholders, its clients and the communities in which the Group operates. The Board also recognises other stakeholder groups including vendors and suppliers, industry bodies and competitors with whom Alpha works or associates in the marketplace. The Board understands that engaging with these stakeholders strengthens the Group's business relationships and facilitates its decision making at an executive level, which is very important for Alpha's long-term success.



Stakeholder Group	Stakeholder Key Interests	Form of Engagement	Further Details
Employees Attracting, retaining and developing the very best people in the industry is integral to the Group's culture and ongoing success. The Group is committed to providing a highly rewarding place to work, and to maintaining a unique and inclusive culture that places people at the heart of the business. To achieve this, there is a strong emphasis on interaction, open communication and the exchange of proactive insights from the employee base. Employee feedback has always been a significant component of that picture.	<ul style="list-style-type: none"> • Career development • Reward • Training and development • Morale and motivation • Engagement • Reputation • Wellbeing • Health and safety 	<ul style="list-style-type: none"> • Professional qualification training opportunities • Mentoring • Global employee feedback framework • Leadership communications • Monthly company meetings • Recognition and reward 	Role in Society: pp 52-69 Looking after our people: pp 52-57 Community & corporate social responsibility: pp 60-67
Shareholders The Group places a strong emphasis on maintaining effective engagement with its shareholders, which it considers to be integral to longer-term growth and success. The Board is committed to providing good, consistent and open engagement with shareholders.	<ul style="list-style-type: none"> • Financial performance • Governance and transparency • Operating and financial information • Confidence and trust in the Group's Directors • Dividends 	<ul style="list-style-type: none"> • Investor conferences/roadshows • Dedicated investor section on the website • Shareholder consultations • Annual Report • Interim and preliminary results announcements • Annual General Meeting • One-to-one meetings 	Corporate Governance: pp 72-106 SASB (ESG) disclosure: pp 167-69 Risk management: pp 40-42 Financial statements: pp 115-66



Strategic Report

Section 172 continued

Stakeholder Group	Stakeholder Key Interests	Form of Engagement	Further Details
Clients Alpha's successful business model is built upon keeping clients' needs at the core of its proposition, which includes the Group's geographic network, the services it offers and the types of project that it delivers. Central to Alpha's growth strategy is continuous investment in people, locations and knowledge to help all clients address their challenges and best capitalise on opportunities. The Group holds a very strong emphasis on developing and sustaining long-term client relationships.	<ul style="list-style-type: none"> • Focussed, relevant industry proposition • Emphasis on client satisfaction • Delivery excellence standards • Integrated service offering • Accuracy and reliability of knowledge, advice and insights • Subject matter expertise • Continuous development of products and services 	<ul style="list-style-type: none"> • Senior-level client relationship management • Continuous client satisfaction monitoring • Regional Chief Executive Officer responsibility for monitoring client demand • Industry roundtable discussions • Provision of market and industry insights • Dialogue with vendors, regulators and industry bodies 	Business model: pp 24-30 Strategy: pp 32-33
Communities Alpha is committed to building positive relationships with the communities and environment in which it operates. This includes supporting communities and organisations local and relevant to the Group's operations; and considering how to maximise the benefits and minimise the downsides of its environmental and social impacts.	<ul style="list-style-type: none"> • Effective engagement with local communities • Working closely with charities and other organisations • Building awareness around diversity, inclusion and CSR issues • Ensuring effective action on the environment and climate change • Pursuing a positive impact on local and global environments 	<ul style="list-style-type: none"> • Modern slavery statement • Charity of the Year programme work • D&I teams and initiatives • CSR schemes • Work on climate change and carbon offsetting • SASB ESG reporting 	Role in Society: pp 52-69 Community & corporate social responsibility: pp 60-67 Charity of the year: pp 65-66 Environment: pp 68-69 SASB (ESG) disclosure: pp 167-69

Further details of the Group's engagement with stakeholders can be found throughout this Annual Report, in particular in the Strategic Report, Role in Society and Corporate Governance disclosures. The Annual Report's various quotes and "experiences" from employees and clients also provide tangible examples of engagement by the Group with its stakeholders, which ensures that their interests can form a key part of the decision-making process.

Key Board Decisions during the Year

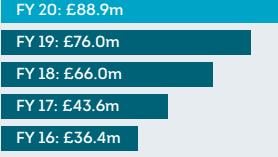
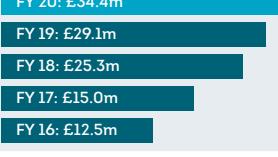
The Board considers the following to be the key decisions and considerations it has made during the year to 31 March 2020:

Board Decision	Considerations
The Board agreed the FY 19 preliminary financial statement and Annual Report & Accounts to shareholders.	To provide transparent and accurate information to the market.
The Board approved the acquisition of Axxsys Limited in June 2019.	To support the Board's strategy of making selective acquisitions to strengthen the service offering and add value for the benefit of all stakeholders.
The Board agreed to seek external company secretarial support and to appoint Prism Cosec as its Company Secretary.	To ensure that all governance requirements were covered, thus protecting shareholder interests and increasing transparency.
The Board agreed the FY 20 interim report to shareholders and paid the FY 20 interim dividend to shareholders.	To provide transparent and accurate information to the market.
The Board approved the acquisition of Obsidian Solutions Limited in November 2019.	To support the Board's strategy of making selective acquisitions to strengthen the service offering and add value for the benefit of all stakeholders.
The Board reviewed the results of an employee engagement plan and approved a number of initiatives to be carried out by the Global Management Board and the HR team.	To understand the feedback provided by employees, to take appropriate actions and to ensure the ongoing engagement of Alpha's employees in respect of implementing positive changes. When reviewing the actions to be implemented, the Board considered the financial consequences and the impact on long-term value and growth for the shareholders.
The Board considered the Group's strategic priorities at its dedicated strategy session.	To ensure the strategy is still appropriate and to review progress against strategic goals.
The Board considered the impacts of COVID-19 and agreed a number of mitigating measures including short-term changes to remuneration.	To address the long-term interests of all stakeholders and protect the Group's balance sheet.
The Directors considered the composition of the Board and agreed the appointment of an additional independent Non-Executive Director.	To continue to improve Board effectiveness by recruiting an experienced Non-Executive Director with appropriate sector experience. To recognise and address the requirements of the shareholders and market. To consider long-term succession planning when making any Board appointment.
The Board considered the payment of a final dividend for FY 20 and agreed that it would not be recommending a final dividend for the year ended 31 March 2020.	To address the best interests of all stakeholders. To preserve the strength of the Group's balance sheet and provide maximum flexibility throughout the COVID-19 uncertainty so that Alpha is as well positioned as it can be for the future.

Strategic Report

Key Performance Indicators

The Directors have defined the following key performance indicators (“KPIs”). These KPIs link to the Group’s growth strategy and are used to monitor the Group’s income statement and performance.

KPI	Trend
Revenue²⁴	 <p>FY 20: £90.9m FY 19: £77.7m FY 18: £67.8m FY 17: £44.5m FY 16: £37.0m</p>
Net fee income²⁵	 <p>FY 20: £88.9m FY 19: £76.0m FY 18: £66.0m FY 17: £43.6m FY 16: £36.4m</p>
Gross profit	 <p>FY 20: £34.4m FY 19: £29.1m FY 18: £25.3m FY 17: £15.0m FY 16: £12.5m</p>

²⁴ FY 19 revenue is restated to reflect the presentation of revenue gross of rechargeable expenses. Refer to note 1 of the financial statements for further detail and note 2 for a reconciliation of revenue to net fee income

²⁵ Net fee income and adjusted profit before tax have been introduced as new KPIs in the year to reflect the inclusion of expenses within revenue, as per note 1, and the ongoing development of the business. These additional KPIs are APMs, which are further described in note 4

KPI	Trend
Adjusted EBITDA Earnings before interest, tax, depreciation, amortisation and exceptional items is a measure of the underlying profitability of the Group	FY 20: £20.2m FY 19: £16.5m FY 18: £14.0m FY 17: £8.6m FY 16: £7.0m
Adjusted profit before tax Adjusted profit before tax excludes adjusting items and is used as an alternative performance measure of the underlying profitability of the Group	FY 20: £18.6m FY 19: £16.2m FY 18: £8.3m FY 17: £1.8m FY 16: £2.8m
Headcount The year-end headcount KPI measures the growth in the Group's fee-generating consultants globally	FY 20: 436 FY 19: 362 FY 18: 305 FY 17: 240 FY 16: 196



Strategic Report

Risk Management

The active forecasting, monitoring and mitigation of risk remains a focus of the Group. The risk management framework compromises systems of governance, control and a strong corporate culture of responsibility.

Overview

The Group's operating model, and the asset and wealth management industry in which it operates, expose it to a number of uncertain internal and external events, which constitute risks. The Group manages risks to limit potential adverse effects on the implementation of its strategy, its financial performance and the interests of shareholders. It does this by ensuring that there is a robust framework in place to identify, assess and govern risk.

Governance and Responsibility

The Group governs risk through executive oversight and responsibilities that extend across all business areas. As illustrated in the diagram on p. 41, the Group follows a "top-down" and "bottom-up" approach to monitoring and managing its risk exposures. In this approach, top-down strategic risk management is directed from the Board; and applied through the actions of the executive team and wider senior management within operations. Bottom-up operational risk management is implemented through the engagement, risk awareness and corporate responsibility of all Alpha employees.

The Board of Directors has overall accountability for ensuring that risks that could impact the long-term success of the Group are identified and effectively managed. The Board delegates oversight of the Group's risk management processes and control environment to the Audit and Risk Committee.

The policies and decisions of the Board with regards to risk are implemented through the Group's executive team, represented by the Global Management Board. The Global Management Board encompasses all the areas in which business-level risk may arise or apply, including finance, IT & infrastructure, HR,

business development and service delivery. The members of the Global Management Board have a direct reporting line into the Board, principally via the Global Chief Executive Officer. However, any member of the Global Management Board can be invited to present their risk management activities, including risk escalation and risk monitoring processes.

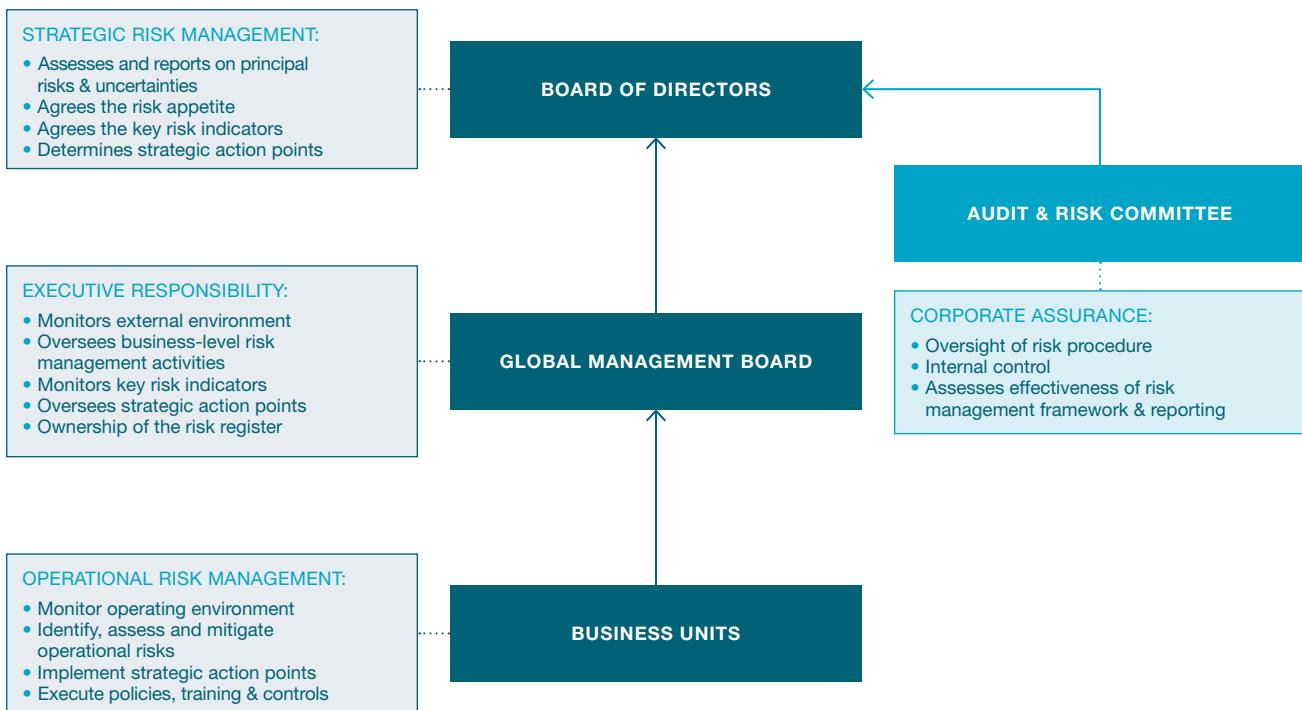
The Group believes that corporate responsibility underpins a successful risk management strategy. Acting responsibly and taking accountability in day-to-day business activities is expected and required of employees in all parts of the organisation. It is a core value that is written into the Employee Handbook, which all staff must read and attest to. This includes the need to follow and ascribe to relevant policies, training and procedures that are decided at a senior level.

Objectives of Risk Management

The main objectives of the Group's risk management framework are to ensure that there is:

- A strong corporate culture of risk awareness and responsibility embedded at all levels of the organisation;
- Reduction of ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility;
- Proactive identification and reporting of risk information, with clear management and mitigation responsibilities; and
- Provision of a suitable basis upon which the Audit and Risk Committee and, ultimately, the Board can assess the effectiveness of the Group's risk management and internal controls.

Risk Management Governance



Improvements to the Risk Management Approach

Alpha has a global risk management framework in place in order to assess and manage risks that may have an impact on the business. The Board believes that these practices should be regularly reviewed to allow for continuous improvement and development.

During the year, in order to ensure the ongoing appropriateness of the framework, the Group delivered a number of incremental enhancements that included:

- Following the acquisition of Obsidian, the Group incorporated new components into the operational risk management aspects of the framework for the ADS business. This includes an ADS Information Security Forum and the development of appropriate processes for the full management of issues, actions and risks relating to ADS technology, service delivery and people;
- Established a Data Protection Working Group as the primary forum for oversight and management of issues, actions and security risks relating to the Group's data privacy processes and compliance with data protection regulation or policy;
- Created an internal ESG team that will collate, understand and monitor any environmental, social and governance topics that have the potential to be financially impactful to Alpha's business performance, or financially impactful to an investor's portfolio as a whole. This work will include providing an annual ESG disclosure as part of the Annual Report.

With the ongoing rise in volume and evolving landscape of information and cybersecurity threats, the Group has further developed in the year its operational and strategic focus on the IT and cybersecurity agenda, including alignment with industry best practice, promoting user awareness and continual review of technical and physical security controls.

Risk Assessment

The Group reviews and monitors risk exposures closely, considering the potential impact and any management actions required to mitigate the effect of emerging issues and events. The Group's risk register is the principal tool for managing risks, which are categorised as operational, financial or industry risk; and the Group's risk appetite statements. Adherence to the Group's risk appetite statements is monitored using key risk indicators, which are incorporated in the Board's risk reports.

The risk register is owned by the Global Management Board; it is maintained using current inputs from the core business functions. Risks are assessed using a scoring system, with each risk scored according to the likelihood of occurrence and the associated impact to the Group and the execution of its strategy. This approach to risk assessment facilitates escalation to the Board of Directors of the key material risks. It also ensures the business's ability to review risks, identify trends and respond with an effective set of actions.

Strategic Report

Risk Management continued

Group risks are reviewed, discussed and challenged first by the executive team, through the meetings of the Global Management Board. The key material risks, as agreed at the Global Management Board, are then reported to the Board. Reporting decisions are documented so that the assessment and escalation approach can be reviewed by the Audit and Risk Committee as part of its assurance responsibilities. In exceptional circumstances, that is where the risk is of a sensitive business nature, a risk may be raised on an individual basis to the Global Chief Executive Officer, who can present that risk directly to the Board.

The Board has agreed that the most material current risks to the Group will be presented in the Annual Report as the principal risks and uncertainties. Applying the described approach, the Board is able to confirm that a robust assessment of the principal risks and uncertainties has been carried out.

Financial Risk Management

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 and Risk Committee has primary responsibility for reviewing the quality of internal controls and checks, to ensure that the financial performance of the Group can be properly measured and reported on;
- The Chief Financial Officer and finance team regularly monitor and consider developments in accounting regulations and best practice in financial reporting and, where appropriate, reflect developments in the consolidated financial statements;
- The Group's results are subject to various levels of review within the Group's finance and management teams;
- Both the Audit and Risk Committee and the Board review the draft consolidated financial statements;
- The Audit and Risk Committee receives reports from senior management and the external auditors on significant judgements or estimates, changes in accounting policies, changes in account estimates and other pertinent matters relating to the consolidated financial statements; and
- The financial statements are subject to external audit.

Brexit

The Group continues to believe that the UK's decision to leave the European Union ("Brexit") is not a principal risk for Alpha's long-term success, growth and strategy. The Group welcomed improvements in the markets and Brexit clarity following the UK's general election results at the end of 2019. It did not see a material impact on its overall growth in the financial year.

A combination of Alpha's lack of reliance on arrangements between the UK and EU, as well as Alpha's growth and diversification both geographically and across practices allows it to remain well positioned for any geopolitical uncertainties that may continue or arise newly from Brexit in the long term. The Group and its Directors will monitor the situation and are conscious that this position may change due to new challenges presented by the implementation of the withdrawal agreement, as well as the impact of Brexit on the UK economy as a whole.

COVID-19

The Directors and the senior management team are closely monitoring the new uncertainty and possible impacts of COVID-19 as they evolve. The Group understands that COVID-19 constitutes a macro risk to its business performance, the fulfilment of its strategy and its people. In order to identify, assess and control the operational and commercial impacts as effectively as possible, the Group has mobilised a dedicated governance structure that includes global and local response forums.

The COVID-19 pandemic is captured as part of the Group's macro-economic conditions principal risk, although it is acknowledged that individual risks and issues related to the pandemic may need to be tracked separately as the Group develops more visibility. The full impact of the pandemic is currently unknown, but the most likely scenario arising from COVID-19 in the short term is a disruption to the Group's clients and, therefore, a change in client demand and decision making.

The Group remains well positioned to navigate through the risks and impacts presented by the COVID-19 pandemic and to continue to deliver growth over the long term. The Group is, however, cognizant that the COVID-19 pandemic needs to be monitored and managed carefully, and the appropriate measures taken as both the impact and duration of the pandemic become clearer.



“Alpha offers its employees the opportunity to help set and deliver the strategic course of the world’s leading asset managers. Put simply, if you want to work at the intersection of professional services, thought leadership and asset management, Alpha is the place to be.”

Alpha employee

Strategic Report

Principal Risks and Uncertainties

The table below outlines the principal risks and uncertainties faced by the Group. They are not the only risks that may affect the Group, but they are the risks that the Board currently believes would have the most significant impact on the Group's strategy to achieve long-term profitable growth. There may be additional risks that materialise over time that the Group has not yet identified or deemed to have a potentially material adverse impact on the business and the business strategy.

Operational Risk

The Group's approach to minimising operational risk is to centralise relevant processes and oversight frameworks through the senior leadership team, which includes the Chief Operating Officer, Head of IT & Infrastructure and Head of HR. Operational risks are mitigated accordingly through operational projects that are designed to strengthen the control environment and protect Alpha's competitive standing with regards to people and quality of service.

Risk	Mitigating Factors	
People & Resourcing	<p>Failure to attract, incentivise and retain the best people with the right capabilities across all levels and geographies.</p>	<ul style="list-style-type: none"> Attractive culture that places people at the heart of the business. Regularly benchmarked, market-leading remuneration package that includes a differentiating profit share. Employee equity participation offering, including management incentive plan for directors. In-house recruitment process, targeting top university graduates and experienced professionals. Comprehensive training and development programme, building consulting skills and industry knowledge. Broad and reactive support structure, including HR, individual mentors and external advice scheme.
Quality of Service	<p>Failure to maintain quality of service on client delivery engagements.</p>	<ul style="list-style-type: none"> Clearly defined project terms agreed up front, ensuring that each delivery framework is appropriate, and the objectives are achievable. Clear individual responsibility on every engagement via the Alpha engagement lead, who is a senior member of the Alpha team. Internal service delivery function managed by the Chief Operating Officer, providing strong oversight and enabling early risk identification. Regular monitoring of client satisfaction and fulfilment of agreed delivery criteria through the Alpha engagement lead, in addition to the Alpha client account owner.



Risk	Mitigating Factors	
Data Security	<p>Risk of a security breach leading to loss of integrity or availability of core data.</p>	<ul style="list-style-type: none"> Defined IT security policy including breach management procedure. Annual cybersecurity review by external party and renewal of Cyber Essentials certification. Core cloud services hosted in vendor data centres utilising industry-standard security. System access controls and encryption. Physical security controls at office locations. Mandatory training around data handling and security.
Integration Risk	<p>Risk of failing to integrate acquisitions successfully, leading to an impact on Group profitability and success.</p>	<ul style="list-style-type: none"> Full business case required and built for every acquisition, subject to a number of tests. Detailed due diligence, analysis, planning and mitigation as part of the acquisition process where a wide range of factors are taken into consideration. Incorporation of the Group's extensive experience of working with clients on high-profile acquisition and integration frameworks, including key risk identification and mitigation approaches, and refined through the Group's own acquisition activities. Defined integration project with dedicated resources across people, finance, IT and operations, products and commercials for each acquisition. Continuous monitoring of business alignment, client satisfaction, performance and other key performance indicators. Clear and effective internal and external communications regarding acquisition and integration topics, overseen by a member of the Global Management Board.

Strategic Report

Principal Risks and Uncertainties continued

Industry Risk

The Group's approach to minimising industry risk is to undertake a regular assessment of the market and its influencers, including regulatory, political and structural change; and to maintain a strong dialogue with market participants, such as clients, competitors and industry bodies. This review is delivered through the Group's defined corporate governance responsibilities, wherein the Executive Directors manage those relationships on a day-to-day basis and communicate the key findings and perspectives to the Global Management Board and, in turn, to the Board of Directors.

RISK	Mitigating Factors	
Strategy	Risk that the Group responds inadequately to changing market conditions or fails to meet its strategic objectives, such as continuing organic growth.	<ul style="list-style-type: none"> Business strategy is reviewed regularly by the Global Management Board and the Board of Directors. Strategy informs annual business planning and budgets and is tracked accordingly. Regional Chief Executive Officer responsibility for monitoring markets and client demand locally, proposing and implementing relevant, competitive service propositions.
Macro-economic Conditions	Risk that macro-economic factors outside of the Group's control change, affecting its clients, their demand for consultancy services and, hence, the Group's own performance and financial position.	<ul style="list-style-type: none"> Monitoring of the market to identify, and plan for, potential change in market conditions and volatility. Ensuring an effective, coordinated response to any macro-economic challenges that emerge (e.g. COVID-19). Flexible business model that is responsive to change and regularly reviewed. Record of identifying opportunities to provide consulting services and delivering successful projects in challenging change conditions. Global nature of the business and range of practices that should reduce the risk of impact from volatility in specific markets.
Political / Regulatory Environment	Risk that Alpha's business model and strategy is materially impacted by legal, political or regulatory changes that restrict service offering or access to markets.	<ul style="list-style-type: none"> Ongoing diversification and expansion of the service offering that should reduce impact of any restrictions. Strategic geographic extension of the business, overseen by the Board and executed by the Global Management Board. Regulatory, political and legal change horizon scanning, led by the Global Chief Executive Officer, to foresee and plan appropriate responses. Dialogue with regulators, legal advisers and industry bodies. In respect of Brexit, continual monitoring of the withdrawal agreement proceedings and appraisal of potential implications for the Group.



RISK	Mitigating Factors	
Competitors	<p>Risk that an existing competitor or new entrant may over time be able to achieve similar success and win work from the Group's existing clients.</p>	<ul style="list-style-type: none"> Monitoring of competitor positioning including client win/loss ratios. Proven ability to understand the structural drivers of the market, to innovate and develop the service offering accordingly. Key competitive differentiators: <ul style="list-style-type: none"> Highly focussed proposition for the asset and wealth management industry; Complementary technology consulting and data solutions; Strong, increasingly global reputation amongst clients, with the very high quality of the team as a key competitive advantage; and Differentiating intellectual property and benchmarking data.
Client Concentration	<p>Failure to expand the client base or a reduction in the number of key clients due to consolidation in the industry.</p>	<ul style="list-style-type: none"> Expanding global team of consultants able to attract new market entrants and new entities within existing client structures. Growth objectives include diversifying the Group's client base. Regular monitoring of client concentration by revenues. Acquisition strategy that targets businesses with strong addressable client bases and cross-selling opportunity. Strategic business objectives include extending the Group's offering with new services and products to cater for different client segments.
Large-Scale Projects	<p>Reduction in major and large-scale projects, currently a consistent and considerable source of fee generation.</p>	<ul style="list-style-type: none"> Deep specialised industry expertise equips the Group to win and complete projects of all sizes and complexity. Growth strategy that targets extension of service offering and capability to service an array of requirements in addition to the large-scale M&A, operations and front office projects. Presence in annual project portfolio of smaller projects that cumulatively could provide equivalent value to large programmes.

Strategic Report

Principal Risks and Uncertainties continued

Financial Risk

The Group's approach to minimising financial risk is to manage utilisation, day rates, expenses and cash collection actively and closely. The Group's target is for projects to be chargeable on a time and materials basis, and to ensure that consultants' time is recorded and billed each month. A considerable amount of attention is paid to day rates and their alignment to budget, which are reviewed and monitored by regional Chief Executive Officers and the Executive Directors.

RISK	Mitigating Factors
Utilisation Rates	<p>Risk that utilisation rates, which drive Group profitability, may be adversely impacted by poorly timed headcount growth or an unexpected decline in client projects.</p> <ul style="list-style-type: none"> Target utilisation rates are agreed annually per region and are monitored by the regional Chief Executive Officer. Oversight of delivery against agreed resource utilisation by regional Chief Executive Officer or head of country. Ongoing review of global utilisation by Chief Financial Officer, in conjunction with visibility of pipeline and recruitment plans; and discussed regularly with regional Chief Executive Officers, heads of country and the Board.
Cash Collection	<p>Failure to collect cash on client invoices on a timely basis.</p> <ul style="list-style-type: none"> Group-wide aim to sell consulting services on a time and materials basis, minimising work in progress or accrued unbilled time. Standard Group policy for settlement of client invoices within 30 days. Assessment by the Chief Financial Officer of the Group's cash and debtors' position on a regular basis, which is discussed with regional Chief Executive Officers, heads of country, at the Global Management Board and Board meetings.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
24 June 2020





“When we met Alpha we recognised the strong talent within the firm and knew that, with its breadth of expertise, professionalism and proven record of delivery in our industry, the Alpha team would enable us to transform our operating platform.”

Chief Executive Officer, asset manager

Role in Society

52 Looking After Our People

58 Response to COVID-19

60 Community & Corporate Social Responsibility

68 Environment

A photograph of a man with a beard and short hair, wearing a grey suit and white shirt, looking down at a laptop screen with a smile. The image is partially obscured by a large, semi-transparent text block.

The power of
our people to
achieve our
ambitions



Role in Society

Looking After Our People

Alpha brings together the best and most talented people, creates a fantastic place to work and provides an environment for exceptional success.

Creating the Best Consulting Company

Alpha's success is owed to its people, who have played a critical role in driving strong organic growth over the Group's history. Only through their experiences, expertise and hard work are we able to deliver best-in-class insight and exceptional outcomes for our clients, which, in turn, drives client loyalty and repeat business. In order to attract and retain the best people, we want to ensure that Alpha is the best place to work financially, operationally and culturally.

We place our people at the heart of the business and we strive to provide a meritocratic culture that focusses on raw talent, ability, commitment, motivation and the aspiration to succeed. We provide a culture and structure to support our employees through training, mentoring and collaboration.

We are proud to have been placed in the Sunday Times 100 Best Small Companies to Work For ever since we began participating four years ago, as well as a host of other global awards this year. We are also delighted with an excellent set of reviews of Alpha as an employer on Glassdoor.

Our strong culture is underpinned by a set of core values, which all employees sign up to as part of the Employee Handbook when they first join. Our core values guide us on how we work and collaborate and are an integral part of everything that we do.



Alpha has appeared in The Sunday Times Top 100 Best Small Companies to Work For for four consecutive years, 2017–20.



Our **core values** define who we are both as a company and as professionals:



Role in Society

Looking After Our People continued

Experiences

Daniel Feeney

Analyst, UK

Alpha has grown since 2003 from a handful of consultants to a leading consultancy in investment management globally. Joining Alpha in August 2019, at around 400 employees worldwide, it was immediately clear to me that the tenets on which the firm was built were people and excellence. Our leadership team take care to maintain the benchmark in both delivery and culture established in the business's adolescence whilst balancing its dizzying growth, moulding Alpha into the "global boutique" it is today.

I graduated from the University of Warwick in 2019 and am the inaugural graduate of Alpha Data Solutions, the product arm of Alpha Group. Since joining, I've worked on implementations of our enterprise fintech product for asset managers, 360 SalesVista, and on operational data consulting projects in conjunction with the consulting and ATS teams. I'm also currently part of the global Alpha project team volunteering pro bono to support our charity of the year, Plastic Oceans, with several strategic initiatives to strengthen their platform and its impact.

Alpha has offered me a challenging and invigorating start to my career and a working environment that champions support, fun and achievement. I'm excited to be a part of the company's forward trajectory from here.

Recruitment

We have created a reputation in the market for being one of the most exciting and rewarding companies to work for, and this has been backed up by our impressive track record and reputation in the industry. Due to this, we always have a healthy recruitment backlog with candidates actively approaching us regularly.

We have a rigorous in-house recruitment process that focusses on finding raw talent, a high level of commitment and the aspiration to succeed. We continually review our global recruitment functions to ensure the most thorough and effective process for the Alpha Group as well as the best and most insightful experience for candidates. Responding to COVID-19, we were able to adapt our recruitment processes seamlessly, including conducting interviews virtually, for which we received very strong feedback.

Irrespective of the location or the position, Alpha is known as being a difficult company with which to achieve the offer of a role. Once hired, however, we provide our employees with all the subject matter expertise, support and training needed to thrive.

Operations, Support and the Working Environment

Ensuring that our consultants are able, confident and equipped is of the utmost importance. As they work on some of the industry's most challenging and complex change projects, we strive to make sure that they are fully supported in every way possible.

Alpha has developed a thorough and robust operational structure, which ensures that employees can work from anywhere, in any environment. This important ability to be able to work collaboratively, and communicate and engage with clients from any location, is premised upon having a strong, secure, cloud-based IT infrastructure. This infrastructure allowed us to quickly and effectively transition to working from home following the COVID-19 outbreak, with minimal disruption to our business; see the "response to COVID-19" section for further information. We have also increased the central operations team in line with the growth of the business to ensure that we continue to support our people, infrastructure, expanding geographic reach and business acquisitions.

Career development is also a core part of our support structure, and we have an established mentoring and employee oversight framework across all global locations and all levels. We also continue to invest in training and development programmes to build consulting skills, specialist delivery qualifications and industry expertise. This includes industry-leading professional certifications from various bodies such as the CFA Institute, CISI and CAIA Association.

Monitoring and ensuring the wellbeing of Alpha's people, from the day they join and throughout their careers and all delivery assignments, is hugely important to Alpha as an employer. We continuously review and support our employees' wellbeing. This includes regularly conducting wellbeing pulse surveys to understand stress and wellbeing trends across the organisation, and offering appropriate support structures for employees who need them. In addition to a broad and active framework that includes HR, individual mentors and an external advice scheme, this year, five new wellbeing champions were trained in mental health first aid. This is the first pilot in a planned global initiative and we are very proud that these wellbeing ambassadors represent a global team that has many volunteers who wish to give their own time to help and provide practical wellbeing resources and support to their colleagues.

Experiences

Duncan Ng'enda Manager, UK

I joined Alpha at the beginning of March 2020 in the nascent Pensions & Retail Investments team.

A few years ago, one of my colleagues at my former place of work moved over to Alpha and could not stop gushing about the positives of Alpha. My direct experience of Alpha started with the interview process. From the first contact with the recruitment team, I knew Alpha was different. The combination of genuine care, honesty and rigour was like no other interview process I had ever been through. By the time I got to my final interview, I was convinced there was something special with this firm and I wanted to find out what it is.

My time at Alpha since joining has been less than usual. In my first week of joining Alpha, COVID-19 became a global calamity, and we all ended up working from home. From the vantage point of my dining table, I have experienced Alpha, in a time of uncertainty, pivot itself and respond to the challenges that this pandemic has thrust upon us – personally and in the business world – with agility, creativity and organisational confidence that makes me proud to work here.

Since joining, it has emerged that the special thing I recognised during the interview process is more than one thing. Alpha is special because of the high calibre of its people, its organisational honesty, the unrelenting focus on delivering client value, the commercial astuteness of its market proposition and, most importantly, the sense of kinship and camaraderie that is evident in the office or in these strange times via conference call or video link!

As we learn to live in a post-COVID-19 world, I am looking forward to my time at Alpha as we build the best P&RI practice in the industry.



Role in Society

Looking After Our People continued

Sharing in our Success

Alpha offers a best-in-class compensation package to attract and retain consultants of the highest calibre across all levels and all locations. This is done financially, culturally and through other methods of recognition, which allow the outstanding performance that individuals or teams make to be rewarded. This framework serves to deepen the relationship between exceptional employees and Alpha's ongoing success.

As an employer, Alpha differentiates itself from competitors in the following ways:

- Remuneration packages are benchmarked against the “Big 6”, and Alpha typically offers a base salary that is in line with the best in the market;
- Participation in the Company’s profit-sharing scheme, linked to Company performance, which can deliver a significant uplift to an already competitive base salary;
- Equity participation through an employee incentive plan (“EIP”) and a management incentive plan (“MIP”) for directors;
- A comprehensive training and development programme that develops employees’ skills and expertise, whilst enhancing Alpha’s desirability to clients and driving increased loyalty to the firm; and
- Opportunities to work on interesting and varied projects, including high-profile client engagements and transformational deals in the industry.

We recognise the huge contributions of our employees in a multitude of ways, including several key social events during the year to celebrate success, company milestones and the efforts of different groups. These include promotion celebrations, mentor-mentee socials and peer group outings; to larger events such as fully-funded Christmas parties and international summer conferences. Culturally, recognising success is a very significant part of Alpha’s fabric; we have “shout-out” processes in place where individuals and teams can be recognised by anyone in the organisation for excellent delivery, outstanding support and other demonstrations of innovation or proactivity.

Experiences

Olivia Brachet Office Manager, France

I joined Alpha in May 2017 as Office Manager in the Paris office.

Before joining Alpha, I worked in the field of communication and disability, which was very different from asset management! I took the plunge and, three years later, not only can I say that the company is very team-orientated and a challenging but fun place to work, it is also surrounded by amazing people.

I consider myself as a contributor to a fast-paced team, providing operational and administrative support to the France office. Besides my core business, I have the opportunity to take part in varied projects at French and Group level such as GDPR implementation, European global training, social events – the list goes on.

Day-to-day contact with a variety of people, including management, consultants, all of the Alpha departments (such as finance, HR, legal and so on), clients, and vendors makes this job so interesting!

If I had to say three words about Alpha, it would be welcoming, friendly and fun!



Running the Business

We encourage all our employees to have an entrepreneurial spirit and make sure that they are taking an active part in the business management of the company. The Alpha team contributes extensively using an exceptional array of consulting and other skills to help support the running of the business. This allows them to contribute directly to the success and evolution of Alpha, as well as develop their interests and talents further.

Alpha employees are involved in a range of business management activities. These include CSR, D&I, IT and infrastructure management, marketing and business development. The team is also directly involved in recruitment and interviewing as well as promoting Alpha through their own experiences. Employee engagement for the Alpha Innovation platform, which was launched in the previous year, increased during FY 20. The platform allows Alpha employees to submit ideas about how the Group innovates and grows; suggesting not just ways of new organisation and governance but new products, services and business lines.

Alpha consultants are also involved in the delivery of internal change projects, enabling them both to share their insights from client deliveries and to contribute directly to the design of Alpha's operations and infrastructure components. For example, during the year, Alpha upgraded its document management system, including a large migration objective and a requirement to train all of Alpha's employees. It was an internally managed project that involved over 50 members of staff from all parts of the Alpha world in a very exceptional demonstration of collaboration, time commitment and effort.

Employee Feedback

One of our key goals is to make working for Alpha the best corporate experience that anyone has during their professional career. To help achieve this, Alpha has a globally aligned, open employee feedback framework that runs continuously and is supported by a number of different initiatives. This framework includes regular feedback checkpoints about all aspects of working at Alpha, including wellbeing, day-to-day project life, sensitive concerns, personal development and general questions about Alpha's growth and strategy. It aligns with a Group desire to maintain a collaborative, open working environment with free-flowing feedback and information. This, in turn, encourages effective engagement from employees, which leads to loyalty, motivation and an embedded positive culture.

Several initiatives have emerged from employee feedback, from changes to internal policy, communication, technology and productivity improvements, to inclusive social events, skill-sharing classes and wellbeing courses such as yoga and meditation. All these initiatives have been identified, defined and delivered from Alpha's employee base as part of their incredible drive to shape the Alpha working environment, as well as a vision for the future.

In order to ensure regular sharing and engagement on Alpha perspectives, insights and ideas on corporate and local governance topics, the global management team runs monthly company meetings in all locations. These meetings are supplemented and supported by leadership communications and other initiatives, such as video interviews, which create transparency on the Group's achievements, considerations and key decisions so that all employees feel invested and informed on Alpha's growth.

Experiences

Ozer Niyazi Senior Manager, US

I joined Alpha's London office as a graduate in 2013. Looking back, it's amazing to reflect on Alpha's journey since then. From less than 75 people globally to nearly 450 people today and from privately owned to publicly listed, Alpha has certainly grown! However, at its core, Alpha remains the same: delivering high quality results for our clients in a dynamic, transparent and fun working environment.

Putting the industry-leading project work that we do to one side, one of my favourite aspects of working at Alpha is the ability to contribute towards internal business management. Last year, alongside many of my colleagues, I helped to select and manage the transition to a new document management system, a system used by all employees on a daily basis. The transition involved migrating millions of files that were previously unstructured into a centralised and catalogued repository that integrates with our other core systems. The project was challenging but also highly rewarding. It has improved our ability to collaborate and share information and has paved the way for future automation of time-intensive processes.

Alpha has offered me wonderful personal opportunities too, including sponsoring a secondment to our New York office to support our growth in the US. I am excited to see where we go next.

Role in Society

Response to COVID-19

Leveraging the strong existing organisational, technological and cultural structures that were in place, Alpha was able to respond quickly and decisively in order to protect its people and support the business.

As the COVID-19 situation developed, Alpha was able to mobilise its people quickly to meet local government requirements to work from home and socially isolate. In this new way of working, we wanted to ensure that all our employees were supported operationally and socially. A team was swiftly formed around remote working with three main streams:

- **Wellbeing:** to inspire, motivate and support Alpha's people;
- **Productivity:** to optimise remote working practices and collaboration; and
- **Technology:** to ensure a continuous operational framework and effective remote technology solutions.

Alpha's existing technology and resilient operational infrastructure allowed us to set up our workforce remotely without any major obstacles or disruption to client delivery. All Alpha's employees are equipped to work on secure mobile devices and the information infrastructure is primarily cloud based. Therefore, it was a smooth process for our teams to be transitioned to a remote working set-up.

However, it is down to the unique drive, commitment and proactive spirit of Alpha's people that, in the following few days, the remote working support framework was so quickly mobilised, with the adoption of several important initiatives to ensure that its objectives of maintaining collaboration, motivation and support were met. These include:

- Regular video communications from Alpha's Global Chief Executive Officer to answer questions from the team;
- Social and community events such as virtual coffee catch-ups, online pub quizzes, board games, book club and Friday drinks;
- Online skill sharing between employees including yoga, coding and calligraphy;
- Setting up of online communities around a topic such as pets, coffee and "good news" stories;
- Productivity tips sharing including desk nomination, technology training sessions and Q&As; and
- Wellbeing surveys and dedicated conversation on how to keep mentally and physically well.

Experiences

Franziska Benze Consultant, UK

Alpha values its employees, and not just as a whole, but as individuals. Regardless of seniority, we are all encouraged to share our ideas and actively help shape the company. That is what I love about Alpha: the feeling of being a valued part of something bigger.

When I joined in November 2018, I quickly found my place at Alpha within our wellbeing team, which has allowed me to witness first hand how much importance Alpha places on the team's mental and physical wellbeing. I am incredibly

grateful for the opportunity to support the firm internally, whilst setting up and leading initiatives I am passionate about, such as our new wellbeing champions initiative.

How deeply the focus on the team's wellbeing is embedded in Alpha's core values was even more apparent during the recent crisis. In the unprecedented times of remote working during the COVID-19 crisis, the whole company came together in true Alpha style, creating a supportive and motivating environment. Wellbeing became a cornerstone of Alpha's remote working strategy and within a few weeks we launched myriad initiatives to help the team navigate through these difficult times. It is truly exceptional to work for a company that in times of extreme uncertainty made me feel safe.



“The fantastic team and the many opportunities to contribute to both client and Alpha as a business are what make Alpha such a great company work for.”

Alpha employee

Role in Society

Community & Corporate Social Responsibility

Playing a role within the communities and the environment in which we work is very important to the leadership team, our employees and the organisation as a whole. As such, we ensure that this principle is embedded at every level of our governance.

Through the plans that we make and the activities we undertake, we promote a culture that values employment diversity, environmental awareness and high corporate standards.

A key part of the role we play within society is our corporate social responsibility (“CSR”) strategy: engaging in activities that help and have a positive impact on our environment and communities. Alpha’s CSR strategy aims to maximise the benefits and minimise the downsides of our economic, social and environmental impacts.

Alpha’s internal CSR team has worked with Heart of the City, a registered charity based in London, to define and implement its CSR policy.

Our chosen priorities include:

- Minimising our impact on the environment;
- Promoting a good work/life balance: encouraging flexible working patterns, offering a cycle-to-work scheme, maternity and paternity leave allowance;
- Working with ethical suppliers and local businesses;
- Commitment to the delivery of modern human rights;
- Ensuring that our employees can participate in voluntary charitable and community-based activities: partnering with social mobility foundations and providing a Charity of the Year programme;
- Identifying pro bono consulting and project work that our teams can support on a voluntary basis; and
- Providing a framework for charitable fundraising and payroll giving.

Diversity and Inclusion

Ensuring a diverse, open and inclusive place to work is of huge importance to everyone who works at Alpha. We launched a dedicated Diversity and Inclusion (“D&I”) programme to fortify these values, which is made up of six key streams: Social Mobility, Ethnic & Cultural Diversity, Gender Equality, Wellbeing, Pride and Disability Confidence. We are very proud to have achieved Disability Confident Employer status in the UK.

As part of the D&I strategy, which is reviewed regularly, we constantly look to create and encourage collaboration between the different streams to ensure an end-to-end framework that supports professional success for Alpha’s growing talent team. In the year ahead, we will be looking at ways in which to develop the global D&I framework further, to increase collaboration across all Alpha’s locations, whilst also ensuring the teams retain the ability to address regional specific issues.



Ethnic and Cultural Diversity

Ethnic and Cultural Diversity (“ECD”) is a new D&I stream at Alpha that is committed to ensuring success for Alpha employees across all ethnic, cultural and religious backgrounds, through initiatives and activities that drive equality and inclusivity. Since the inception of this new stream, there has been a successful Alpha Black History Month, which included knowledge sharing, a book exchange, quizzes and foods associated with the Black British community.

As a new stream, the ECD stream has developed a strategy with five central objectives. These objectives are: to capture ethnicity data and share progress; to reaffirm across the Group our zero tolerance of harassment and bullying; to take action that supports ethnic minority career progression; to educate on cultural and religious considerations with regards to how we work; and to drive increased knowledge of major religious and cultural celebrations.

As we look forward to the year ahead, we are excited to be: establishing quarterly celebrations evenings that include all members of the Alpha community; understanding best practice across the industry in ethnicity data, career progression and the workplace; and implementing a range of initiatives and educational sessions to better support the needs, concerns and interests of minority ethnicity and cultural groups at Alpha.

Social Mobility

The social mobility team works to create equal opportunities and an inclusive environment in which people can access, and excel within, the financial services and consulting industry based on potential and ability, irrespective of background.

In the UK, we have now been working in partnership with the Sutton Trust for two years; a pioneering educational charity dedicated to improving social mobility and access to the most competitive industries. We have worked on several initiatives with them, including participation in their residential summer school for students from lower socioeconomic groups, inviting several students to Alpha's London office to attend our third annual “consulting masterclass”, as well as becoming a member of its advisory board this year.

Alpha France has partnered with Proxité since 2018. Proxité is a charity providing mentoring, educational support and career advice to young people from disadvantaged backgrounds. We have continued to work with them to provide mentoring to young people at university or the start of their careers, and we have maintained this engagement through the COVID-19 pandemic by digital means.

In the US, over the past two years, the Alpha New York office has partnered with Junior Achievement, a non-profit organisation focussed on assisting students across all grade levels to better prepare themselves for future success. Volunteers from Alpha's New York office worked with a public high school where they conducted an eight-week course covering business literacy, entrepreneurship and overall civic engagement to prepare students from disadvantaged backgrounds for post-graduate education and employment opportunities.

Internally, we continue to focus on raising awareness through events such as themed company socials and “lunch and learn” sessions. The D&I programme also collaborates with various internal teams, such as recruitment and training, to ensure that Alpha's practices are supportive and under continual assessment and improvement through a social mobility lens.



Role in Society

Community & Corporate Social Responsibility continued

Gender Equality

In the last year, Alpha has continued to formalise its commitment to promoting gender equality both inside the firm and within our wider industry.

Regular forums have been established to ensure alignment between the Gender Equality (“GE”) committee (as well as wider D&I teams) and HR, recruitment and senior leadership teams. These collaborations have resulted in enhancements to our recruitment process and job descriptions to ensure that they are as inclusive as possible.

Throughout the year, the committee has led a range of exciting initiatives, including a remote global panel featuring a range of diverse and inspirational Alpha women for International Women’s Day, roundtables discussing men’s health and mental wellbeing throughout November for International Men’s day, and the launch of regular “coffee catch-ups” to promote informal networking of both genders across all levels of the firm. In addition to this, the UK GE team hosted a movie night focussed on the topic of period poverty to raise awareness of gender issues outside of the workplace.

Alpha has also been working to improve the gender imbalance in the wider industry through participation in events such as the Women in Asset & Wealth Management Scotland initiative. We have also recently been included as a case study in the published Cambridge Murray Edwards workplace inclusion reports, for our initiatives on tackling male gender stereotyping. To demonstrate Alpha’s learnings from both inside and outside of the financial services industry, the UK GE team recently published a “Women in Business – Best Practice Heatmap” as a toolkit to support the promotion of gender equality and non-discrimination against women in the workplace.

Wellbeing

As an employer, we are committed to providing an open, supportive and collaborative environment for all our people at all times. We believe that the health and wellbeing of our people is a crucial factor in delivering consistently strong results to our clients, developing and retaining our highly talented team, and meeting the challenges of a fast-growing business. With all this in mind, wellbeing is a key area of focus for Alpha, with several new initiatives progressed during the year:

- Roll-out of a regular wellbeing pulse survey globally to monitor and respond to employee stress throughout the year;
- Launch of a global wellbeing ambassadors pilot: staff champions trained in mental health first aid; and
- A comprehensive programme of resilience training, covering practical self-care and “mind management”.

In light of the recent COVID-19 crisis, we have focussed on supporting the mental and physical wellbeing of staff while they work in isolation. To provide the best possible support during these times of increased uncertainty, we have introduced more regular anonymous pulse surveys as a general “temperature check” of the global Alpha team on the topics of wellbeing, productivity and stress. The results are used to drive new initiatives and guide our discussions with the team, including an innovative activity challenge, regular discussions of health-related topics and virtual wellbeing coffee meetings with the wellbeing champions.

Disability Confidence

At Alpha, we are committed to be a disability-friendly organisation, ensuring that our colleagues feel supported and empowered; and that our recruitment and HR processes operate without discrimination.

Disability confidence is an important topic to Alpha, not simply as a global employer but also in acknowledgement of the unique role that we play as a partner and trusted adviser to our clients. Deeply embedding a disability-friendly culture throughout our business is therefore of utmost importance.

Our D&I Disability Confidence workstream operates through four key strands:

- Disability Confidence accreditation: Alpha is proud to have achieved Disability Confidence Level 2 in the past year; a UK government accreditation scheme to encourage businesses to be disability-friendly in their recruitment and HR processes. We aim to achieve Level 3 in this coming year;
- Colleague support: we have a dedicated group of disability-confidence champions from across our consulting levels and business departments whose objectives are to support with awareness-raising exercises, colleague queries and also to receive specialist training;
- Recruitment/HR:
 - This year Alpha has partnered with Employability in the UK for our internship programme. Employability is a recruitment consultancy dedicated to assisting students and graduates with all disabilities
 - There is an ongoing dialogue between the D&I workstream and Alpha's HR team to ensure that our organisation is supporting individuals appropriately; and
- Disability focus: our workstream seeks to focus on one disability per year to help channel our organisation adaptations and awareness-raising initiatives. This year Alpha is focussing on neurodiversity.

Pride

Pride's continuing mission is to ensure Alpha is a fair, inclusive and empowering place to work for everyone, regardless of their sexual orientation or gender identity. The past year has seen an explosion of global activity and energy in driving forward initiatives on making Alpha a wonderful workplace for all and educating the entire company on LGBTQ+ issues, both in the workplace and society more generally.

The committee has expanded and welcomed vibrant new members across the globe, seeking to further increase the representation of multifaceted LGBTQ+ identities. Over the last year, Alpha officially marched for the first time in the London Pride Parade and celebrated with over 70 of our colleagues and their loved ones. We have also hosted workshops equipping colleagues with knowledge on how they can be effective allies to LGBTQ+ people and how they can action that with our clients, as well as Q&A sessions diving deep into LGBTQ+ history and theory. During LGBTQ+ history month, committee members shared coffee-break reads on topics interesting and personal to themselves for discussion and insight with the global team, and our US team have conducted multiple "lunch and learn" sessions throughout the year providing company-wide perspectives on LGBTQ+ issues such as the "coming out" experience and more besides.

Looking forward, Pride is keen to use the opportunity of operating fully virtually to experiment with making our celebration, education and advocacy even more accessible and impactful both inside Alpha and externally, with a key emphasis on fostering a spirit of community and solidarity.

Role in Society

Community & Corporate Social Responsibility continued

Governance

The Global Management Board oversees the cultural framework and is responsible for reviewing operational processes for managing social, environmental and ethical risk. All members of the Global Management Board, including the Global Chief Executive Officer, are committed to this framework and ensuring that it is embedded within the business globally. Its principal methods for promoting social, environment and ethical responsibility are the Employee Handbook, communications to staff on the topics of culture and integrity, sponsorship of the D&I programme and supporting the wide-ranging interests of the global CSR teams.

The Global Management Board reports to the Board of Directors so that the Board can assess the state of corporate culture and integrity and ensure that any significant risks to the longer-term success of the business arising from such matters are adequately addressed. The Board is committed to maintaining appropriate standards for all the Group's business activities and ensure that they are set out in written policies, including the Employee Handbook and the Modern Slavery Statement. The Board believes that the business values of collaboration, accountability, proactivity, integrity and responsible conduct are consistent with the Group's vision and fully support its ongoing growth.

Modern Slavery

Alpha is committed to combatting and preventing modern slavery, human trafficking and exploitation. We have in place procedures and policies throughout our business; supply and procurement chains to support this; a statement of which can be found on our website at alphafmc.com. These processes are reviewed annually.

Experiences

Rory Craven Director, US

I joined Alpha as part of the Boston office in January 2017 for three reasons – firstly, the people I met throughout the interview process; secondly, the entrepreneurial drive, structure and spirit of the US business with the support of a well-established business in Europe; and, thirdly, the size of the overall business and in particular the US, where I was the 17th person to join.

Since my joining, we have established new key clients in the market with follow-on work. Most recently, I have been helping a “top 5” US asset manager with an acquisition that closed in 2019. Our programme of work consisted of four workstreams across numerous client sites and Alpha offices to support the client's front office technology efforts. We helped bring the company onto similar systems and conducted a massive rationalisation effort to help identify and recognise required cost savings to support the M&A rationale.

In addition to my consulting responsibilities, I have led our US infrastructure team to coordinate our vendor relationship for office space as well as ensuring the US team has what we need to successfully deliver with our clients while ensuring all client data is protected. As part of the US infrastructure team, we also get involved in global initiatives including IT security, hardware procurement, selection of our outsourced IT support, selection of our conferencing technology and various other projects to help move our business forward. More recently, as one of seven US directors and executive directors, I have oversight of infrastructure and legal business management teams.

The US director team has responsibility for the success of the US business. It has been quite an experience and year to join the US director team with the events occurring in the last four months. We had great momentum entering the period and as a team, we assess, evaluate and execute plans to navigate the broader business through these unprecedented times.



Plastic pollution in the ocean is a striking sight – Plastic Oceans UK produced the award-winning documentary *A Plastic Ocean* to open our eyes to it and inspire the urgent action needed to address this major environmental threat.



Charity of the Year

Every year, we partner with a charity chosen by our employees through our Charity of the Year programme. By focussing on a single global charity, we are able to maximise our collective impact. We have worked with a range of charities in the past, from Afrikids, which helps vulnerable children and their families in isolated rural communities in northern Ghana, to the Lucy Faithfull Foundation, a UK-based, globally linked child protection charity that focusses on the prevention of child sex abuse.

In 2018, we chose SOS Children's Villages ("SOS"). SOS is a global charity that supports orphaned and abandoned children in 125 countries by creating safe spaces for them and working holistically to support them into adulthood. Over the course of the year, we raised over £30,000 (inclusive of gift aid) for SOS, which was directed towards a vocational training centre ("VTC") in Monaragala village. The VTC provides training in craftsmanship, baking, basic wiring and plumbing, IT and office skills to up to 150 trainees, giving them the chance to escape the cycle of poverty. Pro bono work featured once more with a vendor review led by the Alpha US team and process optimisation led by the Alpha Luxembourg team.

For 2019, we partnered up with Médecins Sans Frontières ("MSF"), an international non-governmental organisation best known for its projects in conflict zones and countries affected by endemic diseases. We held a number of fundraising activities for MSF such as fun runs, pub quizzes, employee payroll giving campaign, baby photo competition and sports challenges. Furthermore, we hosted and participated in "missing maps" events where we mapped parts of the world that are vulnerable to natural disasters, conflict and diseases epidemics. We also hosted a "lunch and learn" at Alpha for which MSF field staff talked about their experiences as nurses

and doctors participating in MSF's projects around the world. We had a great partnership with MSF and raised close to £28,000, which contributed towards their fantastic mission of providing impartial and independent medical care where it is needed most.

For 2020, our choice for the charity of the year strongly reflects current hot topics around global warming, plastic, pollution and the environment in general. We are extremely excited to have partnered with Plastic Oceans UK this year, and we have already kicked off three pro bono projects, hosted a "lunch and learn" and initiated several fundraising activities. We look forward to further improving our behaviours and knowledge across the company concerning plastic and recycling, and we are certain it will be another great year for CSR at Alpha.



With a jar full of plastic pieces found in a single seabird's stomach, Sir David Attenborough emphasises the shocking impacts of plastic pollution on ocean wildlife – he has been calling for urgent action on this important problem and recommending Plastic Oceans UK's documentary *A Plastic Ocean* as "one of the most important films of our time".

Role in Society

Community & Corporate Social Responsibility continued



“I would like to say a huge thank you to everyone at Alpha for raising over £27,000. Your incredible fundraising efforts will ensure that we can continue providing medical care to those who need it most”

“As our staff face unprecedented challenges around the world, your support will ensure that our teams can continue providing urgent medical aid to people caught up in conflicts in South Sudan and Yemen, and to those living in refugee camps in Greece and Bangladesh. A donation of this magnitude will undoubtedly save lives. On behalf of our staff and patients around the world, thank you for your support!”

Community and Corporate Giving Coordinator
at Médecins Sans Frontières

Experiences

Milena Czaczkowska Manager, Luxembourg

I was lucky enough to come across Alpha during a pivotal moment in my life as I was preparing to move from New York to Luxembourg. Before joining Alpha, I had been working in consulting and supporting systemically important financial institutions in the US.

At the time, I was considering exploring a different career path as I was concerned about working for a company whose values were not aligned with mine. My concerns quickly dissolved when I began to learn more about Alpha and I became immediately drawn to the entrepreneurial and collaborative spirit of our company.

I am particularly grateful for the open mindedness of our upper management, who consistently support us in putting forth and developing new initiatives that benefit our company and our clients. Alpha has given me the opportunity to translate my passion for sustainable finance into a worthy pursuit, allowing me to work closely with colleagues from our global offices to build our ESG offering. In our Luxembourg office, I was able to launch our D&I business management area and lead our CSR programme.

My experience with Alpha thus far has widely exceeded my expectations and I look forward to contributing to our inevitable growth and success in the coming years.

Experiences

Sarah Hedges Consultant, UK

Before I joined Alpha, I wanted to work somewhere personal and entrepreneurial as I embarked on my graduate career. Upon hearing about Alpha and going through the interview process, the culture sounded fantastic and just what I was looking for. I have now been at Alpha for nearly three years and I have not been disappointed.

At Alpha, if you have an idea or a way in which you want to contribute to the company, you are empowered to do so. This supportive environment, combined with Alpha's unique social culture, has allowed me to put forward and see through ideas from my very early days at Alpha. From D&I, where I established a charity partnership with the Sutton Trust, to contributing within Alpha's client ESG work and the Regulatory Compliance practice, Alpha sees to it that no opportunity is closed off to any one of us.

As Alpha grows, whilst retaining the culture and attributes that make it so special, I am excited to continue building my career and learning from the other talented individuals who make up this unique team.

Experiences

Anthony Dos Santos Senior Consultant, France

Through the Proxité partnership I mentor A. She is 22, is following a Bachelor programme in accounting, control and audit, is originally from Mali and has been studying in France for three years. Her short-term objectives are to get her degree and to find an internship in accounting/financial controlling.

Mentoring allows her to consolidate academic concepts. Furthermore, I am helping her to find an internship by proofreading her resume, her cover letter, as well as accompany her on various recruitment channels. In the long term, A. would like to receive advice on the different courses to follow or a master's degree.

Mentoring allows me to share my theoretical knowledge and my professional experience. It is furthermore a new personal challenge: helping A. to reach her objectives.

Experiences

Cathrine Hansen Consultant, UK

I joined Alpha in 2018 after having worked with asset management clients in the fintech space. I joined Alpha because I wanted to learn more about the asset management industry, and I enjoy the challenging and delivery focussed aspects of project work. I was excited and very motivated to join the fantastic team and get involved with the many opportunities Alpha has to offer.

I have been involved with charity work from a young age. I am very interested in volunteering and pro bono work, and at Alpha I got the opportunity to lead our Charity of the Year programme. Each year, Alpha employees nominate and vote for the charity or organisation they would like to partner with for the year. I am part of managing this process and establishing a good relationship with the charity partner. I am very passionate about my role and delighted that Alpha has given me the opportunity to manage this part of the business. The fantastic team and the many opportunities to contribute to both client and Alpha as a business are what make Alpha such a great company to work for.

Role in Society

Environment

Minimising our impact on the environment remains one of Alpha's chosen priorities. This year, we have increased our focus to ensure that we continue to iterate, improve and meet our environmental commitments. Adopting environmentally sustainable behaviours is crucial to mitigating risk and ensures that our business model remains effective and profitable in the long term.

The three key tenets of Alpha's environmental work and focus are:

1. Raising awareness: increasing awareness within Alpha of our current global carbon footprint and plastic usage, and changing behaviours to become more environmentally aware;
2. Reducing our footprint: developing and promoting guidelines to reduce our carbon footprint, whilst ensuring there is limited or no impact on client relationships and delivery; and
3. Carbon offsetting: offsetting our remaining carbon footprint with a recognised partner in the UK whilst working towards carbon neutrality globally.

Climate Change and Alpha's Carbon Footprint

The Group recognises that having a business model that takes climate change into account is important to our employees, investors and ensures business sustainability. We continue to monitor, improve and act on both our carbon footprint and our wider impact on the environment.

We completed an exercise during the year to understand our carbon footprint in the UK, as our geography with the largest revenue. This year we focussed on our largest three areas of carbon emissions:

Area	Description	Emissions (UK Only, FY 19), CO ₂ (tonnes)
Travel	Domestic and International flights taken by the UK team for work purposes.	382 (86.5% of total)
Technology	Laptops and phones purchased for work purposes.	23 (5.1% of total)
Energy	Energy for operating our offices from non-renewable sources.	37 (8.4% of total)
Total		442

Following this exercise, we initiated a project to become fully carbon neutral within the UK through understanding our carbon footprint (by calculating our travel, technology and energy usage), reducing it where possible, and offsetting the remaining footprint. We are applying an assumptions-based calculation that draws upon the academic experience of our employees on this topic, to provide an internal best estimate for our carbon-offsetting assessments.

We have partnered with Trees for Cities, a UK-based charity that offsets to a strict protocol that aligns with the core principles of and is validated by ISO 14064.2 and ISO 14064.3. Working with them, we successfully became certified by Trees for Cities to be carbon neutral, based on the calculations above; with 1,178 trees being planted this year to offset Alpha UK's carbon footprint.

Experiences

Lettie Dodds

Manager, UK

I joined Alpha in January 2018 and it was evident from my first day onwards that every Alpha employee has a role to play in running our business in a way I hadn't seen elsewhere. As a result of assigning business responsibilities upon joining, in line with individual's interests, the company comprises many committed individuals who each come together to achieve collective goals, whether that be launching a new business area for Alpha or indeed considering the impact our business has on the wider world around us.

I've been involved with Alpha's CSR team since joining and it soon became clear that there was growing demand to formalise our environmental efforts, both internally across the business as well as throughout our investor community. Taking on the responsibility to lead this work has allowed me to explore projects that Alpha can undertake to have a direct, positive impact across the geographies in which we operate. As our first priority, I teamed up with UK colleagues to research carbon footprint methodologies, before gathering the required data and crunching the numbers to calculate Alpha UK's carbon footprint.

Partnering with our Chief Commercial Officer, we also engaged the Global Management Board, who were incredibly supportive from the outset. We outlined our plan to educate our colleagues, put in place measures to reduce our footprint

We will continue to iterate and improve on this approach in future years, which includes plans to independently verify our CO₂ emissions calculation as well as working with other regions to roll this approach out globally. We are also investigating and implementing other initiatives to raise awareness and actively participate and help with the climate change challenge that the world is facing. We believe that these initiatives will further establish Alpha as a risk aware, forward-thinking and responsible organisation for our investors, employees and other key stakeholders.

where possible and partner with an organisation we had identified to offset our residual emissions. This was quickly approved, with the Global Management Board going one step further in requesting that this initiative be rolled out across other regions as soon as possible.

We approached Trees for Cities to become our inaugural offset partner, a UK-based not-for-profit organisation whose mission is to "breathe life into your neighbourhood". They achieve this purpose by planting CO₂-hungry trees in urbanised areas, with over 1m trees planted to date! Their Partnerships Director talked us through the process and informed us that we would need to plant 2.67 trees to offset each tonne of residual carbon emitted. We made the partnership official in late 2019 and I am very pleased to say that Alpha's first trees are being planted this year.

In our view, it's simply not enough to financially offset our environmental impact in the world. We want to see the tangible results of our decision to offset and so plan to get directly involved in the planting process ourselves!

Looking ahead, we are already working with our colleagues in Europe, Asia and North America to calculate our global footprint. I'm looking forward to seeing which additional projects our colleagues vote to take on next, as we strategise how best to continue educating ourselves and further reducing our net environmental impact.

Ensuring an Environmentally Friendly Workplace

We continuously review and adjust our policies and procedures concerning all offices, with a particular focus on minimising our impact on the environment. This includes:

- Recycling where possible and encouraging paper re-use and recycling across all of our offices;
- Environmentally friendly re-use and recycling processes for our technology;
- Supporting remote working where appropriate and ensuring our employees are effectively set up to do so;
- Reviewing our use of electricity globally and reducing use when appropriate; and
- Continuously reviewing our office space to ensure that we are using our space effectively and efficiently.

By order of the Board.

Euan Fraser
Global Chief Executive Officer
24 June 2020



Corporate Governance

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The power of
our people to
demonstrate
integrity



Corporate Governance

Board of Directors



Ken Fry
Independent Non-Executive
Chairman

Committee Membership



Euan Fraser
Global Chief Executive Officer

Committee Membership



John Paton
Chief Financial Officer

Committee Membership



Penny Judd
Senior Independent
Non-Executive Director

Committee Membership



Nick Kent
Non-Executive Director

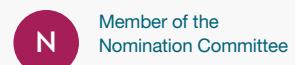
Committee Membership



Committee Membership Key:



Member of the
Audit and Risk Committee



Member of the
Nomination Committee



Member of the
Remuneration Committee

Ken Fry

Independent Non-Executive Chairman

Ken joined the Alpha Board in 2016, following almost 10 years as the Global Chief Operating Officer at Aberdeen Asset Management. He was appointed the Board's Non-Executive Chairman in February 2018. Ken has nearly 30 years' experience in financial services and has considerable experience integrating acquisitions within the investment management industry. Ken has a strong technology and operations background and has undertaken many transformational projects during his career. He directed the integration of major acquisitions while at Aberdeen Asset Management, including assets acquired from Deutsche Asset Management, Credit Suisse Asset Management and Scottish Widows Investment Partners.

Ken keeps the skills to support and deliver the Group's strategy up to date by maintaining a wide network of contacts within the financial services industry globally. He regularly attends conferences and discussion forums to keep abreast of industry issues and meets with a wide range of clients, employees, advisors and institutional investors. He also advises on M&A strategy within the investment management and wealth industry.

Penny Judd

Senior Independent Non-Executive Director

Penny Judd joined the Alpha Board as a Non-Executive Director in February 2018, having previously held the roles of Managing Director and EMEA Head of Compliance at both Nomura International plc and UBS AG. Penny has a strong public markets and financial services background, with over 30 years' experience in compliance, regulation, corporate finance and audit. She is also a chartered accountant and is currently Non-Executive Chairman of Plus500 Ltd and Non-Executive Director and Chair of the Audit Committee for both Trufin plc and Team17 Group plc.

Penny keeps the skills to support and deliver the Group's strategy up to date through her experiences gained on other listed company boards, while also maintaining a wide network of contacts in financial services and regulation. She attends various conferences and events covering relevant industry and governance matters and meets with a range of advisers and institutional investors in AIM and main market companies.

Euan Fraser

Global Chief Executive Officer

Euan has served as Global Chief Executive Officer of Alpha since 2013. During this period, the business has increased EBITDA ten-fold, and he has led the Group through two private equity transitions, public flotation on the London Stock Exchange's AIM market in 2017 and the acquisition of Axxsys Limited and Obsidian Solutions Limited in 2019. Euan was previously Chief Executive Officer of Alpha UK, starting in April 2011, where he established both Alpha's M&A Integration and Operations & Outsourcing practices. He joined Alpha in 2004 and has over 20 years' financial services experience, having worked at Merrill Lynch and KPMG, where he qualified as a chartered accountant.

Euan keeps the skills to support and deliver the Group's strategy up to date through his role as Alpha's Global Chief Executive Officer. In this role, Euan has to understand and manage the interests of a range of stakeholders, including employees, clients, competitors and investors. Euan also provides advice on M&A strategy and maintains a number of strong relationships within the industry.

Nick Kent

Non-Executive Director

Nick has been a Non-Executive Director of Alpha since 2013. Nick has over 30 years' consulting experience, including all aspects of the asset management business, with particular emphasis around addressing complex operations and IT issues. Nick has also worked extensively internationally, including in the US, Switzerland and the Netherlands. Nick founded Alpha in 2003, after 14 years at Accenture, where he was a senior partner and ran the UK Asset Management practice.

Nick keeps the skills to support and deliver the Group's strategy up to date through an extensive network, which he has amassed after more than 30 years' consulting to the asset and wealth management industry. He continues to meet with a wide array of clients, competitors and other service providers to the industry. In the past year, he has also participated in two events regarding remuneration committee best practice.

John Paton

Chief Financial Officer

John joined Alpha, and the Alpha Board, in February 2018. John is a chartered accountant with over 25 years' corporate finance, banking and audit experience. He previously worked at HSBC where, during his 11 years, he worked in both HSBC's Global Banking & Markets and Commercial Banking divisions, with experience across debt and equity capital raisings and M&A advisory. John started his career at KPMG, working across financial services audit and risk management. He is a member of the Institute of Chartered Accountants of Scotland, graduated LLB (Hons) from the University of Aberdeen and holds an Executive MBA from the University of École Nationale des Ponts & Chaussées, France.

John keeps the necessary skills to support and deliver the Group's strategy up to date principally through his role as Alpha's Chief Financial Officer. This role brings deep knowledge of the Group's management, financial and operational activities, as well as important corporate and statutory responsibilities. John must also maintain a detailed view of industry, financial and regulatory changes and stays updated through dialogue with advisers, regular technical reading, online courses and attending relevant events.

Corporate Governance

Meet the Director: Ken Fry

How did you get involved with Alpha?

I first met Alpha back in 2005 as part of one of Aberdeen Asset Management's particularly challenging acquisitions. I was highly impressed by the team to the point where it soon became the norm for Alpha to be a central part of our integration teams. This partnership had a big impact on the success of both companies and it's fair to say we have shared a few career threatening opportunities over the years!

I was invited to join the Board as an independent Non-Executive Director when I left Aberdeen in 2016 and I was delighted to accept. The Board was reorganised as part of the listing on AIM in November 2017 and I was invited to chair the Board.

How was the transition from an industry operational role to an oversight role?

You may have come across a management training exercise that involves instigating change without having line management responsibilities. You quickly discover it requires a different set of skills and moving to a non-executive role is much the same. Industry experience is important but so are independence, objectivity and impartiality. You have to be willing to listen and be prepared to speak out when necessary, often bringing a different perspective to the table. You are closely involved with risk management, formulating strategy and monitoring performance against it. In short, it's the difference between running a company and making sure it's run well.

How has investment management changed since you started your career?

There have been some seismic changes in investment management during my career, starting with the "Big Bang" in the 1980s, which ushered in electronic trading and the era of regulation. However, in other respects, remarkably little has changed and many processes underpinning the industry remain largely unreformed. No surprise, then, that as companies expand geographically and take on increasingly sophisticated assets and products, complexity increases. This, in turn, drives costs and even the most well-resourced companies struggle to keep their operating models under control. There lies the opportunity and where Alpha comes into its own, by providing deep industry knowledge and thought leadership.

What advice do you have for future leaders?

Surround yourself with good people and don't be frightened to give your job away. Be a strong advocate of teamwork and be ready to change your mind when someone is making more sense than you. Choose your battles and learn which emails to "save as draft". Above all, make sure you have the capacity to take on the new top priority that wasn't there when you were given the last top priority!



Corporate Governance

Chairman's Introduction

The Board is committed to effective corporate governance, appropriately aligned with the Group's priorities to manage risk, promote a strong corporate culture and deliver a strategy for growth.

An Introduction from the Chairman

The Directors of the Board believe that an engaged Board and an effective committee structure facilitate the good governance of the entire Group and ensure an appropriate framework for its continued success and growth. The Board has established an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee; each with formally delegated duties and responsibilities.

The role of the Chairman is to lead the Board and be responsible for its governance, performance and effectiveness. The Chairman sets the tone for the Company and ensures that the links between the Board and the executive team, as well as between the Board and the shareholders, are strong and efficient.

The Group operates an open and inclusive culture, and this is fundamental to the way that the Board conducts itself. The Directors believe that this culture, together with a very strong emphasis on integrity, business ethics and good corporate governance, ensure our ability to execute the strategy, to deliver the right outcomes for the Group's clients, and deliver value for our shareholders and other stakeholders.

Application of the QCA Code

In recognising the importance of high standards of corporate governance, integrity and business ethics, we continue to apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). A description of how the Board complies with the principles of the QCA code is provided on pp 78-79.

Further information on how the Board applies the recommendations of the QCA code, and on the Group's governance structure, is set out in the following corporate governance statements of the report.

The Directors recognise the need to continue to develop our governance structure and processes in ways that reflect the evolving needs of the Group's shareholders, employees, clients and wider stakeholders, and in order to ensure they support the growth and strategic progress of the Group. In doing so, we are committed to maintaining our compliance with the principles of the QCA code and providing clear disclosures relating to the changes and developments that we make.

Ken Fry
Chairman
24 June 2020



“The culture at Alpha is what makes it unique and a great place to work. Everyone is focussed on being a true team player both within their project team and the wider company.”

Alpha employee

Corporate Governance

Corporate Governance Code

The QCA Code requires the Group to apply the 10 QCA corporate governance principles as set out below and to publish certain related disclosures in the Annual Report, on the website, or a combination of the two. The Group has followed the QCA Code's recommendations and has provided disclosure relating to all the principles in a corporate governance statement on the website investors.alphafmc.com and, as well, summarises compliance with the principles in this Annual Report:

Section 1: Deliver Growth		Links to the following report section
Principle 1: Establish a strategy and business model that promote long-term value for shareholders.	The business model is premised upon delivering growth through the cross-sell and upsell of its high-quality service offering to existing clients; and selling its services to new clients. The strategy is to continue to grow in both existing and new jurisdictions by developing the service proposition.	The Group's business model and strategy are described in the Strategic Report on pp 14-48.
Principle 2: Seek to understand and meet shareholder needs and expectations.	Good, consistent engagement with shareholders is given a high priority by the Board. The principal methods of communication with shareholders are the Annual Report & Accounts, the interim and full-year results announcements, regular direct executive-level engagement with shareholders, the AGM and the Group's website investors.alphafmc.com . The Chairman and Non-Executive Directors are also available to meet with shareholders, if required, to discuss any items of importance.	The Group's approach to shareholder communications is described in the Corporate Governance report on p. 87. The Global Chief Executive Officer and the Chief Financial Officer act as the main point of contact for shareholders (company.secretary@alphafmc.com).
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.	The Board, supported by the executive team, upholds a commitment to operating a socially and ethically responsible company. Engagement with stakeholders and wider communities ensures alignment of interests and facilitates good decision making.	The Group's community and corporate social responsibility disclosure is provided as part of the Role in Society report on pp 60-67. The Group's engagement model with clients and wider stakeholders is described in the Strategic Report on pp 34-36.
Principle 4: Embed effective risk management considering both opportunities and threats, throughout the organisation.	The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The goal of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility.	The Group's risk management framework is described in the Strategic Report on pp 40-42, and in the Corporate Governance report on p. 86.

Section 2: Maintain a Dynamic Framework

Links to the following report section

Principle 5:
Maintain the Board as a well-functioning, balanced team led by the Chair.

The Group believes that the Board's composition brings a desirable range of skills, personal qualities and professional credentials. Suitable Board operations; access to advice and administrative services; effective induction of new Directors; and a regular performance assessment also ensure Board effectiveness.

The Board's composition and operating framework is described in the **Corporate Governance report** on pp 80-83.

Principle 6:
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

As an AIM-quoted provider of specialist consultancy services to the asset and wealth management industry, Alpha's Board needs to represent a range of skills and competencies, including experience in public markets, financial services, governance and audit, the consulting sector, and business operations.

Biographical details of the Directors, including relevant experiences and how skill sets are kept up to date, are provided on pp 72-73 of the **Corporate Governance report**.

Principle 7:
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

The objectives of the Board are to approve the Group's strategy, budgets and key corporate activities, and to oversee the Group's progress towards its goals. The Group has a process for evaluating the performance of the Board, committees and individual directors in respect of those objectives.

The Board's evaluation framework is described in the **Corporate Governance report** on p. 82.

Principle 8:
Promote a corporate culture that is based on ethical values and behaviours.

The Board is conscious of its role in fostering and safeguarding a culture of inclusion, responsibility and openness. These values are embedded across the Group's leadership and throughout the organisation.

The Group's culture and values are discussed in the **Role in Society report** on pp 52-69.

Principle 9:
Maintain governance structures and processes that are fit for purpose and good decision making by the Board.

The Group operates an effective, streamlined governance framework. In this framework, the Board supports the executive team to develop and execute the Group's strategy, and key decisions are reached through open and constructive dialogue.

A governance chart is provided on p. 84 and processes are described on pp 82-83 of the **Corporate Governance report**.

Section 3: Build Trust

Links to the following report section

Principle 10:
Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Group places a strong emphasis on the standards of good corporate governance and maintaining an effective engagement with its shareholders and key stakeholders. In addition to the Annual Report & Accounts, the website is updated regularly with information regarding the Group's activities and performance.

The governance of the Company, which is led by the Board, is described in the **Corporate Governance Report** on pp 72-106.

The website investors.alphafmc.com provides the Group's reports and presentations; notices of AGM; and results of voting on all resolutions in AGMs



Corporate Governance

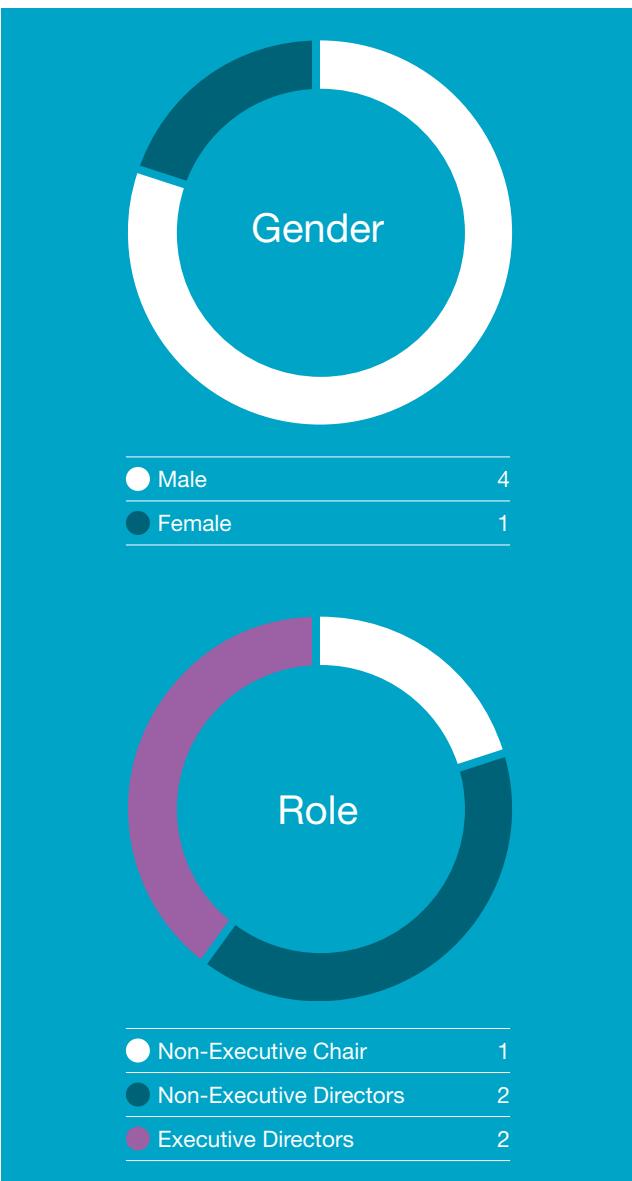
Corporate Governance Report

Board Composition

The Board currently comprises five Directors: the Non-Executive Chairman, two Non-Executive Directors and two Executive Directors. As announced on 22 June 2020, Jill May will join the Board on 1 July 2020 as an independent Non-Executive Director, at which point there will be three independent Non-Executive Directors, one of whom is the Chairman.

As a provider of specialist consultancy and complementary services to the asset and wealth management industry, and an AIM-quoted company, Alpha requires a range of skills, capabilities and competencies to be represented on the Board, including experience in public markets, financial services, governance and audit, the consulting sector and business operations. The Board is confident that its members have the appropriate balance of experience, skills, personal qualities and capabilities in order to meet this requirement and to deliver the strategy of the Group for the benefit of the shareholders over the medium to long term. Biographical details for all Directors, including a summary of their relevant experiences, are provided on pp 72-73 of the Annual Report & Accounts.

The Board considers an independent Non-Executive Director to be free from any relationship that might materially interfere with the exercise of independent judgement. After careful review, Nick Kent has been recognised as non-independent due to his long-standing relationship with the business from his previous position as Chief Executive Officer. However, the Board judges that there is a suitable balance between independence and knowledge of the Company; and that Nick is fully able to discharge his duties effectively and responsibly. All Directors are encouraged and expected to use their independent judgement and to challenge all matters, whether strategic or operational.



The Board makes decisions regarding the appointment and removal of Directors, and there is a rigorous process for the identification and appointment of new Directors that is led by the Nomination Committee. Under the Company's Articles of Association, Directors that have been appointed by the Board since the last Annual General Meeting are obliged to retire and offer themselves for re-election. Furthermore, the remaining Directors are obliged to offer themselves for re-election every three years. Accordingly, Jill May who will join the Board on 1 July 2020, will seek election and Euan Fraser, Ken Fry and Nick Kent will retire and offer themselves for re-election at the 2020 AGM.

Diversity

The Board, supported by the Nomination Committee, values diversity in its broadest sense and, when considering new Director appointments, will, in addition to considering gender, age, ethnicity, region and experience, look to maintain within the Board the appropriate balance of skills, independence and knowledge of the Company, its services and the industry as a whole. Further details of the Group's approach to diversity and inclusion can be found on pp 60-63.



Roles of the Directors

The Group operates an effective, streamlined governance framework. In this framework, the Board supports the executive team, represented by the Global Management Board, in developing and executing the Group's strategy. Any decision between the Board and the executive team is reached through an open and constructive dialogue.

The Executive Directors of the Board are Euan Fraser, the Global Chief Executive Officer, and John Paton, the Chief Financial Officer. The Executive Directors have strong knowledge of the operations of the Group, the interests of its stakeholders, and its market and financial positions. Senior executives below Board level attend Board meetings upon request to present and discuss business strategy and updates.

The Non-Executive Directors of the Board are Ken Fry, Nick Kent and Penny Judd. They were selected with the objectives of increasing the breadth of skills and experience of the Board and bringing constructive challenge to the Executive Directors. The Non-Executive Directors are also responsible for the effective running of the Board's committees and ensuring that the committees support and facilitate the strategic priorities of the Board.

Penny Judd is the Senior Independent Non-Executive Director ("SID"). The principal role of the SID is to act as a sounding board for the Chairman and serves as an intermediary for the other Directors when necessary. Penny is also available to shareholders should they wish to discuss concerns that they feel have not been resolved through the normal channels of engagement with the Chairman, the Global Chief Executive Officer or Executive Directors; or for which such contact is inappropriate.

At the head of the Group, there is a clear delineation of responsibilities between the Chairman of the Board and the Global Chief Executive Officer. The Non-Executive Chairman leads the Board and is responsible for its governance, performance and effectiveness. This includes ensuring that the dynamics of the Board are functional and productive and that no individual Director dominates discussion or decision making. In this role, the Chairman sets the tone for the Company and ensures that the links between the Board and the executive team, as well as between the Board and the shareholders, are strong and effective. Meanwhile, the Global Chief Executive Officer is responsible for the day-to-day management of the Group's global operations, for proposing the strategic focusses to the Board, and for implementing the strategic goals agreed by the Board.

Corporate Governance

Corporate Governance Report continued

Committees of the Board

In order to fulfil the Group's objectives and facilitate effective decision making, the Board has established the following committees, each with delegated responsibilities and duties:

- An Audit and Risk Committee to monitor the quality of the Group's internal controls and risk management systems, to maintain the relationship with the external auditor and to ensure that the financial performance of the Group is properly measured and reported on;
- A Remuneration Committee to review the performance of the Executive Directors, the Chairman and the senior executive team, and make recommendations to the Board on matters relating to their remuneration and terms of service; and
- A Nomination Committee to review regularly the composition and succession planning of the Board, and to lead the process for Board appointments.

A report on the role, composition and key activities of the individual committees is set out on pp 88-97. From time to time, separate committees may be set up by the Board to consider and address specific issues or objectives, when the need arises.

Board Effectiveness

The objectives of the Board are to review, formulate and approve the Group's strategy, budgets and key corporate activities, and to oversee the Group's progress towards its goals. The Group has a process for evaluating the performance of the Board, of its committees and the Directors individually in respect of these objectives. In addition, the Chairman assesses the Board as a whole regularly to ensure that it is functioning efficiently and productively.

A formal Board evaluation process was conducted in March 2019 by way of a detailed questionnaire completed by each member of the Board, followed by individual interviews by the Chairman. The aim of the evaluation was to obtain actionable views on the effectiveness of the Board, its committees and key governance areas. The responses were collated, reviewed by the Chairman and a summary of the results presented to the Board for discussion and agreement on focus areas and

related actions. These included enhancing the Board calendar to have more regular presentations by, and discussions with, members of the Global Management Board and others in the wider senior management team, holding additional dedicated Board sessions to review strategy in the light of business growth and recent acquisitions, and considering whether an additional independent Non-Executive Director should be appointed. The conclusions from this evaluation confirmed that the Board continues to function effectively as a unit and in committees and that the Directors discharge their duties adequately.

During the year, each of the areas discussed as part of the previous evaluation has been considered and the Board has monitored progress regularly. In particular, as explained earlier in the Chairman's Report, the Directors agreed that, as the business has continued to grow in scale and complexity, it would be beneficial to seek an additional independent Non-Executive Director with experience in the financial services sector to enhance the skills and experience on the Board and further increase Board independence. Further details about the selection process and appointment of Jill May as an independent Non-Executive Director with effect from 1 July 2020 can be found in the Nomination Committee Report on p. 89.

Given the decision to appoint an additional Non-Executive Director, the Directors agreed that the Board evaluation process for FY 20 would be conducted by way of one-to-one discussions between the Chairman and each member of the Board, rather than a full Board evaluation process. The Chairman held calls with the Directors during March 2020 and the conclusions from these conversations confirmed that the Board continues to function effectively as a unit and in committees. Some minor improvements to Board processes were identified and have been actioned.

It is intended that a full Board evaluation will be carried out during FY 21. The process will be conducted by the Chairman with reference to the competencies set out by the Nomination Committee pursuant to each Board role. As part of this process, any training and personal development needs will be identified.

The Group believes that the selection, induction and development of Directors underpin its ability to perform to its objectives and ensure an effective Board. The Nomination Committee oversees the identification and selection of Directors that are equipped with the correct range of experience, knowledge, integrity and

ethics; and makes recommendations for maintaining an appropriate balance of skills on the Board. The Nomination Committee may also use the results of the evaluation process when reviewing the composition of the Board for selecting any new Board members, and in succession planning for the Directors of the Board as well as key executive team members.

Board Operations

The Board is responsible for the Group's strategy and overall management. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which sets out the Board's responsibilities.

The Board is required to meet at least six times a year. During the financial year, nine formal Board meetings took place and a number of ad hoc calls were held to discuss current issues. The Board also held a dedicated strategy session in June 2019 and more recently in May 2020. The Directors are fully encouraged to attend all meetings of the Board, and the committees on which they sit, and have agreed to allocate sufficient time to the Group as is needed to enable them to carry out their responsibilities as Directors. All Board members attended all meetings to which they were invited.

The time commitment required of all Non-Executive Directors is currently three days per month, while the Executive Directors are committed on a full-time basis. The Board is satisfied that each of the Directors can dedicate sufficient time to the Group's business and can fulfil the obligations fully. The Board and committee schedules are planned in advance of the financial year ahead, in order to facilitate attendance and ensure that the appropriate discussion time is available. A record of the number of meetings of the Board during FY 20, and the attendance by each Board member is provided below:

Board member	Eligible to attend	Attendance
Ken Fry (Chairman)	9	9
Euan Fraser	9	9
Penny Judd	9	9
Nick Kent	9	9
John Paton	9	9

The Board has an agenda of regular business, financial and operational matters for discussion, as well as a review of each of the Board committee's areas of work. The key activities of the Board meetings during the year included the following:

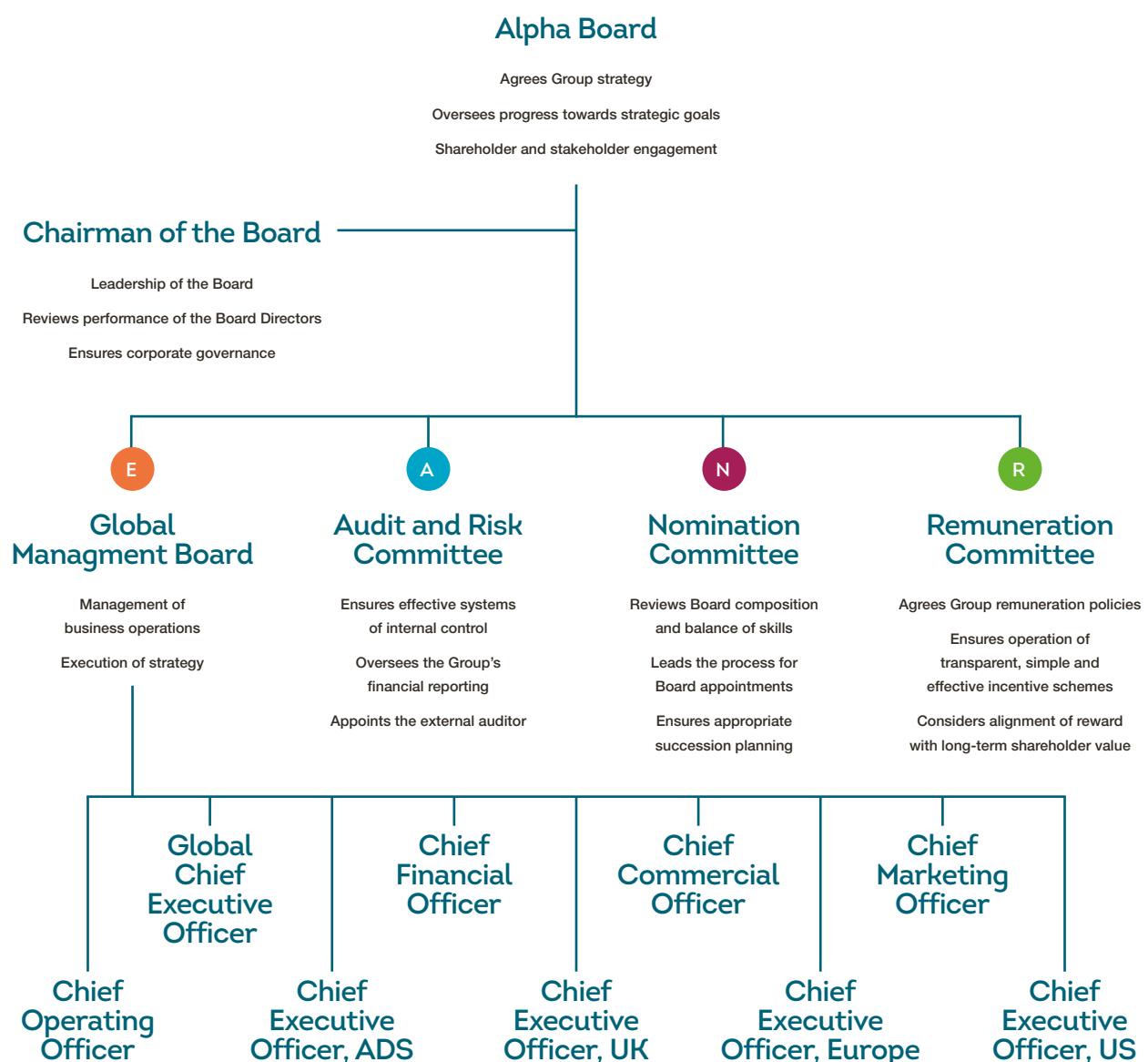
- Discussed and reviewed the progress of strategic priorities;
- Continued an open dialogue with the investor community;
- Approved the financial reporting, including interim and full-year results;
- Discussed the Group's capital structure and financial strategy;
- Reviewed the progress of key client relationships and engagements across the Group;
- Considered financial and non-financial policies, including the risk policy;
- Reviewed the Group's risk assessments and risk management systems;
- Discussed the corporate governance requirements and processes;
- Considered the FY 19 final and the FY 20 interim dividends; and
- Discussed the impact of COVID-19 on business operations, trading and short-term changes to remuneration.

An effective corporate governance framework is key to reducing risk, adding value to the business and bringing long-term benefits to the Group's shareholders. It is the Board's responsibility to oversee and optimise that framework.

Corporate Governance

Corporate Governance Report continued

Board Structure



Key:

 Executive



“Alpha is special because of the high calibre of its people, its organisational honesty, the unrelenting focus on delivering client value, the commercial astuteness of its market proposition and, most importantly, the sense of kinship and camaraderie.”

Alpha employee

Corporate Governance

Corporate Governance Report continued

The Chairman, aided by the Company Secretary, is responsible for ensuring that the Directors receive accurate and timely information for the Board meeting. The Company Secretary provides minutes of each meeting and every Director is aware of the right to have any concerns documented. In addition, the Company Secretary ensures that any feedback or suggestions for improvement of the Board papers are documented and evaluated for amendment or enhancement with respect to future meetings of the Board.

The Directors have direct access to the advice and services of Prism Cosec, who were appointed to act as Company Secretary for the Group with effect from 1 October 2019. The Board members may seek the advice of the Group's legal advisers, external auditors and the Nominated Advisor ("NOMAD") on matters within the Board or the committees' terms of reference, or to provide recommendations on specific corporate or governance events. During the year, all of the Group's advisers met with the Board.

Conflicts of Interest

The Company has effective procedures in place to identify, monitor and manage any conflicts of interest. At each meeting of the Board or its committees, the Directors are required to declare any interests in the matters to be discussed and are regularly reminded of their duty to notify any actual or potential conflicts of interest. The Company's Articles provide for the Board to authorise any actual or potential conflicts of interest if deemed appropriate to do so.

Internal Controls and Risk Management

The Board has overall accountability for the systems of internal control and risk management. The Audit and Risk Committee reviews and assures the effectiveness of the Group's internal controls and risk management on the Board's behalf.

As part of that duty, the Board determines the Group's risk management objectives and policies. In this respect, the objective of the Board is to set policies that seek to reduce ongoing risk as far as possible, without unduly affecting the Group's competitiveness and flexibility. The Board believes that this approach serves the interests of creating sustainable shareholder value while also protecting the Group's corporate culture and other stakeholder interests.

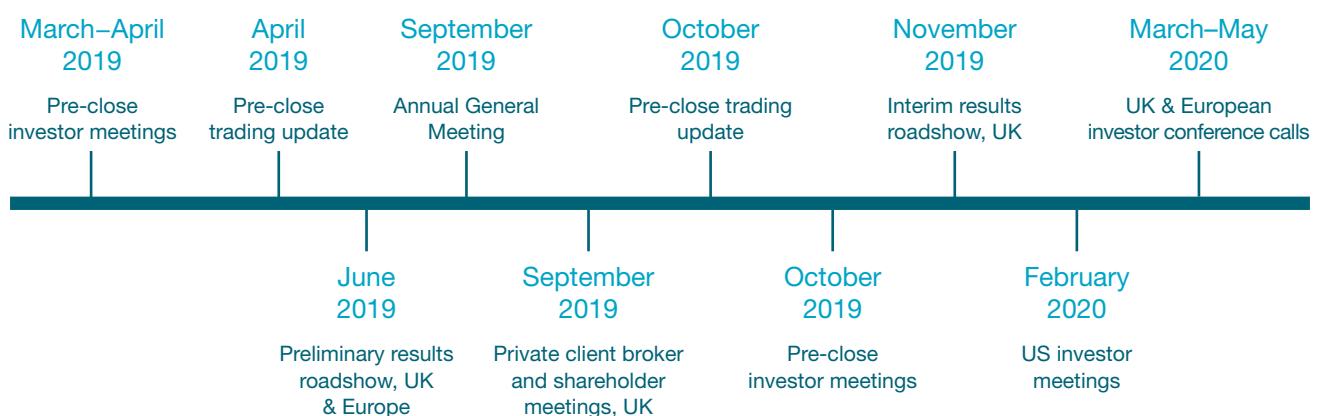
The operational functions of the Group are carried out within a practical and effective risk management framework. The Global Management Board is responsible for identifying and managing risk effectively, across the business. Any material operational decisions made by the Global Management Board in this respect are reviewed by the Board.

The identified material operational, financial and industry risks facing the Group are also reported to the Board. A summary of the principal risks and uncertainties, as well as mitigating actions, are provided in the "principal risks" section of the Strategic Report. The Board formally reviews and documents the principal risks to the business at least annually.

Processes to embed risk management throughout the Group, and opportunities to introduce further enhancements, continue to be reviewed and changes are implemented as appropriate.



Engagement Calendar FY 20



Shareholder Communications

The Board places an emphasis on maintaining an effective dialogue with its shareholders, which it considers to be integral to long-term growth and success. It is committed to communicating consistently and openly with shareholders.

The principal methods of communication are the Annual Report & Accounts, the interim and full-year results announcements, the AGM and the Group's investor website investors.alphafmc.com.

The website is updated regularly with information regarding the Group's governance, activities and performance, including both statutory and non-statutory regulatory news announcements, which are issued throughout the year to update on financial, operational and other matters.

The Global Chief Executive Officer and Chief Financial Officer meet with the representatives of the Group's institutional investors as well as analysts to ensure that the Group's corporate objectives, strategies and operational developments are clear and understood. This includes investor roadshows, attending investor conferences and ad-hoc meetings that are part of the building of relationships with existing and future shareholders. Investor relations activity and a review of the shareholder register are quarterly items on the Board's agenda.

Understanding what analysts and investors think about the Group is an equally important component of these interactions. The Board as a whole is kept informed of their feedback and views by the Global Chief Executive Officer and Chief Financial Officer. This includes feedback provided by the Group's corporate broker, Joh. Berenberg, Gossler & Co., following investor meetings. The Chairman and Non-Executive Directors are also available to meet with shareholders, if required, to discuss any items of importance.

The Company's third AGM since its AIM admission is scheduled to take place on 23 September 2020. In normal circumstances, all shareholders are encouraged to attend the AGM. However, in the light of the measures around social distancing that have been applied in the UK in response to the COVID-19 pandemic, the Board intends to hold the AGM as a closed meeting and shareholders will, therefore, not be permitted to attend the meeting.

Further details of the arrangements for the meeting and voting procedures are set out in the Notice of the 2020 Annual General Meeting. Voting results will be announced through the Regulatory News Service and made available on the Company's website.

By order of the Board.

Ken Fry
Chairman
24 June 2020

Corporate Governance

Nomination Committee Report

The Nomination Committee leads the process for Board appointments and making recommendations to the Board about its composition and succession planning.

On behalf of the Board, I am pleased to present the Nomination Committee's report for the year ended 31 March 2020.

Last year, the Board undertook to consider the appointment of an additional Non-Executive Director. Following a review of the composition of the Board, it was agreed that it would be beneficial to seek an additional Non-Executive Director with experience in the financial services sector to enhance the skills and experience on the Board and further increase Board independence, in line with best practice. The Committee has now completed a search and selection process, which is explained in more detail in this report. I am very pleased to welcome Jill May to the Board; she will join us as an independent Non-Executive Director with effect from 1 July 2020.

Committee Attendance

Committee member	Eligible to attend	Attendance
Ken Fry (Chair)	3	3
Euan Fraser	3	3
Penny Judd	3	3

Committee Governance

The Committee is chaired by the Chairman of the Board, Ken Fry; its other members are Penny Judd and Euan Fraser. Jill May will join the Committee on her appointment on 1 July 2020.

In the event that the matter under discussion is the Chair's succession, the Committee will be chaired by an independent Non-Executive Director.

The Nomination Committee meets as and when necessary, but at least twice a year. The Nomination Committee met three times during FY 20.

Key Responsibilities

The purpose of the Nomination Committee is to keep under review the structure, size and composition of the Board, as well as succession planning for the Directors. It leads the process for identifying and nominating, for approval by the Board, candidates to fill Board and committee vacancies.

In accordance with its terms of reference, the Committee develops and maintains a rigorous and transparent approach for recommending appointments and reappointments to the Board. Its primary responsibilities in this area include:

- Regularly reviewing the structure, size and composition of the Board to ensure that it has an appropriate balance of skills, independence, knowledge, experience and diversity;
- Considering succession planning for the Board Directors and senior executives, taking into account the challenges and opportunities facing the Company and wider Group, along with skills and expertise that may be required in the future;

- Identifying and nominating for approval by the Board candidates to fill Board vacancies as and when they arise;
- Ensuring the necessary due diligence and conflicts of interest checks have been undertaken before an appointment is made;
- Monitoring whether satisfactory induction is provided to new Directors regarding their knowledge of the Group, and their Board and committee responsibilities; and
- Reviewing the results of the Board evaluation process and ensuring that the conclusions are captured and actioned where necessary.

Activities during the Year

One of the Committee's key roles is to review the composition of the Board. During the year, the Committee undertook a search and selection process for an additional Non-Executive Director. The Committee agreed the selection criteria to identify potential candidates and consulted with its advisers and networks to obtain recommendations for suitable candidates. A number of candidates were considered against the agreed selection criteria, and the Chairman and other members of the Board met with four candidates. After careful consideration, the Committee recommended the appointment of Jill May and the Board agreed that she be appointed with effect from 1 July 2020.

Another key role of the Committee is to ensure that the Group has appropriate succession planning in place. During the year, contingency and succession plans for the members of the Board, particularly the Executive Director roles, continued to be an area of focus. The Committee also carried out a review of the management structure of the Group's business to accommodate further growth and scale.

As part of the Board's commitment to maintaining a strong corporate governance framework, the Committee reviews the approach to, and results of, the Board's performance evaluation process. Given the planned addition to the Board, it was agreed that the evaluation process for FY 20 would be conducted by way of one-to-one discussions between the Chairman and each member of the Board, rather than a full Board evaluation process. The Chairman held calls with Directors during March 2020 and fed back the output from these discussions to the Committee. The Committee continues to believe that the Board, its sub-committees and the Directors individually operate an optimal structure to secure future growth, while protecting the Group's unique culture.

Diversity

In executing its duties, the Nomination Committee objectively considers candidates on merit and with due regard for the benefits of diversity, including gender diversity, on the Board.

Alpha is an equal opportunities employer and the Group's policy is to ensure that all employees, or those seeking employment, are treated fairly. This policy applies at Board level and across the Group widely. All decisions relating to recruitment, selection and promotion are made objectively regardless of race, ethnicity, nationality, gender, sexual orientation, religious belief, political opinion, age or disability. The Nomination Committee receives updates on the Group's D&I programme, which is described in the Role in Society report.

Ken Fry

Chair of the Nomination Committee

24 June 2020



Corporate Governance

Audit and Risk Committee Report

The Audit and Risk Committee provides oversight of the Group's financial statements and performance reporting, and of the Group's systems of internal financial control and risk management.

On behalf of the Board, I am pleased to present the Audit and Risk Committee's report for the year ended 31 March 2020.

In February 2020, it was agreed that, as the Committee takes an active role in monitoring and reviewing the Group's integrated risk management framework, it was appropriate to change the name of the Committee to the Audit and Risk Committee with effect from 1 April 2020.

The purpose of the Audit and Risk Committee is to oversee the Group's internal financial controls and risk management systems; to recommend the interim and full-year financial results to the Board; and to monitor the integrity of all formal reports and announcements relating to the Company's financial performance. In addition, the Committee is responsible for appointing the external auditor of the Group, maintaining that relationship and reporting the findings and recommendations of the external auditor to the Board.

Committee Attendance

Committee member	Eligible to attend	Attendance
Penny Judd (Chair)	3	3
Nick Kent	3	3
Ken Fry	3	3

Committee Governance

The Audit and Risk Committee is chaired by Penny Judd and comprises solely Non-Executive Directors. Its other members are Nick Kent and Ken Fry. Jill May will join the Committee on her appointment on 1 July 2020.

The Audit and Risk Committee meets as and when necessary, but at least three times a year. The Committee met three times during FY 20.

The Committee has unrestricted access to the Group's auditor, KPMG LLP, and the lead audit partner and members of that team are invited to attend meetings of the Committee regularly. At least once a year, and twice in FY 20, the Committee meets with the auditor without the presence of any Executive Director in order to discuss independently the auditor's remit and any other issues arising from the audit.

The Chief Financial Officer and the Chief Executive Officer attend meetings at the request of the Committee Chair to facilitate discussion of the financial statements and systems of financial control and risk management. Both Directors joined part of each meeting held in FY 20.

Key Responsibilities

The Committee's key responsibilities are set out in its terms of reference and include the following:

- Monitoring the integrity of the Group's financial statements, including the annual and interim reports, and other significant announcements relating to financial performance, and reviewing any significant reporting issues and judgements;
- Advising on the clarity of disclosure and information contained in the financial reports;
- Ensuring compliance with relevant accounting standards and reviewing the consistency of the methodology applied;
- Reviewing the adequacy and effectiveness of the systems of internal control and risk management;
- Overseeing the relationship with the external auditor, reviewing performance and advising the Board members on the auditor's appointment and remuneration;
- Reviewing and discussing the findings of the audit with the external auditor.



Activities during the Year

During FY 20, the Committee reviewed and approved the Group's interim and preliminary results including consideration of the significant accounting issues relating to the financial statements and the going concern review. The Committee also reviewed the year-end audit plan and considered the scope of the audit as well as the external auditor's fees.

In its responsibility to assure the Group's financial control and risk management environment, the Committee continued its focus on risk and financial controls. During the year, the Group undertook a full review of its financial controls, which the Committee discussed and approved. This review concluded that the Group's internal controls are operating adequately and identified some refinements to systems and processes to improve further the financial control environment. A plan has been put in place to implement these refinements and to enhance team operations, which the Committee will monitor and oversee.

On behalf of the Board, the Committee oversees the Group's risk processes and risk reporting across all business units. Alongside the audit process, there is an ongoing focus to identify and manage the risks faced by the Group. The principal risks to the Group, along with the identified mitigating actions, are set out in the "principal risks" section of the Strategic Report.

The Committee reviewed and approved its terms of reference during the year.

Corporate Governance

Audit and Risk Committee Report continued

During the year, the Company received a review letter from the Corporate Reporting Review Team ("CRRT") of the Financial Reporting Council ("FRC") in relation to its regular review and assessment of the quality of corporate reporting in the UK. The Committee worked with the senior management team in responding to the CRRT's questions, and all matters have been satisfactorily resolved. The key change in the FY 20 accounts is to present rechargeable expenses to clients within revenue. As these expenses are recharged at nil margin, the adjustment has no impact on the Group's profits or net asset position in both the current and prior years. Further detail is provided in note 1 of the notes to the consolidated financial statements. Several other disclosure enhancements have been adopted in this year's Annual Report to provide further clarity and to address questions and comments raised by the CRRT. The CRRT subsequently confirmed that it had closed its enquiries. The CRRT noted its review was solely based on a review of Alpha's FY 19 Accounts and cannot be relied upon as an assurance or verification.

External Auditor

The Committee considers the appointment of, and the fees payable to KPMG LLP. Fees for non-audit services of £10,000 were paid in respect of KPMG LLP's review of the FY 20 interim results; KPMG LLP did not provide any other non-audit services during the year. An analysis of the remuneration to the external auditor in respect of audit and non-audit services during the year is set out in note 3 to the consolidated financial statements.

The Committee takes into account a number of areas when reviewing the external auditor appointment, including the auditor's performance in discharging the audit, the scope of the audit and terms of engagement, independence and objectiveness.

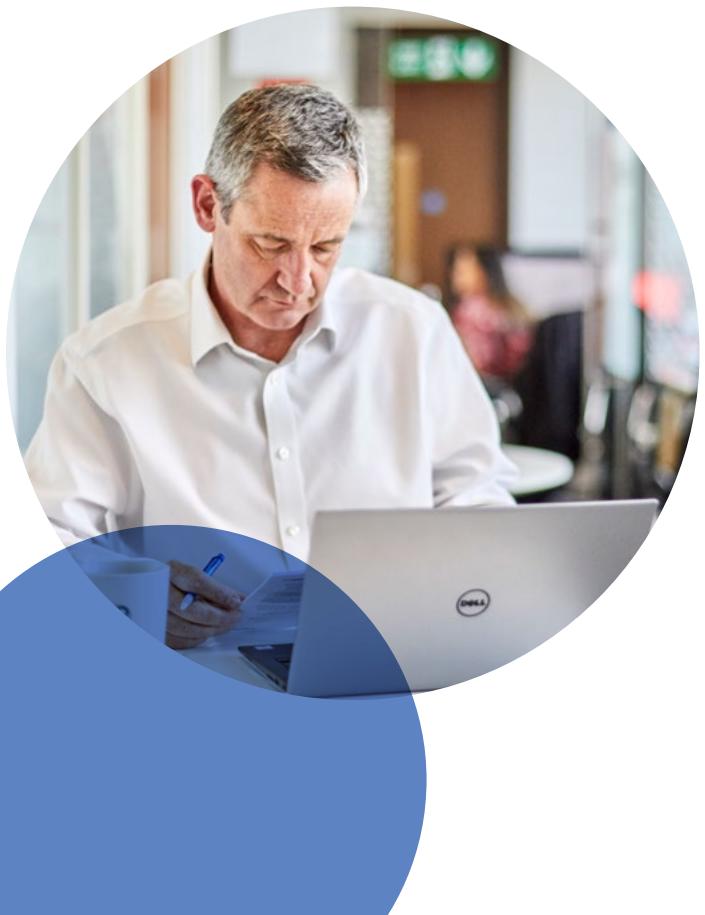
KPMG LLP was first appointed as the Group's external auditor in 2015. Mark Flanagan was appointed lead audit partner for the 2015 audit and, in line with the policy on lead partner rotation, was rotated off and replaced by Craig Parkin following completion of the FY 19 audit.

The Board is satisfied that the external auditor remains independent in the discharge of its audit responsibilities. The Committee also reviews the external auditor's management letter and detailed presentations are made to the Committee by the auditor at least twice a year. There is an active ongoing discussion between the Committee and the auditor on any recommendations to improve the efficiency of the audit process.

Having reviewed the auditor's independence and performance, the Committee has recommended to the Board that a resolution to reappoint KPMG LLP as the Company's auditor be proposed at the forthcoming AGM.

Audit Process

The external auditor prepares an audit plan for its review of the full-year financial statements, and the audit plan is reviewed and agreed in advance by the Committee. Before the approval of the financial statements, the external auditor presents its findings to the Committee, highlighting areas of significant financial judgement for discussion.



Significant Areas of Judgement and Estimation Considered in Relation to the Financial Statements

The Directors have made one judgement and several estimations, in the process of applying the Group's accounting policies that are considered to have a significant effect on the amounts recognised in the financial statements for the period ending 31 March 2020. Significant areas of estimation are identified by the finance team and the external audit process and then reviewed by the Committee. These judgements and estimates are set out below:

Significant Issue/Accounting Judgement Identified	How It Was Addressed
Share-based payments Significant estimates are required by IFRS 2 associated with share-based payments expense including the assessment of the fair value of share options at the date of grant and the probability that share options will vest in the future.	The fair value of share options assumed at each date of grant was reviewed externally by professional advisers. The probability that share options will vest is assessed at every reporting date for historic attrition, time to vest and known performance. These assumptions have been reviewed internally and discussed with the Committee.
Acquisition accounting The Axxsys and Obsidian acquisitions contain estimation uncertainty, associated with acquired intangible assets and the fair value of contingent consideration, which are linked to the future performance of those businesses. The contingent and non-contingent considerations related to the acquisitions are also part linked to the ongoing employment of certain of the management vendors, which has been assumed.	The valuation of acquired identifiable intangible assets was formally reviewed and assessed externally by professional advisers. The fair value of contingent earn-out consideration is based on management's best estimate of potential future cash flows. These assumptions have been discussed with the Committee.
Coronavirus (COVID-19) The management team has considered the potential impacts that relate to the COVID-19 pandemic and considered their effects on the financial statements. The unprecedented nature of COVID-19 increases the potential uncertainty in the wider economic outlook.	Reasonable assumptions have been made when assessing going concern, impairment of non-financial assets and expected credit losses on financial assets and acquisition earn-outs. Estimates have been made to reflect the possible length and extent of social distancing restrictions, the resulting general business environment and its potential impact on Group trading. These assumptions have been discussed internally.

Internal Audit

The Committee has considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function.

Penny Judd
 Chair of the Audit and Risk Committee
 24 June 2020

Corporate Governance

Remuneration Committee Report

The Remuneration Committee makes recommendations on matters relating to performance, remuneration and terms of service for the Board and senior management of the Group.

On behalf of the Board, I am pleased to present the Remuneration Committee's report for the year ended 31 March 2020.

Key Responsibilities

The Remuneration Committee formulates and recommends to the Board the remuneration policies for Executive Directors, the Chairman of the Board and senior management of the Group. The objective of these policies is to:

- Attract, retain and motivate employees of the quality required to run the Group successfully;
- Promote the long-term success of the Group; and
- Ensure that the performance-related elements of remuneration form a significant, yet appropriate proportion of the total remuneration package and are transparent, stretching and rigorously applied.

Committee Attendance

Committee member	Eligible to attend	Attendance
Nick Kent (Chair)	4	4
Ken Fry	4	4
Penny Judd	4	4

Committee Governance

The Committee is chaired by Nick Kent and comprises solely Non-Executive Directors. Its other members are Ken Fry and Penny Judd. Jill May will join the Committee on her appointment on 1 July 2020.

The Remuneration Committee meets as and when necessary, but at least twice a year. The Remuneration Committee met four times during FY 20.

The Committee is also responsible for reviewing all performance-related pay and share incentive schemes in use by the Group. The purpose of these reviews is to ensure:

- The appropriateness of the targets and level of rewards set; and
- That the dilution of equity arising from such schemes does not exceed the plans defined at the point of the Group's admission to AIM.

Note 21 sets out further details of the share-based payment schemes of the Group.

Activities during the Year

During the course of the year, the main activities of the Committee were:

- Reviewing the performance of the Executive Directors, Chairman and senior management of the Group, taking into account the achievement of FY 20 performance targets and associated share awards, as well as the FY 21 performance targets, potential share awards and salary increases;

- Assessing the effectiveness and application of the remuneration policy in light of the overall performance of the business in FY 20 and future growth plans;
- Reviewing the QCA Remuneration Committee Guide for Small and Mid-Sized Quoted Companies, together with other regulations' guidelines, to ensure that the Company provides clear and transparent remuneration information to shareholders, and continues to adopt good corporate governance practice; and
- Reviewing and approving short-term remuneration changes in response to the COVID-19 pandemic.

Remuneration Policy

The key elements of remuneration of the Executive Directors and senior management of the Group are:

Key Remuneration Elements Summary	
Base Salary	Base salary is reviewed annually and takes account of the responsibilities, experience and performance of the individual.
Pensions and Benefits	Contribution to a defined contribution pension scheme, maternity/paternity pay and other ancillary benefits.
Share Incentives	As part of its AIM admission, the Group put in place a management incentive plan under which selected individuals are awarded share options at nil or nominal value, but with performance criteria that align their interests with those of shareholders. The performance criteria are described below.

The Committee considers that the remuneration policy put in place at the time of AIM admission, together with the targets and awards as updated each year, has been appropriate and successful in achieving its objectives, while also acting as an effective retention mechanism. The Committee currently intends to apply the policy going forward, modifying it over time to reflect the needs of the Group as it develops.

Performance Criteria

The normal criteria for the award of share incentives to the Executive Directors and senior management of the Group are four-fold, depending on the individual and their role:

- The Group achieving adjusted EPS growth of 15% or more to trigger a maximum award, or 10% to trigger a 66% award, with a linear application of awards between these levels
- The Group achieving a total shareholder return ("TSR") over three years in excess of the mean TSR delivered by a peer group of comparable companies
- Personal adherence to corporate values and risk policy
- Specific business unit EBITDA, or other personal targets and goals.

The Committee believes that the substantial equity awards available under the management incentive plan, up to a maximum of 10% dilution of the issued share capital over three years, are an important element of remuneration and motivate

the Group's senior management to drive the business forward and deliver the planned growth over the long term. The Committee considers that the performance criteria selected relate closely to the Group's key performance indicators.

Performance for the Year

The performance of the Group since AIM admission, and over the course of FY 20, as described in the Chairman's, the Global Chief Executive Officer's and the Chief Financial Officer's reports on pp 4-6, 7-11 and 110-14 respectively, has been pleasing. The Group has met or exceeded both Company projections and market expectations; in particular, exceeding the 15% adjusted EPS growth target.

Consequently, the Executive Directors' and the majority of the senior management's bonus and share incentive performance criteria have been met for FY 20.

Corporate Governance

Remuneration Committee Report continued

Changes to Remuneration in Response to COVID-19

After the year end, in response to the COVID-19 pandemic, from 1 April 2020 all the Executive and Non-Executive Board Directors, along with the senior leadership team of the Group, volunteered to take a temporary 40 per cent reduction in salary and fees for six months. Additionally, all the Group's employees at director level agreed to take a temporary 20 per cent reduction in salary for the same six-month period. The Committee will keep this under review.

The Committee has also taken advice on and considered carefully the performance criteria that should be applied to the option awards granted in respect of FY 21 performance. The Committee believes that, in this exceptional and uncertain period, it is imperative to ensure that the senior management of the group is highly motivated and focussed on the long-term success and growth of the business. The Committee has

therefore authorised the issue of the normal quantum of share options but with more flexible performance criteria allowing management to respond to the impact of COVID-19 as it evolves. The Committee believes that this is in the long-term interests of the Company and its shareholders.

The Committee will continue to monitor the impact of COVID-19 and consider further remuneration changes as required.

Non-Executive Directors' Fees

The Chairman of the Board and the two Non-Executive Directors receive an annual fee for their services, which is reflective of their level of experience, knowledge, responsibility and expected time commitment.

The fees payable to the Non-Executive Directors are reviewed and benchmarked annually.

Summary of Directors' Remuneration

The table has been audited and below represents the Directors' remuneration for the years ended 31 March 2020 and 31 March 2019:

	Salary £'000s	Bonus £'000s	Benefits £'000s	Pension £'000s	FY 20 £'000s
Euan Fraser	566	—	—	17	583
John Paton	240	—	—	6	246
Ken Fry	65	—	—	—	65
Penny Judd	50	—	—	—	50
Nick Kent	50	—	—	2	52
Total	971	—	—	25	996

	Salary £'000s	Bonus £'000s	Benefits £'000s	Pension £'000s	FY 19 £'000s
Euan Fraser	530	—	—	5	535
John Paton	195	50	—	2	247
Ken Fry	65	—	—	—	65
Penny Judd	50	—	—	—	50
Nick Kent	50	—	—	1	51
Total	890	50	—	8	948

Equity Interests and Awards of Equity

The following table sets out the Directors' share interests and awards during FY 20:

	Number of 0.075p Ordinary Shares Held	Number of Un-vested Share Options Held	Number of Share Options Awarded in FY 20	Share Price of FY 20 Grant
Euan Fraser	1,356,081	536,343	286,343	2.27
John Paton	37,639	142,238	88,105	2.27
Ken Fry	184,070	–	–	–
Penny Judd	–	–	–	–
Nick Kent	995,520	–	–	–
Total	2,573,310	678,581	374,448	

No share awards made to Directors have vested or were exercised during the current or prior years.

Directors' Service Agreements

The Executive Directors entered into service agreements with the Company on the following dates:

Director	Date of Service Agreement	Term	Notice period
Euan Fraser	5 October 2017	Indefinite	6 months
John Paton	28 February 2018	Indefinite	6 months

The Non-Executive Directors do not have service agreements; however, their letters of appointment provide that their tenure of office has an initial period of three years, and will continue until terminated by the Non-Executive Director or the Company on giving to the other three months' prior written notice. Each Non-Executive Director is typically expected to serve for two three-year terms, but may be invited by the Board to service for an additional period.

Director	Date of Office	Initial Period	Notice period
Ken Fry	5 October 2017	3 years	3 months
Penny Judd	28 February 2018	3 years	3 months
Nick Kent	5 October 2017	3 years	3 months

Policy for the Remuneration of Employees

The Board recognises the vital importance of attracting and retaining the highest calibre of consultants, and strongly supports the management's remuneration policy for employees. Below the senior leadership team, all employees receive a fixed salary that is competitive with the market; a profit share scheme that is a team-based cash bonus based upon achieving financial targets; and a progressive benefits package. The Board believes that this structure provides a compelling remuneration package that reinforces teamwork, aligns the employees with the Group's objectives and helps to promote a feeling of ownership among all employees.

Note 21 sets out further details of the employee incentive plan.

Nick Kent
Chair of the Remuneration Committee
24 June 2020

Corporate Governance

Directors' Report

The Directors present their Annual Report and the audited consolidated financial statements of Alpha Financial Markets Consulting plc (the "Company", the "Group"), for the year ended 31 March 2020.

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 is listed on the AIM of the London Stock Exchange.

The Directors believe that the requisite components of this report are set out elsewhere in the Annual Report and/or on the Company's website, investors.alphafmc.com. The table sets out where the necessary disclosures can be found.

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, the Global Chief Executive Officer's and the Chief Financial Officer's Reports on pp 4-6, 7-11 and 110-14 respectively.
Results	The financial results for the year ended 31 March 2020 are set out in the Chief Financial Officer's Report on pp 110-14, in the consolidated statement of comprehensive income on p. 115 and further commented upon in the Global Chief Executive Officer's Report on pp 7-11. The Directors consider the current state of affairs of the Group to be satisfactory.
Dividends	Information regarding dividend payments can be found in the notes to the consolidated financial statements on p. 140.
Articles of Association	Any amendments to the Company's Articles of Association may be made by special resolution of the shareholders. A copy of the full Articles of Association is available upon written request from the Company Secretary.
Directors	Directors that have served during the year and summaries of the current Directors' key skills and experience are set out in the Corporate Governance Report on pp 72-73.
Directors' Interests	Details of the Directors' beneficial interests are set out in the Remuneration Report on pp 96-97.
Directors' Liability Insurance	The Group purchases and maintains Directors' and Officers' liability insurance for the benefit of its Directors, which was in place throughout the year and remains in place at the date of this report.
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 section 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 or 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.

Political Donations	The Company made no political donations during the year to 31 March 2020.																								
Greenhouse Gas Emissions	Details regarding greenhouse gas emissions can be found in the “environment” section of the Role in Society report on pp 68-69.																								
Stakeholder Engagement and Key Decisions	Details of the key decisions and discussions of the Board during the year and the main stakeholder inputs into those decisions are set out in the Section 172 statement of the Strategic Report on p. 37.																								
Share Capital	<p>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 20 to the consolidated financial statements.</p> <p>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.</p>																								
Major Interests in Shares	<p>In accordance with the Financial Conduct Authority’s Disclosure and Transparency Rules, following the above, the Company has 103,607,638 Ordinary Shares in issue, of which none are held in treasury. The total number of voting rights in the Company is 100,938,209.</p> <p>As at 31 March 2020, the Company had been notified, in accordance with chapter five of the Disclosure and Transparency Rules, or was otherwise aware, of the following significant interests in the issued ordinary share capital of the Company:</p> <table border="1"> <thead> <tr> <th>Name of person(s) subject of notification</th><th>Percentage of voting rights and issued share capital</th></tr> </thead> <tbody> <tr> <td>Janus Henderson Investors</td><td>7.70</td></tr> <tr> <td>Fidelity International</td><td>7.31</td></tr> <tr> <td>M&G Investment Management</td><td>6.98</td></tr> <tr> <td>Allianz Global Investors</td><td>6.70</td></tr> <tr> <td>Aberdeen Standard Investments</td><td>5.19</td></tr> <tr> <td>Nordea Asset Management</td><td>4.89</td></tr> <tr> <td>Danske Capital</td><td>3.73</td></tr> <tr> <td>Legal & General Investment Management</td><td>3.66</td></tr> <tr> <td>Jupiter Asset Management</td><td>3.47</td></tr> <tr> <td>Gresham House Asset Management</td><td>3.39</td></tr> <tr> <td>Schroder Investment Management</td><td>3.22</td></tr> </tbody> </table>	Name of person(s) subject of notification	Percentage of voting rights and issued share capital	Janus Henderson Investors	7.70	Fidelity International	7.31	M&G Investment Management	6.98	Allianz Global Investors	6.70	Aberdeen Standard Investments	5.19	Nordea Asset Management	4.89	Danske Capital	3.73	Legal & General Investment Management	3.66	Jupiter Asset Management	3.47	Gresham House Asset Management	3.39	Schroder Investment Management	3.22
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Janus Henderson Investors	7.70																								
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Jupiter Asset Management	3.47																								
Gresham House Asset Management	3.39																								
Schroder Investment Management	3.22																								
Financial Risk Management	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 described in the Strategic Report and in notes 22 and 23 of the notes to the consolidated financial statements.																								
Going Concern	The Directors have considered the going concern status of the Company and are satisfied that the Company remains a going concern. Details of the going concern basis are set out in note 1 of the notes to the consolidated financial statements. Further commentary can be found in the Chief Financial Officer’s Report on p. 114.																								
Disclosure of Information to Auditor	<p>In the case of each of the persons who are Directors of the Company at the date when this report was approved:</p> <ul style="list-style-type: none"> • 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 have taken all the steps that he or she ought to have taken as a Director to make him or herself aware of any information relevant to the audit and to establish that the Company’s auditors are aware of that information. 																								

Corporate Governance

Directors' Report continued

Auditor	The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution seeking to reappoint KPMG LLP as the Group's auditor will be proposed at the AGM.
Post Balance Sheet Events	Post balance sheet events are disclosed in note 25 on p. 156 and include the renewal of the Group's bank facilities. The reports of the Global Chief Executive Officer and Chief Financial Officer also update as to trading after the balance sheet date.
Annual General Meeting	Details of the forthcoming AGM can be found on p. 87 of the Corporate Governance Report .

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 comply 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.

The Directors' Report was approved by the Board of Directors on 24 June 2020.

By order of the Board.

John Paton
Chief Financial Officer
24 June 2020



“Alpha has offered me a challenging and invigorating start to my career and a working environment that champions support, fun and achievement. I’m excited to be a part of the company’s forward trajectory from here.”

Alpha employee

Corporate Governance

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 2020, 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 2020 and of the Group's profit 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 on p. 106. 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.

Overview

Materiality: Group financial statements as a whole	£0.65m (2019: £0.60m) 4.8% of Group profit before tax adjusted for acquisition costs and employment linked consideration (2019: 4.8% of Group profit before tax)
Coverage	93% (2019: 98%) of Group profit before tax
Key audit matters	vs 2019
Recurring risks	Revenue recognition in the appropriate period, recognition of accrued income and existence of trade receivables at the year end
	◀▶
	Parent company: Recoverability of investments in subsidiaries and intercompany debtors
	◀▶
New Risks	Accuracy and valuation of intangible assets acquired
	Accounting for employment-linked consideration on acquisitions during the year

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

Key audit matters are those matters that, in our professional judgement, 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 that 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:

	The risk	Our response
Revenue cut-off, recognition of accrued income and recognition of trade receivables at the year end (Trade receivables £18.9m; 2019: £16.6m Accrued income £1.3m; 2019: £1.5m) Refer to pp 124-27 (accounting policy), p. 131 (note 2) and p. 148 (note 15) (financial disclosures).	<p>Inappropriate recognition of revenue on contracts in progress at year end:</p> <p>For the majority of contracts, billing is on a time and materials basis. There is a risk that revenue in the cut-off period might be incorrectly recorded such that it does not reflect hours worked or the services provided and in particular that accrued income and trade receivables recorded at the year end do not exist.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Tests of detail: we have performed tests of detail, which comprised: <ol style="list-style-type: none"> 1. Selection of a sample of items included in trade receivables at 31 March 2020 and vouching: amounts recorded to invoices; that hours recorded on the invoice match timesheet records; and that contracts with the customer are in place for the work performed. 2. Selection of a sample of items included in accrued income at 31 March 2020 and vouching: that amounts accrued agree to hours recorded on timesheet records that have not been invoiced; that contracts with the customer are in place for the work performed; and that amounts accrued have been invoiced post year end. 3. Challenging the recoverability of trade receivables and accrued income as at 31 March 2020 by reference to a sample of cash receipts after the year end.
Accuracy and valuation of intangible assets acquired (Acquired intangible assets: £7.4m) Refer to p. 93 (Audit Committee Report), p. 123 (accounting policy) and p. 141 (note 12) (financial disclosures).	<p>Forecast based valuation:</p> <p>Accounting for business combinations involves significant judgement in relation to the application of IFRS 3 to intangible assets acquired, given the estimation techniques involve the forecasting of future uncertain cash flows and the use of appropriate discount rates.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of intangible assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>Management has used an external expert to assist in the calculation of the value of the identified intangible assets.</p>	<p>Our procedures included:</p> <ol style="list-style-type: none"> 1. Accounting analysis Challenging management's identification of separately identifiable intangible assets based on our knowledge of the acquired business and industry. 2. Methodology choice Assessing, using our own valuation specialists, the results of the valuation reports for the customer related intangibles associated with Axxsys Limited, by checking that the valuations were in accordance with relevant accounting standards and acceptable valuation practices. 3. Assessing transparency Assessing the appropriateness of the Group's disclosures in respect of the fair value measurement of the acquired intangible assets.
Accounting for employment-linked consideration on acquisitions during the year. (Contingent and deferred consideration liability – current: £3.7m) (Contingent and deferred consideration liability – non-current: £6.9m) Refer to p. 93 (Audit Committee Report), p. 122 (accounting policy) and p. 145 (financial disclosures).	<p>Subjective judgement in the assessment of consideration linked to future employment:</p> <p>Some of the consideration that is either deferred or contingent upon future performance is linked to the continuing employment of certain of the sellers. Assessing how much of the deferred or contingent consideration is linked to the continuing employment of the sellers requires an assessment of terms within sale and purchase agreements which can be complex.</p>	<p>Our procedures included:</p> <ol style="list-style-type: none"> 1. Accounting analysis Reading the sale and purchase agreement and assessing management's judgement around which elements of consideration are linked to future employment. 2. Assessing transparency Assessing the appropriateness of the Group's disclosures in the accounts for the consideration agreed and the proportion of this that is linked to future employment.

Corporate Governance

Independent Auditor's Report continued

	The risk	Our response
Recoverability of investments in subsidiaries and intercompany debtors $\text{(\pounds9.2m and \pounds111.9m; 2019: \pounds1.3m and \pounds110.3m)}$ Refer to p. 161 (accounting policy) and p. 163 (note 2) and p. 165 (note 3) (financial disclosures).	<p>Low risk, high value:</p> <p>The carrying amount of the parent company's investments in subsidiaries and intercompany debtors represents 100% (2019: 100%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. 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' draft 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 £0.65m (2019: £0.60m), determined with reference to a benchmark of Group profit before tax adjusted for acquisition costs and employment linked consideration of which it represents 4.8% (2019: 4.8% of Group profit before tax).

Materiality for the parent company financial statements as a whole was set at £0.28m (2019: £0.48m), determined with reference to a benchmark of Company gross assets of £121.6m (2019: £111.7m), of which it represents 0.2% (2019: 0.4%).

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.03m (2019: £0.03m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

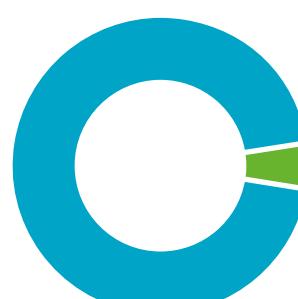
Of the Group's 21 (2019: 15) reporting components, we subjected 12 (2019: 10) to full scope audits for Group purposes.

The component materialities ranged from £400 to £0.52m (2019: £400 to £0.45m), having regard to the mix of size and risk profile of the Group across the components.

The components within the scope of our work accounted for the percentages described on the right.

The remaining 17% (2019: 12%) of total Group revenue, 7% (2019: 2%) of Group profit before tax and 7% (2019: 4%) of total Group assets is represented by 9 reporting components (2019: 5 components), none of which individually represented more than 5% of total Group revenue, total assets or Group profit before tax. 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 profit before tax adjusted for acquisition costs and employment linked consideration
£13.7m (2019: £12.5m)



● Group profit before tax

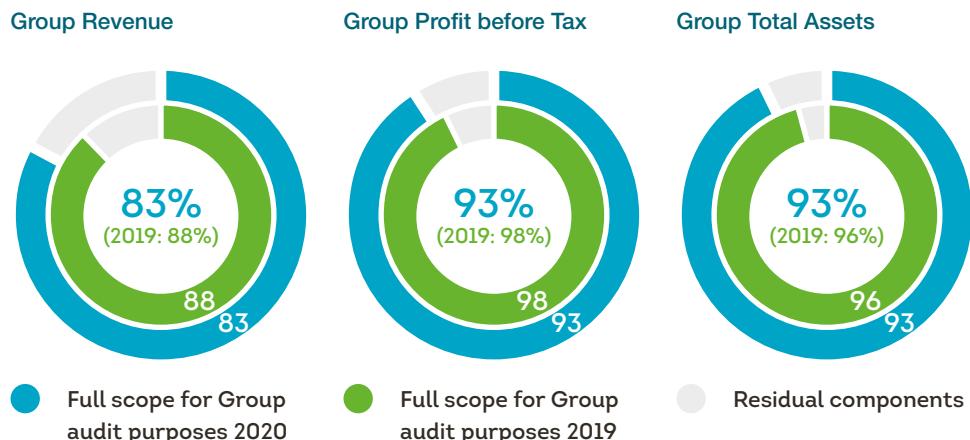
● Group materiality

Group Materiality
£0.65m (2019: £0.6m)

£0.65m
 Whole financial statements materiality (2019: £0.60m)

£0.52m
 Range of materiality at 12 components (£400-£0.52m) (2019: £400-£0.45m)

£0.03m
 Misstatements reported to the audit and risk committee (2019: £0.03m)



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Group or the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how the risk might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was:

- The impact of COVID-19 on the Group's short to medium term order book.

As this is a risk that could potentially cast significant doubt on the Group's and the Company's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from the risk and evaluated the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

Based on this work, 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 a year from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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.

Corporate Governance

Independent Auditor's Report continued

Strategic Report and Directors' Report

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 that 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. 100, 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.

Craig Parkin

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

31 Park Row
Nottingham
NG1 6FQ

24 June 2020



“We knew we needed help to achieve our goals but had never engaged with an external consulting firm before. A combination of commitment, hard work, innovative thinking and a pragmatic approach led to a successful outcome.”

Chief Executive Officer, asset manager

Financial Statements

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The power of
our people to
create value



Financial Statements

Chief Financial Officer's Report

Alpha delivered another strong year. The Group grew revenue 17.0% and adjusted EPS 17.9%; whilst continuing to internationalise, including strong North American growth. Alpha also successfully acquired Axxsys and Obsidian, maintained consistent margins, healthy cash generation and a strong year-end cash balance, all while continuing to invest in the business.



John Paton
Chief Financial Officer
24 June 2020

“We delivered a strong financial performance in FY 20, successfully acquired two businesses and ended the year with a strong balance sheet. We are taking the right actions to prepare for a period of uncertainty.”

IFRS and Alternative Performance Measures (“APMs”)

A range of results metrics are set out to demonstrate Alpha's performance. These include standard generally accepted accounting definitions and alternative performance measures, which are included to allow further understanding of the underlying operating performance of the Group across financial periods.

The difference between standard and alternative performance measures arises from the adjusting items, set out in note 4 of the notes to the consolidated financial statements. The total cost of these adjusting items has increased in the year primarily due to certain Axxsys and Obsidian acquisition-related costs, which the Board considers to be non-operating in nature. Note 4 sets out a description of these APMs and a full reconciliation to relevant IFRS measures. The results are also shown without the effect of the introduction of new accounting standard IFRS 16 Leases, as set out in note 7, to assist comparability between financial years.

	FY 20 IFRS 16	FY 20 IAS 17	FY 19 IAS 17	Change vs FY 19 IFRS 16	Change vs FY 19 IAS 17
Revenue	£90.9m	£90.9m	£77.7m	17.0%	17.0%
Net fee income	£88.9m	£88.9m	£76.0m	17.1%	17.1%
Gross profit	£34.4m	£34.4m	£29.1m	18.3%	18.3%
Operating profit	£10.4m	£10.4m	£12.6m	(17.1%)	(17.6%)
Adjusted EBITDA	£20.2m	£19.4m	£16.5m	22.9%	17.8%
Adjusted EBITDA margin	22.8%	21.8%	21.7%	1.1%	0.1%
Adjusted profit before tax	£18.6m	£18.7m	£16.2m	15.2%	15.5%
Profit before tax	£9.3m	£9.4m	£12.5m	(25.8%)	(25.3%)
Adjusted earnings per share	14.21p	14.26p	12.05p	17.9%	18.4%
Adjusted diluted earnings per share	13.62p	13.68p	11.77p	15.8%	16.2%
Basic earnings per share	6.11p	6.16p	9.05p	(32.6%)	(31.9%)

Group Results

I am pleased to report that Alpha has delivered another year of further strong growth during a year of geopolitical uncertainty.

The Group has experienced almost no FY 20 effect on trading from the COVID-19 lockdowns and related social distancing measures, given the swift transition to effective remote working by our clients and consultants and the timing of the Group's year end. Alpha has implemented a number of cost mitigations in recent months to prepare for this more uncertain environment and continues to monitor developments closely for the year ahead.

Revenue²⁶

The Group has delivered another strong year of progress, growing revenue and net fee income 17.0% and 17.1% respectively on the previous year, delivered through both organic and inorganic growth. Organic revenue²⁷ growth totalled 7.7% in the year.

Alpha North America delivered the strongest regional growth with net fee income up 57.4%, almost entirely organically. The North American business expanded its domestic client base in the year, supporting a good range of client projects, including several longer duration acquisition and integration, operations transformation and systems implementation projects, which lifted consultant team utilisation substantially from last year,

reaching Group target levels. The UK business, Alpha's geography with the largest net fee income, grew 11.4% overall, benefitting from strong growth in Alpha Data Solutions ("ADS") and the additional Axxsys contribution in the year, while good client demand maintained close to target consultant utilisation levels, mitigating a weaker UK contracting environment. Alpha Europe & Asia delivered 11.7% regional growth, with a consistent organic revenue performance across the region overall, complemented by the contribution from Axxsys Europe, which grew well in the year with new client wins and team headcount expansion.

Alpha continues to support clients in some of the largest, most challenging and interesting projects across the industry. Alpha's revenue is driven by continuing strong demand in its established practices, including Investments, Distribution, M&A Integration and Operations & Outsourcing, as well as progress in newer practices, including strong growth in Regulatory Compliance in the year. Alpha's ETF & Indexing practice, launched in March 2019 to further enhance Alpha's response to the growing significance of index funds and exchange traded derivatives, made strong progress in the year in multiple geographies. Alpha's Pensions & Retail Investments practice, launched in September 2019, gained good traction by winning a number of projects in H2 20²⁸, both with existing and new client relationships. Alpha's growth was supported by further investment in the global consultant headcount, with the number of consultants (including contractors) reaching 436 by the year end (March 2019: 362).

²⁶ FY 19 revenue is restated to reflect the presentation of revenue gross of rechargeable expenses. Refer to note 1 of the financial statements for further detail and note 2 for a reconciliation of revenue to net fee income

²⁷ Organic revenue growth is an APM and represents FY 20 revenue less £7.3m revenue attributable to the Axxsys and Obsidian acquisitions completed during the year. Refer to note 4 for further detail of APMs

²⁸ H2 20 refers to the second half of the financial year ending 31 March 2020

Financial Statements

Chief Financial Officer's Report continued

Group Profitability

The Group also increased its profits. Gross profit rose 18.3% to £34.4m (FY 19: £29.1m), improving margin, as a percentage of net fee income, to 38.7% (FY 19: 38.3%). This reflects a combination of near target consultant utilisation levels, margin benefit from improved consultancy mix, headcount growth, and lower overall employee profit share accruals partially offset by continued investment in the business, including 13 director appointments. North American margin improved with strong growth lifting consultant utilisation through the year, UK margin was relatively consistent and Europe & Asia margin eased slightly, reflecting more mixed market conditions.

Group administrative expenses, before the adjusting items detailed in note 4 of the consolidated financial statements, increased to £15.0m (FY 19: £12.6m) on a comparable basis. Adjusted administrative costs increased 18.9% overall, including both the inorganic addition of Axxsys and Obsidian costs since acquisition and on an organic basis, which was principally from increased Group central management team resource supporting the overall business growth globally, larger technology security and infrastructure improvement spend, and higher professional fees, together offsetting lower consultant recruitment spend in the year. Including the adjusting items, administrative expenses increased to £24.0m (FY 19: £16.5m), reflecting the one-off acquisition, integration and other costs related to the onboarding of Axxsys and Obsidian, as set out further in note 4.

Adjusted EBITDA grew 22.9% to £20.2m (FY 19: £16.5m). The Group adopted the new accounting standard IFRS 16 Leases for the first time in the year, as set out in note 7, on a modified retrospective basis. On a comparable basis, as set out above and in note 7, adjusted EBITDA grew 17.8%, in line with revenue growth and margin was consistent at 21.8% on a comparable basis (FY 19: 21.7%). Reported margins improved further on this basis. Adjusted profit before tax increased by 15.2% to £18.6m (FY 19: £16.2m). This metric is comparable under the new standard and also reflects the increased ADS capitalised development amortisation charge in the year.

Group operating profit decreased by 17.1% to £10.4m (FY 19: £12.6m) after charging all costs including the adjusting items listed in note 4. These cost adjustments, which are detailed in note 4 of the consolidated financial statements,

increased to £8.4m (FY 19: £3.6m) due to the Axxsys and Obsidian acquisition-related costs, including increased employment-linked consideration in the year. The share-based payment charge, including relevant social security costs, increased in the current year reflecting new awards, time elapsed and updated current year valuation assumptions. Further details are set out in notes 4 and 21. Similarly, profit before tax reduced to £9.3m after charging these increased adjusting item costs, increased depreciation and increased finance expenses.

Currency

Currency translation had a minimal impact on both net fee income and profits in FY 20, as a result of a flat average sterling against key currencies. In the year, sterling averaged \$1.28 (FY 19: \$1.31) and €1.15 (FY 19: €1.13). Currency translation immaterially increased FY 20 net fee income by £0.3m (0.4%). The statement of comprehensive income reflects £1.3m currency gain on asset translation.

Net Finance Expense

Net finance costs increased in the year to £1.1m (FY 19: £0.1m), representing the first full-year adoption of IFRS 16 Leases and the annual unwinding of the discount applied to deferred and earn-out consideration due on recent acquisitions. Since its admission to AIM, the Group has operated with a net cash position.

Taxation

Pre-tax profit, after non-operating items, was £9.3m (FY 19: £12.5m). The Group's tax charge for the year was £3.1m (FY 19: £3.3m), reflecting the lower taxable profit, disallowable expense items and the blended tax rate of the jurisdictions in which the Group operates. The Group's cash tax payment in the year was £2.4m (FY 19: £2.0m).

For further taxation details, see notes 8 and 9 to the consolidated financial statements. Adjusted profit after tax is shown after adjustments for the applicable tax rates on adjusting items as set out in note 4.

Acquisition Activity

Complementary bolt-on acquisitions that enhance the product and service proposition offered to Alpha's clients are an important part of the Group's strategy. The Group made two acquisitions during the year, Axxsys and Obsidian, in June and November 2019 respectively. Both businesses have performed well since acquisition.

Axxsys has integrated into the Group well and grown since acquisition, particularly in further expanding the team to take advantage of opportunities across Europe. Since June, Axxsys has contributed £7.1m revenue with margin improvement through the year.

Since acquiring Obsidian in November within ADS, the combined ADS Obsidian product has been successfully implemented for an Alpha client, and the Obsidian technology integration work to enhance Obsidian product security features and align technology protocols with the ADS 360 SalesVista product set has largely been completed. These one-off integration costs total £0.5m to date. Obsidian has contributed £0.2m revenue since acquisition and is well placed for further growth within ADS.

Earnings per Share

Adjusted EPS improved 17.9% to 14.21p per share (FY 19: 12.05p) and, after including the adjusting expense items, the basic EPS is 6.11p per share (FY 19: 9.05p). Adjusted diluted EPS increased 15.8% to 13.62p (FY 19: 11.77p). At the year end, 6,490,661 share options remained outstanding and no share options vested in the year.

Cash Flow and Net Funds

The Group enjoyed strong cash generation with net cash generated from operating activities rising to £18.2m (FY 19: £16.4m) and after adjusting for employment-linked acquisition payments to £19.9m (FY 19: £16.4m). This represents a 106% adjusted cash conversion rate from adjusted operating profit, improving on FY 19's 101% adjusted cash conversion rate, through working capital focus and internal process rigour around timely debtor collection.

The Group's income tax paid totalled £2.4m (FY 19: £2.0m). A total of £7.3m acquisition payments were paid in the year, net of cash acquired, in relation to both the Axxsys and Obsidian initial consideration payments plus acquisition related costs. The increase in capital expenditure in the year reflects the now completed 360 SalesVista investment programme, designed to enhance product data security, improve implementation simplicity and add product functionality.

Net interest paid was £0.1m (FY 19: £0.1m), reflecting the cost of maintaining the Group's revolving credit facility ("RCF") less the benefit of holding net cash balances through the year. At the year end, the Group's cash position had improved to £21.0m net cash or £26.0m total (FY 19: £18.6m), having drawn Alpha's £5m revolving credit facility in full shortly before year end to maximise liquidity, in anticipation of a COVID-19 effect.

After the year end, the Group further improved its available liquidity by renewing and extending its committed RCF with Lloyds Banking Group into a £20m committed facility expiring in June 2023 with an improvement to terms. The two RCF covenants are a 2x maximum net debt to adjusted EBITDA ratio and a 4x interest cover covenant. This facility, alongside cash balances, ensures Group funding flexibility. Further details are set out in note 25.

Statement of Financial Position

The principal changes to the Group's statement of financial position relate to acquisition activity and the adoption of IFRS 16 during the year. The increase in the Group's total non-current assets is principally driven by a combination of acquisition intangibles, the addition of lease right of use assets under IFRS 16 and the investment in the ADS software product.

Increases in trade receivables and payables represent the enlarged group. Acquisition related deferred consideration and earn-out payments increased both current and non-current liabilities as at 31 March 2020, as set out in note 13. Deferred tax liabilities arise on timing differences and increased in the year mainly due to acquisition related timing differences, as set out in note 9.

The year-end net cash balance improved after acquisition payments, investment in the business and payment of dividends to shareholders in the year.

Financial Statements

Chief Financial Officer's Report continued

Dividends

The Board is not recommending a final dividend this year (FY 19: 4.09p), given the exceptional COVID-19 circumstances and the subsequent business uncertainty. Alongside the other cost mitigants and deferrals, Alpha seeks to best maintain its strong balance sheet to maximise flexibility. Therefore, the FY 20 interim dividend of 2.10p per share is the total dividend for the year (FY 19: 6.00p).

Total Shareholders' Funds

Total shareholders' funds increased to £91.4m (March 2019: £89.1m). The changes in equity reserves reflect the retained profit after tax for the year, currency movements on overseas asset and goodwill values, the addition of further share-based payment reserves and the payment of dividends. As at 31 March 2020, the Company had 103,607,638 ordinary shares in issue, of which no shares were held in treasury and 2,669,429 shares were held in the Company's employee benefit trust ("EBT") for satisfaction of future option vesting.

Risk Management and the Year Ahead

The Group's risk management approach includes regular monitoring of macro-economic and end-market conditions and assessing the potential impacts across all business areas. In the risk management framework, which has been reviewed during the year, the executive team, including me as Chief Financial Officer and the Global Chief Executive Officer, has primary responsibility for keeping abreast of developments that may affect the implementation of the Group's strategy and financial performance. This entails identifying the appropriate mitigating actions that should be taken and ensuring, as far as possible, that those actions are then executed by the senior management team. The Board as a whole oversees risk and, within that framework, considers the material risks that the Group faces and agrees on the principal risks and uncertainties. Alpha has a set of core company values, which are embedded globally, that reflect the Group's ethical and responsible approach to operating and managing the business.

The current COVID-19 situation is a significant event that brings an unprecedented level of uncertainty to the business environment and a shifting business development landscape. Alpha took early decisive action in response to the pandemic, implementing protective measures in March to reduce costs and maintain liquidity. These measures included 40 per cent salary and fee reductions for the senior leadership team for six months, reducing recruitment to all but a handful of strategic hires, freezing annual salary increases globally and deferring the annual profit share payments for FY 20 to employees until later in FY 21. In April, the remainder of the global director team agreed to a voluntary 20 per cent temporary salary reduction and, in June, staff furlough plans have been cautiously introduced in the UK and France.

FY 21 trading has begun well and the Group continues to see opportunities, new client wins as well as extensions to existing projects. However, while the trading environment remains uncertain, Alpha will continue to monitor the COVID-19 situation closely; and will act sensitively and appropriately in managing the Group through uncertain times in the interests of all stakeholders.

The Board has considered all of the above factors in its review of going concern and has been able to conclude the review positively. While cognizant of potential macro-economic risks and the competitive environment, the Group's people, investment in product and service offerings and increasing international footprint help position Alpha for the year ahead. Alpha has delivered another year of strategic acquisitions, strong growth and cash generation in FY 20. While COVID-19 means that uncertainty exists over how the coming year will unfold, we start FY 21 well positioned.

Consolidated statement of comprehensive income

For the year ended 31 March 2020

	Note	Year ended 31 March 2020 £'000	Restated ²⁹ Year ended 31 March 2019 £'000
Continuing operations			
Revenue	2	90,901	77,661
Rechargeable expenses	2	(1,977)	(1,701)
Net fee income	2	88,924	75,960
Cost of sales		(54,521)	(46,878)
Gross profit		34,403	29,082
Administration expenses		(23,977)	(16,510)
Operating profit	3	10,426	12,572
Depreciation	7, 14	1,022	263
Amortisation of capital development costs	12	428	–
Adjusting items	4	8,372	3,643
Adjusted EBITDA	4	20,248	16,478
Finance income	6	1	–
Finance expense	6	(1,133)	(52)
Profit before tax		9,294	12,520
Taxation	8	(3,127)	(3,321)
Profit/(loss) for the year		6,167	9,199
Exchange differences on translation of foreign operations		1,311	2,505
Total comprehensive income/(expense) for the year		7,478	11,704
Basic earnings per ordinary share (p)	11	6.11	9.05
Diluted earnings per ordinary share (p)	11	5.85	8.84

²⁹ Prior year restatement relates to the alignment of the Group's revenue recognition policy to IFRS 15 B35B, presenting revenue inclusive of expenses recharged to clients. This restatement has no impact on the Group's adjusted EBITDA, profit after tax or net asset positions as such rechargeable expenses are recharged with nil mark-up. Please see note 1 for further details

Consolidated statement of financial position

As at 31 March 2020

	Note	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Assets			
Non-current assets			
Goodwill	12	64,553	55,162
Intangible fixed assets	12	25,774	20,768
Property, plant and equipment	14	530	414
Right-of-use asset	7	2,611	–
Total non-current assets		93,468	76,344
Current assets			
Trade and other receivables	15	21,212	19,680
Cash and cash equivalents	16	25,996	18,581
Total current assets		47,208	38,261
Current liabilities			
Trade and other payables	17	(25,929)	(18,427)
Corporation tax		(4,150)	(3,359)
Lease liabilities	7	(791)	–
Interest bearing loans and borrowings	19	(5,000)	–
Total current liabilities		(35,870)	(21,786)
Net current assets		11,338	16,475
Non-current liabilities			
Deferred tax provision	9	(4,438)	(3,193)
Other non-current liabilities	18	(7,104)	(486)
Lease liabilities	7	(1,878)	–
Total non-current liabilities		(13,420)	(3,679)
Net assets		91,386	89,140
Equity			
Issued share capital	20	78	76
Share premium		89,396	89,396
Capital redemption reserve		–	1
Foreign exchange reserve		3,406	2,095
Other reserves		1,652	737
Retained earnings		(3,146)	(3,165)
Total shareholders' equity		91,386	89,140

The notes on pp 119-56 form part of these consolidated financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 24 June 2020. They were signed on its behalf by:

Consolidated statement of cash flows

For the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities:		
Operating profit for the year	10,426	12,572
Depreciation of property, plant and equipment	7, 14	1,022
Loss on disposal of fixed assets		11
Amortisation of intangible fixed assets	12	3,804
Share-based payment charge		917
Acquisition related costs	–	61
Operating cash flows before movements in working capital	16,180	15,924
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	30	1,562
Increase/(decrease) in trade and other payables	4,444	878
Tax paid	(2,446)	(1,996)
Net cash generated from operating activities	18,208	16,368
Cash flows from investing activities:		
Interest received	1	–
Acquisition of subsidiaries, net of acquired cash	(7,339)	(1,113)
Capitalised development costs	(1,387)	–
Additions to property, plant and equipment	(349)	(728)
Net cash used in investing activities	(9,074)	(1,841)
Cash flows from financing activities:		
Issue of ordinary share capital	(1)	–
Repayment of borrowings	–	–
Drawdown of bank borrowings	19	5,000
Interest paid		(47)
Lease liability payments	19	(835)
Dividends paid	10	(6,256)
Net cash used in financing activities	(2,139)	(5,732)
Net increase in cash and cash equivalents	6,995	8,795
Cash and cash equivalents at beginning of the period	18,581	9,774
Effect of exchange rate fluctuations on cash held	420	12
Cash and cash equivalents at end of the period	25,996	18,581

Consolidated statement of changes in equity

For the year ended 31 March 2020

	Share Capital £'000	Share premium £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 2018	77	89,396	–	(410)	267	(6,677)	82,653
Comprehensive income							
Profit for the period	–	–	–	–	–	9,199	9,199
Foreign exchange differences on translation of foreign operations	–	–	–	2,505	–	–	2,505
Transactions with owners							
Shares cancelled (equity)	(1)	–	1	–	–	–	–
Share-based payment reserves	–	–	–	–	409	–	409
Consideration to be settled in equity	–	–	–	–	61	–	61
Dividends	–	–	–	–	–	(5,687)	(5,687)
As at 31 March 2019	76	89,396	1	2,095	737	(3,165)	89,140
Effect of changes in accounting standards	–	–	–	–	–	109	109
As at 1 April 2019	76	89,396	1	2,095	737	(3,056)	89,249
Comprehensive income							
Profit for the period	–	–	–	–	–	6,167	6,167
Foreign exchange differences on translation of foreign operations	–	–	–	1,311	–	–	1,311
Transactions with owners							
Shares issued (equity)	2	–	(1)	–	–	(1)	–
Share-based payment reserves	–	–	–	–	917	–	917
Deferred tax recognised in equity	–	–	–	–	(2)	–	(2)
Dividends	–	–	–	–	–	(6,256)	(6,256)
As at 31 March 2020	78	89,396	–	3,406	1,652	(3,146)	91,386

Share capital

Share capital represents the nominal value of share capital subscribed.

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.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences that arise on consolidation from the translation of the financial statements of foreign subsidiaries, including goodwill.

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 consolidated financial statements

1. Basis of preparation and 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 industry, principally in the UK, North America, Europe and Asia.

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

The consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on 24 June 2020.

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operation for the foreseeable future.

Impact of Coronavirus (COVID-19)

The Directors note that the World Health Organisation declared a pandemic relating to COVID-19 on 11 March 2020, and social distancing measures were introduced in key Alpha territories during March 2020. Therefore, the Directors have considered the significance of the economic ramifications of the virus before the end of the Group's financial year and its potential effect on the Group's financial statements for the year ended 31 March 2020. In particular, the Directors have assessed the impact of incorporating additional COVID-19 risk factors in the discount rates and medium- and long-term growth rates used in impairment testing of non-financial assets, as well as applying additional downside sensitivities in the going concern assessment over a period of 12 months after the signing of these financial statements.

Key assumptions considered by management when assessing going concern include adjusting management's best estimate of forecasted performance for factors including the length and extent of current lockdown restrictions, the resulting general business environment, the speed of recovery of trading after lockdown restrictions ease and utilisation of relevant government support schemes. These have been estimated for their respective impacts on the Group's revenues, fixed and variable costs and resultant expected cash flow requirements.

The Group's forecasts and projections, taking into account reasonable estimate of a possible downturn in trading performance arising from the COVID-19 outbreak, show that the Group has sufficient financial resources, both from the Group's robust balance sheet and its expected cash flow generation, sufficient for the going concern period. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements. See note 22 for details of the additional financial risks facing the Group.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

Basis of consolidation

These financial statements consolidate the financial statements of the Company and its subsidiary undertakings as at 31 March 2020.

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.

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 Directors have made one judgement, excluding those involving estimations, in the process of applying the Group's accounting policies that are considered to have a significant effect on the amounts recognised in the financial statements for the period ending 31 March 2020.

Employment-linked acquisition payments (note 13)

The contingent and non-contingent consideration related to the acquisitions made in the year are part-linked to the ongoing employment of certain of the management vendors. The apportionment of these payments in the financial statements are based on the interpretation of multiple complex clauses within the Share Purchase Agreement ("SPA") of the relevant acquisition.

A number of estimates have been made in the preparation of the financial information. The assumptions underlying the Group's estimates are based on historical experience and various other factors that are deemed to be reasonable under the circumstances. These assumptions form the basis of developing estimates of the carrying values of assets and liabilities that are not apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the year in which the estimate is revised and any future years affected. Actual results can differ from these estimates.

The Directors have identified the following areas as key estimates that are considered to have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Share-based payments (note 21)

Management have estimated the share-based payments expensed under IFRS 2. In determining the fair value of share-based payments, management have considered several internal and external factors in judging the probability that management and employee share incentives may vest, and in assessing the fair value of share options at the date of grant. Such assumptions involve estimating a number of future performance and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior period. For further details please see note 21.

Business combinations – valuation and asset lives of separately identifiable intangible assets (note 12)

In determining the fair value of intangible assets arising in a business combination, management are required to make estimates regarding the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. Such estimates 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. The Directors consider that the assumptions used the best estimate of the intangible asset values acquired, and an independent accountancy firm was used to assess and advise on these estimates.

Acquisition earn-outs (note 13)

The Obsidian and Axxsys earn-out expense calculations under IFRS 3 contain estimation uncertainty, as the earn-out potentially payable in each case is linked to the future performance of the acquiree. In order to determine the fair value of the earn-out at the acquisition date management have assessed the potential future cash flows of the Axxsys and Obsidian businesses respectively, the likelihood of an earn-out payment being made, and discounted using an appropriate discount rate. These estimates are also affected by the heightened uncertainty due to the current COVID-19 environment and potentially change as a result of related events over the next several years.

Impairment of goodwill (note 12)

The Group determines whether goodwill is impaired on at least an annual basis. This requires an estimate of the value in use of the CGUs to which the goodwill is allocated. To estimate the value in use, the Group estimates the expected future cash flows from the CGUs and discounts to their present value. Forecasting expected cash flows and selecting appropriate discount rates inherently requires estimation. A sensitivity analysis has been performed on these estimates (refer to note 12). Although based on the sensitivity analysis performed there is no impairment charge to goodwill, it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance, the heightened uncertainty due to the current COVID-19 environment, and the fact that it could change as a result of future events over the next several years.

Coronavirus (COVID-19)

For the purposes of considering going concern and non-financial asset impairment, management have applied a number of key assumptions that relate to the ongoing outbreak of COVID-19 and the associated market uncertainty in Alpha's operational territories. The key assumptions applied for these purposes relate to the potential length of the ongoing lockdown periods and subsequent environment as determined by government bodies globally, and the associated assumptions as to the potential impact of these factors on the Group's asset impairment and going concern considerations.

Management consider that the impact of uncertainty related to COVID-19 will be most apparent in the following areas of the financial statements.

- Going concern: refer to the "going concern" section above for further detail on the impact of COVID-19.
- Impairment of non-financial assets: further details on the impact of COVID-19 judgements on asset impairment is provided in note 12.
- Valuation of expected credit loss on financial assets: refer to note 15 for details of consideration given to the valuation of the expected credit loss of receivables in light of the COVID-19 uncertainty.
- Acquisition earn-outs: refer to the "acquisition earn-outs" section above for further detail.

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:

Tangible fixed asset	Useful economic life
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.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

Business combinations, goodwill and consideration

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. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date.

Goodwill arises when the fair value of the consideration for a business exceeds the fair value of the net assets acquired.

In determining the fair value of intangible assets arising on 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 over an appropriate period, taking into account growth rates and expected changes to selling prices and operating costs. Management estimates an appropriate discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired (see note 12).

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

Impairment reviews – goodwill

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 amount. 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, the carrying value of the asset will be reduced to its recoverable amount with the difference recorded as an impairment charge in the income statement.

In accordance with IAS 36, the Group has tested goodwill for impairment at the balance sheet date. No goodwill impairment was deemed necessary at 31 March 2020.

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 2020, the carrying value of this investment was £1.3 million.

Contingent and non-contingent deferred consideration on acquisition

Contingent and non-contingent deferred consideration may arise on acquisitions. Non-contingent deferred consideration may arise when settlement of all or part of the cost of business combination falls due after the acquisition was completed.

Contingent deferred consideration may arise with consideration dependent on the future performance of the acquired company.

Deferred consideration associated with business combinations settled in cash is assessed in line with agreed contractual terms. Consideration payable is discounted for the time value of money and recognised as capital investment cost when the deferred or contingent consideration is not employment-linked. Alternatively, consideration is recognised as remuneration expense over the deferral or contingent performance period, where consideration payable is also contingent upon future employment.

In circumstances where the acquiree has an option to receive consideration in the form of cash or a variable number of shares, the Group has recognised a financial liability for the fair value of the discounted consideration. Where consideration is settled in a fixed number of shares, the consideration is classified as equity, it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the deferred consideration are recognised in the statement of comprehensive income.

At each balance sheet date, consideration liabilities comprise the fair value of the remaining contingent or non-contingent deferred consideration valued at acquisition. The contingent earn-out expense calculation for the acquisitions under IFRS 3 contain estimation uncertainty as they relate to future performance. Management have assessed the potential future cash flows of each business, the likelihood of an earn-out payment being made, and discounted using an appropriate discount rate (see note 13).

Other 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.

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 exchanged, 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	11-17 years	Multi-Period Excess Earnings method
Intellectual property	7 years	Relief from Royalty method
Trade name	10-15 years	Relief from Royalty method
Order backlog	1-2 years	Relief from Royalty method

Internally developed intangible assets

Capitalised development costs represent the costs incurred in the development enhancements to the 360 SalesVista software within Alpha Data Solutions.

A useful economic life of 3 years has been deemed appropriate based on the expected project lifecycle in development of new software. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Foreign exchange

Transactions in foreign currencies are translated to the relevant entity's functional currency at the average foreign exchange rate in the month of 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 average exchange rate in the month of the date of the transaction. Foreign exchange differences arising on translation to functional currency are recognised in the consolidated statement of income.

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

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, preference shares, loan notes and other short-term instruments, such as trade payables that 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

Financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Group has not reclassified any financial assets subsequent to initial recognition as at the balance sheet date. Reclassification of classes of financial assets is accounted for prospectively in accordance with IFRS 9, where this is required. Any difference on reclassification from amortised cost to fair value through profit or loss is recognised in the profit and loss at the reclassification date.

Financial assets are assessed at each reporting date to determine a lifetime expected credit loss that reflects the credit risk associated with the portfolio of assets. A financial asset is impaired in line with the simplified approach under IFRS 9, which uses a lifetime expected loss allowance.

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 asset's 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.

Refer to note 22 for the disclosure of financial assets measured at amortised cost.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, 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.

The trade receivables' balances recorded in the Group's statement of financial position comprise a relatively small number of large balances and are held until realised in cash.

Alpha provides services to customers on credit terms with mainly arrears billing. Certain receivables may not be paid. The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit characteristics and the days past due. The Group consider historical loss rates for each ageing category as a starting point for estimating the expected credit loss. This historical loss rate is subsequently adjusted for macro-economic and customer-specific factors of receivables within each ageing category. Characteristics considered by the Group for these purposes include historical collection experience for each customer, the assessed liquidity of key customers within the receivables balance, and other relevant macro-economic factors such as COVID-19 and Brexit in order to determine a reasonable and supportable assessment of the expected lifetime credit risk in the context of the overall year-end trade receivables due.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and are recorded and subsequently measured at amortised cost in line with IFRS 9. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

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 IFRS 9. As at 31 March 2020, the Group had no such financial liabilities.

Refer to note 22 for the disclosure of financial liabilities measured at amortised cost.

Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost. Trade payables due within one year are not discounted.

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.

Leases

Lease liabilities are recognised on the balance sheet at the present value of minimum lease payments. For further information refer to the "new accounting standards and interpretations" section below on the accounting treatment for leases under IFRS 16 and note 7.

Comparative period numbers relating to leases were not restated and continue to be presented under IAS 17. FY 19 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.

External borrowings

All loans and borrowings are initially recognised at the fair value of consideration received. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

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 independent cash inflows (the "cash-generating unit"); that is, cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. 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 only reversed 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.

Right-of-use assets relating to the Group's leasing activities are recognised on the balance sheet at an amount equal to the lease liability on initial measurement, less any lease incentives, plus any initial direct costs. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. For further information refer to the "new accounting standards and interpretations" section below on the accounting treatment for leases under IFRS 16 and note 7.

Revenue recognition

Revenue consists of the value of work executed for clients during the year and expenses recharged, exclusive of VAT. Revenue is classified into net fee income and recharged expenses. Net fee income represents the Group's personnel, subcontractor and related expertise and services sold to clients. Recharged expenses is the recharge of costs incidental to fulfilling contracts including flights, subsistence and accommodation on which nil or negligible margin is earned by the Group.

The Group delivers services that have no alternative use to Alpha (advice to clients, reports, etc) as the services are specifically tailored to clients' projects and scope of work. The significant majority of Alpha's revenue is contracted on a time and materials basis, where the performance obligation is to provide consultancy resources at agreed day rates. In such contracts, revenue is recognised over time, as the number of consultant days worked are delivered. Modifications or extensions to such projects are recognised as delivered. Significant extensions, where the scope or price of the contract increases, are treated as separate contracts. Contracts accounted for on a time and materials basis are billed incrementally, typically monthly, for incurred time and materials.

Revenue recognition for fixed fee projects is based on the actual service provided to the end of the reporting period as a proportion of total services to be provided either over time or in line with internally or externally identified project milestones, depending on the nature of the performance obligations for the project. Material scope changes are managed via a new agreement with the client. Fixed fee projects are typically billed in accordance with the nature of the performance obligations when a right to payment crystallises.

For milestone projects, revenue is recognised at a point in time upon delivery of each performance obligation, and these projects are billed as contractual milestones are delivered and the right to payment exists.

Activity performance recognised as revenue in excess of invoices raised are contract assets and are included within accrued income, up to the value of the relevant project delivery milestone, where applicable. On invoicing, the contract asset is reclassified to trade receivables. Where amounts have been invoiced in excess of work performed and recognised, the excess is a contract liability and is included within deferred income and valued in line with the nature of the project and related performance obligations as described above and recognised in future periods.

Software fees and other related revenue are recognised as support services are provided or software access extends across the life of the contract, in line with the related performance obligations. Under the terms of the contract, the customer receives the right to access the software for an agreed period of time. Revenue is recognised over time, as the benefits of the software are consumed by the customer over the life of the license, in line with the inputs over the life of the contract or the related performance obligations, as applicable.

Revenue is wholly attributable to the principal activities of the Group. For all revenue types, payment is typically due between 30 and 60 days after the invoice date or receipt of invoice, depending on the client and geography.

Segmental reporting

An operating segment is a component of the Group:

- (i) 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);
- (ii) 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
- (iii) 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 is responsible for allocating resources and assessing performance of the operating segments, and 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. Segment profit represents the gross profit earned by each segment without allocation of administrative expenses, 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 Board regularly reviews consolidated operating results to make decisions about the financial and organisational resources of the Group and 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 paid are shown as either accruals or pre-payments 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.

In determining the fair value of share-based payments under IFRS 2, management has considered a number of internal and external factors in order to judge the probability that management and employee share incentives may vest. Such judgements involve estimating future performance and other non market-based factors.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

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 assumptions have been adjusted, based on management's best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

The fair value calculations have been externally assessed as reasonable in the circumstances.

Other benefits

The Group operates a profit share bonus scheme that aims to pay employees a percentage of an individual's salary, subject to country-level corporate performance in the period. The profit share is accrued in the financial year, based on management's best estimates of the staff bonuses to be paid considering the 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 and 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.

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, which arise from share options outstanding and shares held in Treasury or the Company's employee benefit trust ("EBT"). All shares held in Treasury or the Company's EBT will be used to satisfy future share awards or vests, and therefore have been treated as dilutive. 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 note 4 to the financial statements.

Alternative performance measures

In order to provide further information on 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 helpful measures used within the business for assessing the underlying performance of the Group's ongoing business across periods. The disclosure of these measures within the financial statements is designed to provide the user with equivalent information, and to supplement those measures disclosed under IFRS. The Group perform a reconciliation for each APM, which includes disclosure of the most directly reconcilable line item, subtotal or total presented under IFRS within the financial statements. Please also refer to note 4.

Dividends policy

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

Prior year adjustment - Revenue including rechargeable expenses

In line with IFRS 15 Para. B35B, revenue has been restated to be recognised on a gross basis and the fees and associated rechargeable expenses are disaggregated and shown separately. This change in presentation has arisen from the Group's reassessment of the principal versus agent considerations guidance in IFRS 15 with regard to rechargeable expenses arrangements, following a review letter from the Financial Reporting Council. This represents a prior year adjustment under IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and has been applied retrospectively from the earliest comparative period disclosed within these financial statements.

This change has no impact on the Company's profits or net asset position.

The impact of this change has been to increase revenue and rechargeable expenses by £2.0m in FY 20 and £1.7m in FY 19.

New accounting standards and interpretations

The following changes in accounting policies were applied by the Group in these consolidated financial statements for the year ended 31 March 2020. These included the adoption of new standards and interpretations described below.

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards and interpretations, which are now effective:

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

The Directors reviewed the nature and effect that these new standards have had on the Group and summarised the assessed impact below. These standards have been adopted by the Group:

IFRS 16 – Leases (effective for periods commencing on or after 1 January 2019)

IFRS 16 Leases is effective for periods beginning on or after 1 January 2019 and is therefore applicable to the current period. This standard replaces accounting treatment for leases previously depicted in IAS 17. IFRS 16 introduced a single lessee accounting model whereby a lessee is required to recognise a right-of-use asset and a lease liability for all leases with a term of more than 12 months. The depreciation on the right-of-use asset will be accounted for separately from the interest expense incurred on the lease liability in the income statement.

Nature of leases within the Group

The Group leases office premises in various jurisdictions. Leases are negotiated on an individual basis, and for a variety of terms over which rentals are fixed with break clauses and options to extend for a further period at the then prevailing market rate. Rental agreements to which IFRS 16 has been applied span anywhere from 18 months to 10 years. Contracts may contain both lease and non-lease components. Non-lease components are separately identifiable and excluded from the lease for the purpose of IFRS 16 implementation.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Alongside the rental leases associated with the office spaces, Alpha also hold leases over associated car parking facilities and leases associated with office equipment. These form the population of leases subject to review under IFRS 16.

Adoption methodology

The Group has adopted IFRS 16 on a modified retrospective approach for transition and has not restated comparative amounts, which are shown under IAS 17. The Group recognised the cumulative effect of initially applying the new standard as an adjustment to the opening balance of retained earnings at 1 April 2019. Please see note 7 for further details on the impact of the adoption of this new standard.

The Group has used the practical expedients permitted by IFRS 16 in relation to accounting for leases with a remaining lease term of less than 12 months as at 1 April 2019 as 'short-term leases', and those with a low value as 'low value leases'. Consequently, no lease liability or right-of-use asset was calculated thereon. These leases are expensed in the statement of profit and loss.

Measurement of lease liabilities

On initial recognition of a new lease, the lease liability is recognised as the present value of future payments, discounted using the incremental borrowing rate (unless the interest implicit to the lease is available for use).

Lease payments to be made subsequent to optional termination options have been included within the lease liability measurement, where it is reasonably certain that such options will be exercised.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be easily determined, the incremental borrowing rate is applied, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group accounts for lease payments by allocating them to a finance cost element and against the lease liability. The finance cost is charged to profit or loss over the lease period.

Notes to the consolidated financial statements continued

1. Basis of preparation and significant accounting policies continued

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. In such cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

In determining the incremental borrowing rate, the Group has:

- Adopted the rate implicit in the lease, where this rate can be readily determined, or used the Incremental Borrowing Rates (“IBR”) as assessed for each lease.
- Made adjustments to the IBR for relevant factors such as lease term, lease value, country and asset specific considerations.

The Group has no material exposure to variable lease payments that qualify for accounting treatment under IFRS 16.

Measurement of right-of-use assets

The right-of-use asset for lease agreements entered into after transition date is measured on initial recognition as the amount equal to the lease liability on initial measurement, less any lease incentives, plus any initial direct costs. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Initial adoption of the standard has resulted in the recognition as at 1 April 2019 of right-of-use assets of £2.9m and lease liabilities of £2.9m. Refer to note 7 for further detail.

The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4%.

The discounted remaining lease payments are reconciled to the lease liabilities recognised on initial application as follows:

	£'000
Operating lease commitments disclosed as at 31 March 2019 (restated)	3,431
Discounted using the average incremental borrowing rate	(405)
Less: short-term leases recognised as an expense on a straight-line basis	(140)
Other (UK printing lease not included in commitments as at 31 March 2019)	11
Lease liabilities recognised as at 1 April 2019	2,897

Of which are:

Current lease liabilities	228
Non-current lease liabilities	2,669
Lease liabilities recognised as at 1 April 2019	2,897

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

Right-of-use assets	Increase by	2,897
Lease liabilities	Increase by	2,897
Deferred tax assets	Increase/ decrease	6

IFRIC 23 – Uncertainty Over Income Tax Treatments (effective for periods commencing on or after 1 January 2019)

The IFRIC 23 ‘Uncertainty Over Income Tax Treatments’ interpretation is effective for accounting periods beginning on or after 1 January 2019 and provides further clarification on how to apply the recognition and measurement requirements in IAS 12 ‘Income Taxes’.

IFRIC 23 has not had a material impact on the financial statements for the year ended 31 March 2020.

There are no accounting standards that are not yet effective that would be expected to have a material impact on the Group in the current or next reporting periods.

2. Segment information

Group management has determined the operating segments by considering the segment 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, North America and Europe & Asia. The Group's operations all consist of one type: consultancy and related services to the asset and wealth management industry.

The Directors consider that there is a material level of operational support and linkage provided to the Group's emerging territories in Asia and Europe as they develop their presence locally, and as such these clusters of territories have been deemed to constitute one operating segment.

Revenues associated with software licensing arrangements were immaterial in both the current and prior years. Therefore, the Directors consider disaggregating revenue by operating segments is most relevant to depict the nature, amount, timing and uncertainty of revenue and cash flows as may be affected by economic factors.

Segmental revenue

	UK ³⁰ £'000	North America ³¹ £'000	Europe & Asia ³⁰ £'000	Total £'000
31 March 2020				
Revenue	51,391	15,222	24,288	90,901
Rechargeable expenses	(864)	(786)	(327)	(1,977)
Net fee income³²	50,527	14,436	23,961	88,924
Cost of sales	(28,247)	(9,672)	(16,602)	(54,521)
Gross profit	22,280	4,764	7,359	34,403
Margin on net fee income ³³ (%)	44.1%	33.0%	30.7%	38.7%
Net assets	53,740	9,556	28,090	91,386

	UK ³⁰ £'000	North America ³¹ £'000	Europe & Asia ³⁰ £'000	Total £'000
31 March 2019 (restated)				
Revenue	46,137	9,879	21,645	77,661
Rechargeable expenses	(796)	(707)	(198)	(1,701)
Net fee income³²	45,341	9,172	21,447	75,960
Cost of sales	(25,594)	(7,514)	(13,770)	(46,878)
Gross profit	19,747	1,658	7,677	29,082
Margin on net fee income ³³ (%)	43.6%	18.1%	35.8%	38.3%
Net assets	60,184	6,258	22,698	89,140

During the year, the Group had no customers that comprised more than 10% of the Group's revenues, with the largest customer comprising 8.0%. One customer contributed £8.1m, or 10.4% of Group revenues in FY 19. The largest customer was different in each of FY 19 & FY 20.

The Group's central net assets have been allocated to the UK operating segment, with the exception of Goodwill balances, which have been allocated to operating segments in line with note 12.

³⁰ Alpha Data Solutions ("ADS") revenue, previously shown within Europe & Asia, in the current year is included in the UK segment in line with the ADS business growth and focus. To allow for easier comparison, this has been restated in the comparative period. Within Europe & Asia, France is a material entity and generated profits after tax of £1.1m (FY 19: £1.9m) and revenue of £11.2m (FY 19: £12.1m)

³¹ North America replaces previously used "US" as a geographic segment, taking into consideration an office in Canada through the acquisition by the Group of Axxsys

³² Net fee income is revenue stated before incidental expenses recharged to clients. As noted in note 1, the Group has aligned to IFRS 15 para B35B to show revenue on a gross basis including these associated rechargeable expenses. The Directors assess performance across the Group before such rechargeable expenses as it is considered that this alternative performance measure better indicates the underlying productive operating performance of the Group. Further detail is set out in note 4

³³ Margin on net fee income is gross profit expressed as a percentage of net fee income. Please refer to note 4 for further detail

3. Operating profit

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

	Note	FY 20 £'000	FY 19 £'000
Amortisation of intangible assets		3,804	2,586
Depreciation of plant and equipment		1,022	263
Net foreign exchange losses/(gains)		(80)	(116)
Rental expense	7	597	903
Impairment provision recognised on trade receivables		76	1
Defined contribution pension scheme costs		952	453
Share-based payments charge		1,307	872
Earn-out & deferred consideration		2,761	295
Integration costs		509	-
Acquisition costs		488	-

Auditor's remuneration:

		FY 20 £'000	FY 19 £'000
Audit fees – parent company		50	33
Audit fees – subsidiary companies		142	57
Other assurance services		10	10

All auditor remuneration relates to audit fees and associated assurance services. There were no additional advisory services provided by the auditor to the Group in both the current and prior years.

4. Reconciliations to alternative performance measures ("APMs")

Alpha uses APMs that are not defined or specific under the requirements of IFRS. The APMs, including net fee income, margin on net fee income, adjusted profit before tax, adjusted operating profit, adjusted EBITDA, adjusted cash conversion and organic growth, are provided to allow stakeholders a further understanding of the underlying trading performance of the Group and aid comparability between accounting periods, and are not considered a substitute for or superior to IFRS measures.

Net fee income

The Group disaggregates revenue into net fee income and expenses recharged to clients. Net fee income provides insight into the Group's productive output and is used by the Board to set budgets and measure performance. This APM is reconciled on the face of the income statement and net fee income by segment is reconciled to revenue in note 2.

Reconciliation of adjusted profit before tax, adjusted operating profit and adjusted EBITDA

	Note	FY 20 £'000	FY 19 £'000
Profit before tax		9,294	12,520
Amortisation of acquired intangible assets	12	3,376	2,586
Loss on disposal of fixed assets	14	11	6
Share-based payments charge	21	1,307	872
Earn-out and deferred consideration	13	2,761	295
Acquisition costs		488	-
Integration costs		509	-
Foreign exchange (gains)/losses		(80)	(116)
Adjusting items		8,372	3,643
Non-underlying finance expenses	6	951	-
Adjusted profit before tax		18,617	16,163
Net underlying finance expenses	6	181	52
Adjusted operating profit		18,798	16,215
Depreciation of plant and equipment	7, 14	1,022	263
Amortisation of capitalised development costs	12	428	-
Adjusted EBITDA		20,248	16,478
Adjusted EBITDA margin (%)		22.8%	21.7%

Adjusted EBITDA

Adjusted EBITDA is a commonly used operating measure, which is defined by the Group as earnings stated before non-cash items including intangible asset amortisation, depreciation, net finance expenses and other non-operating expenses. Adjusted EBITDA is a measure that is used by management and the Board to assess trading performance across the Group, and forms the basis of the performance measures for aspects of remuneration, including consultant profit share.

Adjusted EBITDA also excludes the employee share-based payments charge and related social taxes. This allows comparability between periods as the Group's share option plans were established on AIM admission; aligns more closely with the operational activities of the business; accounts for the fact that the charge is a non-cash item and the fact that estimated future social taxes payable fluctuate with the future market value of shares. This has been applied consistently across reporting periods. Note 21 sets out further details of the employee share-based payments expense calculation under IFRS 2.

As per note 13, the acquisition of Axxsys and Obsidian in the current year involved deferred contingent and non-contingent consideration payments, which, in accordance with IFRS 3, will be expensed annually over several years, dependent on the ongoing employment of the respective vendors. This cost has been removed to calculate adjusted EBITDA as, whilst it will recur in the short term, it represents additional payments linked to these acquisitions and not operational performance. In the prior period, the employment-linked deferred consideration relating to the acquisition of TrackTwo was similarly adjusted.

Similarly, the impact of foreign currency volatility in translating underlying trading of the Group to the Group's functional currency has been excluded from the calculation of adjusted EBITDA on the basis that such exchange rate movements do not reflect the underlying trends or operational performance of the Group.

Other acquisition costs expensed in the current year relating to the Axxsys and Obsidian acquisitions have also been excluded from adjusted EBITDA as they are not directly attributable to the ongoing trading performance of the Group. This is consistent with the treatment applied to prior other acquisitions and the AIM admission costs excluded in previous years.

Integration costs to align the acquired Obsidian product suite security and to integrate the technology protocols with the ADS 360 SalesVista product directly result from the acquisition of Obsidian, and have been managed as a discrete short-term project subsequent to the acquisition in early FY 21. These costs are excluded to allow clarity on the underlying operational performance of the Group between periods.

Notes to the consolidated financial statements continued

4. Reconciliations to Alternative Performance Measures ("APMs") continued

Adjusted EBITDA is also shown under IAS 17, which preceded the IFRS 16 Leases accounting standard. This allows comparability between accounting periods, as IFRS 16 was adopted in the current year on a modified retrospective approach. A further reconciliation is set out in note 7. Adjusted EBITDA margin is noted on the previous page.

Reconciliation of underlying administrative expenses

	Note	FY 20 £'000	FY 19 £'000
Administrative expenses		23,977	16,510
Adjusting items		(8,372)	(3,643)
Depreciation of plant and equipment	7, 14	(1,022)	(263)
Amortisation of capitalised development costs	12	(428)	-
Adjusted group administrative expenses		14,155	12,604
Lease liability payments	7	835	-
IAS 17 adjusted group administrative expenses		14,990	12,604

Adjusted Group administrative expenses are administrative expenses excluding adjusting items, depreciation and amortisation of capitalised development costs and is used by the Board to monitor the underlying administrative costs of the business. IAS 17 adjusted Group administrative expenses includes lease liability payments, which are not recorded as administrative expenses under IFRS 16, to allow comparability between periods. On a comparable basis, underlying administrative expenses grew 18.9% to £15m.

Adjusted profit before tax

Adjusted profit before tax is an alternative performance measure, which allows comparability of the Group's underlying performance following its modified retrospective adoption of IFRS 16 (see note 7). Lease asset depreciation and related finance expenses are included within adjusted profit before tax. This measure also reflects the increased underlying amortisation charges arising from the recently capitalised costs of ADS product development. This measure will likely be of increasing importance in allowing comparability across periods as the ADS business grows further in future years.

In addition to these adjustments to administrative expenses, the related unwinding of the discounted contingent and non-contingent acquisition consideration within finance expenses is also considered a non-operating adjusting item to adjusted profit before tax.

Reconciliation to adjusted profit after tax and adjusted EPS

		FY 20 £'000	FY 19 £'000
Adjusted profit before tax		18,617	16,163
Tax charge		(3,127)	(3,321)
Tax impact of adjusting items		(1,142)	(602)
Adjusted profit after tax		14,348	12,240

Adjusted profit after tax and adjusted earnings per share metrics are further alternative performance measures, similarly used to allow a further understanding of the underlying performance of the Group. Adjusted profit after tax is stated before adjusting items and their associated tax effects. The associated tax effects are calculated by applying the relevant effective tax rate to allowable expenses that have been excluded as adjusting items.

Adjusted EPS is calculated by dividing the adjusted profit after tax for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Adjusted diluted EPS is calculated by dividing adjusted profit after tax by number of shares as above, adjusted for the impact of potential ordinary shares. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share). Refer to note 11 for further detail.

	FY 20 p	FY 19 p
Adjusted EPS		
Adjusted EPS	14.21	12.05
Adjusted diluted EPS	13.62	11.77

Profit margins

Margin on net fee income and adjusted EBITDA margins are calculated using gross profit and adjusted EBITDA expressed as a percentage of net fee income. These margins represent the margin that the Group earns on its productive output, excluding nil or negligible margin expense recharges to clients over which the Group has limited control, and allows comparability of the business output between periods. Such adjusted margins are used by the management team and the Board to assess the performance of the Group.

Profits and margins without IFRS 16 are also shown within the Chief Financial Officer's Report on p. 111 to allow better comparability between years, as IFRS 16 was adopted on a modified retrospective basis.

Adjusted cash conversion

	FY 20 £'000	FY 19 £'000
Net cash generated from operating activities	18,208	16,368
Employment-linked acquisition payments	1,200	-
Acquisition costs	488	-
Adjusted cash generated from operating activities	19,896	16,368

Adjusted cash generated from operating activities excludes any employment-linked acquisition payments and other acquisition costs expensed in the year, treated as operating cash flows under IFRS, in order to exclude the effect of cash payments relating to acquisitions from underlying operating performance.

	FY 20 %	FY 19 %
Cash conversion	175%	130%
Adjusted cash conversion	106%	101%

Cash conversion is stated as net cash generated from operating activities expressed as a percentage of operating profit.

Adjusted cash conversion is stated as adjusted cash generated from operating activities expressed as a percentage of adjusted operating profit.

Organic growth

Organic revenue growth of 7.7% for the current year represents FY 20 revenue less £7.3m revenue attributable to the acquisitions completed during the year.

Constant currency growth

The Group operates in multiple jurisdictions and generates revenues and profits in various currencies. Those results are translated on consolidation at the foreign exchange rates prevailing in that period. These exchange rates vary from year to year, so the Group presents some of its results on a "constant currency" basis. This means that the current year's results have been retranslated using the average exchange rates from the prior year to allow for comparison of year-on-year results, eliminating the effects of volatility in exchange rates.

Currency translation had a minimal impact on both net fee income and profits in FY 20, as a result of a flat average sterling, against key currencies. In the year, sterling averaged \$1.28 (FY 19: \$1.31) and €1.15 (FY 19: €1.13). Currency translation immaterially increased FY 20 net fee income by £0.3m (0.4%).

Notes to the consolidated financial statements continued

5. Staff costs

The average number of employees employed by the Group, where “employees” includes Executive Directors but excludes contractors, was:

	FY 20 Number	FY 19 Number
UK	174	145
North America	53	49
Europe & Asia	128	110
Administration	42	32
Average headcount	397	336

	FY 20 £'000	FY 19 £'000
Wages and salaries	42,178	35,638
Social security costs	5,076	4,083
Pension costs	952	453
Share-based payment charge	1,307	872
Total staff costs	49,513	41,046

The Directors are considered to be the key management personnel and details of the Directors’ remuneration, including salary, share option awards, pension and other benefits, are included in the tables within the “summary of Directors’ remuneration” and “equity interests and awards of equity” sections of the Remuneration Committee Report on pp. 96-97.

The share-based payment charge, including social security taxes, in respect of key management personnel was £136,000 (FY 19: £79,000).

6. Finance income and expenses

	Note	FY 20 £'000	FY 19 £'000
Bank interest receivable		1	–
Interest payable on bank loans and overdraft		(53)	(52)
Interest on lease liabilities	7	(129)	–
Total underlying finance expenses		(182)	(52)
Net underlying finance expenses	4	(181)	(52)
Non-underlying finance expenses	4	(951)	–
Total finance expenses		(1,133)	(52)

7. Leases

As set out in note 1, the Group has adopted IFRS 16 Leases during the year using the Modified Retrospective approach. This new accounting standard replaces accounting treatment for leases previously depicted in IAS 17. IFRS 16 introduced a single lessee accounting model whereby a lessee is required to recognise a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

Right-of-use assets

	Buildings £'000	Equipment under lease £'000	Total £'000
Cost			
At 1 April 2019	2,886	11	2,897
Additions	377	–	377
Disposals and other movements	–	–	–
Exchange adjustments	101	–	101
At 31 March 2020	3,364	11	3,375
Depreciation			
At 1 April 2019	–	–	–
Charge for the period	(760)	(4)	(764)
Disposals	–	–	–
At 31 March 2020	(760)	(4)	(764)
Net book value at 31 March 2020	2,604	7	2,611

A summary of the Group's lease liabilities as at 31 March 2020 is presented below:

	31 March 2020 £'000	1 April 2019 £'000
Current	791	228
Non-current	1,878	2,669
Total lease liabilities	2,669	2,897

Interest expense recognised in the year arising from the above lease liabilities amounted to £0.1m.

The income statement records, within operating profit, £0.6m relating to leases not within the scope of IFRS 16, such as leases with a remaining lease term of less than 12 months as at 1 April 2019 and therefore treated as "short-term leases", and those with a low value and therefore treated as "low value leases". Variable service charge costs associated with the Group's property leases represent future outflows relating to the lease arrangements that are also not included within the IFRS 16 lease liability. These currently amount to £0.1m per annum and are expensed as incurred. Refer to note 3.

The Group has no income associated with sub-leasing arrangements, or gains/losses associated with sale-and-leaseback transactions in the current year.

Detailed accounting policies related to the implementation of IFRS 16 are set out in note 1.

Notes to the consolidated financial statements continued

7. Leases continued

In order to aid comparability between periods, the table below shows the income statement captions to 31 March 2020 as if IFRS 16 had not been adopted:

	FY 20 under IAS 17 £'000	IFRS 16 adjustments £'000	FY 20 under IFRS 16 £'000
Continuing operations			
Revenue	90,901	–	90,901
Rechargeable expenses	(1,977)	–	(1,977)
Net fee income	88,924	–	88,924
Cost of sales	(54,521)	–	(54,521)
Gross profit	34,403	–	34,403
Administration expenses	(24,048)	71	(23,977)
Operating profit	10,355	71	10,426
Depreciation	258	764	1,022
Amortisation of capital development costs	428	–	428
Adjusting items	8,372	–	8,372
Adjusted EBITDA	19,413	835	20,248
Net finance expenses	(1,003)	(129)	(1,132)
Profit before tax	9,352	(58)	9,294

8. Taxation

	FY 20 £'000	FY 19 £'000
Current tax		
In respect of the current year	2,473	2,433
Adjustment in respect of prior periods	(372)	(274)
Foreign taxation	1,243	1,397
Deferred tax		
In respect of the current year	(829)	(460)
Change in tax rate	426	13
Adjustment in respect of prior periods	186	212
Total tax expense for the year	3,127	3,321

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:

	FY 20 £'000	FY 19 £'000
Profit/(loss) before taxation	9,294	12,520
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2019: 19%)	1,766	2,381
Effects of:		
Fixed asset differences	(1)	3
Expenses not deductible for taxation	1,042	99
Income not taxable for tax purposes	–	–
Differences due to overseas tax rates	74	887
Adjustments in respect of prior periods	(372)	(274)
Adjustments in respect of prior periods – deferred tax	186	212
Change in deferred tax rate	406	13
Deferred tax not recognised	26	–
Total tax expense for the year	3,127	3,321

Expenses not deductible for taxation relate mainly to employment-linked acquisition consideration, treated as capital for tax purposes.

9. Deferred tax

	FY 20 £'000	FY 19 £'000
At 1 April	3,193	3,401
Arising on business combinations	1,467	–
Charged to the statement of profit or loss	(217)	(235)
Effect of tax rate change on opening balance	–	–
Effect of changes in accounting standards	(7)	–
Charged directly to equity	2	27
At 31 March	4,438	3,193

The UK corporation tax rate legislation announced is set to hold the corporation tax rate at 19% for the 2019/20 and 2020/21 tax years. This rate has been reflected in the calculation of deferred tax for the year ended 31 March 2020.

Movements in deferred tax during the year

	1 April 2019 £'000	Recognised in income £'000	Recognised in equity £'000	Recognised on business combinations £'000	Effect of changes in accounting standards £'000	31 March 2020 £'000
Accelerated capital allowances	21	26	–	–	(7)	40
Short-term timing differences	(194)	180	–	–	–	(14)
Share options	(345)	(174)	2	–	–	(517)
Arising on business combinations	3,711	(249)	–	1,467	–	4,929
	3,193	(217)	2	1,467	(7)	4,438

Notes to the consolidated financial statements continued

9. Deferred tax continued

The below table sets out the reconciliation of the net deferred tax liability:

	FY 20 £'000	FY 19 £'000
Deferred tax liabilities	4,984	3,728
Deferred tax assets	(546)	(535)
Net deferred tax liabilities	4,438	3,193

Deferred tax assets recognised within these consolidated financial statements represent the future tax effect of share-based payment charges in respect of awards that have yet to vest and similarly on the initial recognition of right-of-use lease assets under IFRS 16. Deductions in excess of the cumulative share-based payment charge recognised in the statement of profit and loss are recognised in equity.

Deferred tax liabilities represent the future tax impact arising from temporary timing differences between accounting and tax treatments including those of the initial recognition of acquired intangible assets and the tax rate that is expected to apply as the liability is settled. The closing deferred tax liability arising on business combinations reflects the tax effect of these temporary differences at 31 March 2020.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to do so and when the deferred taxes relate to the same fiscal authority.

10. Dividends

Amounts recognised as distributions to equity holders:

	FY 20 £'000	FY 19 £'000
Interim dividend for the year ended 31 March 2020 of 2.10p (FY 19: 1.91p) per share	2,121	1,938
No proposed final dividend for the year ended 31 March 2020 (FY 19: 4.09p per share)	–	4,135
Total dividend for the year ended 31 March 2020 of 2.10p (FY 19: 6.00p) per share	2,121	6,073

The Directors have not proposed a final dividend for the year ended 31 March 2020.

11. Earnings per share and adjusted earnings per share

The Group presents basic and diluted 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 average number of ordinary shares fully 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 note 4 have been made to the Group's profit for the financial period. The profits and weighted average number of shares used in the calculations are set out below:

	Year ended 31 March 2020	Year ended 31 March 2019
Basic & Diluted EPS		
Profit/(loss) for the financial year used in calculating basic and diluted EPS (£'000)	6,167	9,199
Weighted average number of ordinary shares in issue ('000)	101,003	101,604
Number of dilutive shares ('000)	4,341	2,416
Weighted average number of ordinary shares, including potentially dilutive shares ('000)	105,344	104,020
Basic EPS (p)	6.11	9.05
Diluted EPS (p)	5.85	8.84
Adjusted EPS		
Adjusted profit for the financial year used in calculating adjusted basic and diluted EPS (note 4) (£'000)	14,348	12,240
Weighted average number of ordinary shares in issue ('000)	101,003	101,604
Number of dilutive shares ('000)	4,341	2,416
Weighted average number of ordinary shares, including potentially dilutive shares ('000)	105,344	104,020
Adjusted EPS (p)	14.21	12.05
Adjusted diluted EPS (p)	13.62	11.77

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

12. Goodwill and intangible fixed assets

Goodwill

	FY 20 £'000	FY 19 £'000
Cost at beginning of the year	55,162	52,626
Additions	8,469	–
Gains/(losses) from foreign exchange	922	2,536
Cost at end of the year	64,553	55,162

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 is represented by assets that do not qualify for separate recognition and includes the potential synergy benefits of combining the intellectual property and talents of the teams into the Group.

In prior years, goodwill was recognised upon the acquisitions of Alpha FMC Group Holdings Limited by Alpha Financial Markets Consulting plc in February 2016 and TrackTwo GmbH in July 2017, and is the difference between the consideration paid and the fair value of assets acquired and liabilities assumed.

In the current year, goodwill additions have been as a result of the acquisitions of Axxsys Limited and its subsidiaries, and Obsidian Solutions Limited, adding £2.6m and £5.8m goodwill respectively.

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 carrying values of goodwill have been assessed by reference to value in use. These have been estimated using cash flows from the most recent forecasts prepared by management.

Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets continued

The cash generating units have been classified in line with our operating segments, and are driven by shared senior management at a strategic and local operational level. Therefore, the CGUs considered for impairment testing are UK, North America and Europe & Asia, in line with our operating segments. The Directors consider that there is also a material level of operational support and linkage provided to the Group's emerging territories in Asia and Europe as they develop their presence locally, and as such these clusters of territories have been assessed as constituting one CGU for impairment purposes. The goodwill allocated to the CGUs is as follows:

		Restated ³⁴
	FY 20 £'000	FY 19 £'000
Goodwill by cash-generating unit		
UK	38,902	32,338
North America	8,487	7,790
Europe & Asia	17,164	15,034
At end of the year	64,553	55,162

Key assumptions

The principal value in use assumptions for goodwill balances considered to be individually significant and that underlie the calculation of value in use for each CGU are the assumptions relating to the underlying trading used to estimate the future CGU cash flows, including future CGU growth rates and margins, and the pre-tax discount rate used to discount these estimated cash flows to present values.

In all cases, the budget for the following financial year forms the basis for the cash flow projections for a CGU. The cash flow projections for the four years subsequent to the budget year reflect the Directors' expectations of the medium-term operating performance of the CGU and the growth prospects in the CGU's market, reflecting a range of factors specific to the circumstances associated with each CGU.

For goodwill impairment testing, the near-term FY 21 budget assumptions were sensitised further to reflect a greater impact of the outbreak of COVID-19 and the associated uncertainty in cash flow projections. Following this period, the Directors modelled a recovery in cash generation.

Underlying revenue growth assumptions from FY 23 to FY 25 range from an average annual growth of 5.7% to 15.0% over the medium-term and are assessed on a period-by-period basis reflecting market conditions, including the relative size of each CGU and the maturity level of operations in the territory, in the determination of the future estimated cash flows for value in use.

Thereafter, a perpetuity long-term growth rate is applied ranging between 1.00% and 1.10% depending on the CGU, based on the longer term economic outlooks of those economies and our longer term assessment of the prospects of those businesses.

To discount these cash flows to present value, CGU specific pre-tax discount rates have been applied to reflect the market assessment of the time value of money and the specific risk profile of each CGU, including consideration of the relative size of each CGU, the maturity level of operations in the territory, and local market risk metrics. The Group bases its estimate for the pre-tax discount rate on its weighted average cost of capital. The weighted average pre-tax discount rate for the Group was determined to be 14.2% (FY 19: 15.8%). CGU specific discount rates have been applied to reflect CGU specific risks.

The table below summarises the assumptions used for each CGU:

	Pre-tax discount rate		Medium-term growth rate		Long-term growth rate	
	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19
UK	13.7%	12.4%	5.7%	5.5%	1.0%	1.0%
North America	15.7%	12.4%	15.0%	5.5%	1.1%	1.0%
Europe and Asia	14.6%	12.4%	7.2%	5.5%	1.0%	1.0%

³⁴ Alpha Data Solutions ("ADS") goodwill, previously shown within Europe & Asia, in the current year is included in the UK segment in line with the ADS business growth and focus. To allow for easier comparison, this has been restated in the comparative period

Sensitivity

The Group has considered a range of factors including the impact of COVID-19 on the value in use estimate for each CGU.

In assessing goodwill impairment review, discount rates applied would have to increase by between 4.9% to 16.5%, dependent on the CGU, to result in value in use headroom falling to nil for any CGU. The Directors also consider that no reasonably possible change to the long-term growth rates could result in impairment of goodwill for any CGU given the prudent assumptions, summarised in the table above.

Management does not expect a material change in the discount rate in any of its CGUs for the year ended 31 March 2020. As such, in order to address uncertainty surrounding the extent of the implications of COVID-19 on goodwill impairment considerations, the Group has applied a cash flow sensitivity to reflect a recessionary trading environment over the next 12 months, with a recovery of revenue post COVID-19 restrictive measures to continue over a more protracted period than assumed in the Group's impairment review base case. The medium-term growth rate in FY 23 to FY 25 assumed would need to reduce to between -6.9% and -15.2%, depending on the CGU, for the value in use headroom to fall to nil.

The Directors have considered whether a reasonably possible change in the assumptions would erode the headroom or give rise to a material adjustment to any carrying value in the next 12 months. The Directors do not consider that a reasonably possible change in assumptions could result in a reduction in headroom to nil for any CGU.

Foreign exchange translation

As disclosed in the Annual Report & Accounts 2019, the Directors identified that, following the Group's transition to IFRS in the period ended 31 March 2018, the requirement under IAS21.47 to treat goodwill allocated to foreign operations as if it were an asset of the foreign operations to which it relates, and to retranslate the balance at the year end, had not been applied. At 31 March 2019, goodwill had been appropriately retranslated. The Directors believe the key metrics of relevance to users are underlying profits for the year and earnings per share. As this change had no impact on the statement of profit or loss, the statement of cash flows or earnings per share in the prior or earlier periods; and as the net prior period impact was not material in the context of the overall carrying amount of goodwill or net assets (an increase of less than 3%), the Directors judged it appropriate to recognise the amount relating to prior periods in other comprehensive income in the year ended 31 March 2019.

Intangible fixed assets

As at 31 March 2020

	Note	Order Backlog	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Capitalised development costs £'000	Total £'000
Cost							
At the start of the year		–	20,068	2,086	5,630	441	28,225
Recognised on acquisitions	13	1,308	4,211	1,302	602	–	7,423
Additions		–	–	–	–	1,387	1,387
At the end of the year – total		1,308	24,279	3,388	6,232	1,828	37,035
Amortisation							
At the start of the year		–	(5,234)	(759)	(1,414)	(50)	(7,457)
Charge for the year		(635)	(1,967)	(389)	(385)	(428)	(3,804)
At the end of the year – total		(635)	(7,201)	(1,148)	(1,799)	(478)	(11,261)
Net book value		673	17,078	2,240	4,433	1,350	25,774

Notes to the consolidated financial statements continued

12. Goodwill and intangible fixed assets continued

As at 31 March 2019

	Customer relationships £'000	Intellectual property £'000	Trade name £'000	Capitalised development costs £'000	Total £'000
Cost					
At the start of the year	20,068	2,086	5,630	–	27,784
Additions	–	–	–	441	441
At the end of the year – total	20,068	2,086	5,630	441	28,225
Amortisation					
At the start of the year	(3,442)	(499)	(930)	–	(4,871)
Charge for the year	(1,792)	(260)	(484)	(50)	(2,586)
At the end of the year – total	(5,234)	(759)	(1,414)	(50)	(7,457)
Net book value	14,834	1,327	4,216	391	20,768

Customer relationships

Customer relationships at the start of the period represent the fair value at the 3 February 2016 acquisition date of the customer relationships that were owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited, and customer relationships acquired as part of the TrackTwo GmbH acquisition in July 2017.

Current year additions relate to the fair value of customer relationships from the acquisition of Axxsys Limited and Obsidian Solutions Limited. Refer to note 13 for further details.

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 and discount factors. The value is the present value of the earnings the customer relationships generate, net of a reasonable return on other assets also contributing to that stream of earnings (contributory asset charges).

A useful economic life of 11–17 years has been deemed appropriate based on the average realisation rate of cumulative cash flows and benchmarked data for each respective acquisition. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Intellectual property

Intellectual property at the start of the period represents the fair value at the 3 February 2016 acquisition date of the intellectual property that was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited, and intellectual property acquired as part of the TrackTwo GmbH acquisition in July 2017.

Current year additions relate to the fair value of intellectual property acquired from Axxsys Limited and Obsidian Solutions Limited. Refer to note 13 for further details.

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. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Trade name

Trade name intangible assets at the start of the period represent the fair value at the 3 February 2016 acquisition date of the trade name that was owned by, but not previously recognised as assets of, Alpha FMC Group Holdings Limited, and the acquired intangible asset associated with the TrackTwo GmbH acquisition in July 2017.

Current year additions relate to the fair value of the trade names acquired from Axxsys Limited and Obsidian Solutions Limited. Refer to note 13 for further details.

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 10-15 years has been deemed appropriate based on previous acquisitions and benchmarking data. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

Order backlog

The order backlog intangible additions in the current year relate to the fair value of the order backlog acquired with Axxsys. The fair value has been determined by applying the Relief from Royalty method to the cash flows earned from the order backlog. The key management assumptions are around growth forecasts, discount factors and royalty percentage utilised.

A useful economic life of 1–2 years has been deemed appropriate based on benchmarking reviews. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income.

The remaining useful economic lives of each of the respective asset classes acquired on acquisition above are summarised in the table below.

Acquired Entity	Customer relationships (years)	Intellectual property (years)	Trade name (years)	Order backlog (years)
Alpha FMC Group Holdings	7.8	2.8	10.8	
TrackTwo GmbH	8.3	4.3	14.2	
Axxsys Limited – UK	10.2	0.2	14.2	0.2
Axxsys Limited – North America/Nordics	11.2	0.2	14.2	0.2-1.2
Obsidian Solutions Limited	16.6	6.6	9.6	

Capitalised development costs

Capitalised development costs represent the costs incurred in the development enhancements to the 360 SalesVista software product within Alpha Data Solutions.

A useful economic life of 3 years has been deemed appropriate based on expected project lifecycle in development of new software.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There is an average of 2.6 years remaining to be amortised for the capitalised development costs in relation to the development of new software.

13. Acquisition of business

Acquisitions in the period

Axxsys

On 5 June 2019, the Group acquired 100% of the share capital and voting interests of Axxsys Limited and subsidiaries. Axxsys has provided specialised management consultancy and technology implementation services to the investment management industry since 2003.

The Group acquired Axxsys for £9 million cash in base consideration, payable partly on completion and also in non-contingent instalments over the two years following acquisition, plus an earn-out which may become payable in cash after the third anniversary of completion, contingent on Axxsys meeting certain earnings growth targets. The maximum earn-out payable is £5 million.

Of the £9m base consideration, £4.8m was paid during the year, of which £1.2m was employment-linked. The remaining £4.2m base consideration is due across the first and second anniversaries of the acquisition. Including the contingent earn-out and unwinding of discounting, a total £6.2m estimated consideration is recorded within liabilities, of which £1.9m is recorded in current liabilities and £4.3m in non-current liabilities. Any remaining employment-linked balance due will be expensed in the income statement per IFRS 3 proportionately until 2022.

Notes to the consolidated financial statements continued

13. Acquisition of business continued

The earn-out payments have been estimated by the Directors based on anticipated future earnings and discounted to current values. The unwinding of this earn-out discount annually shall be recognised as a finance cost, please refer to note 6. During the year, £0.6m of this discount unwinding was expensed as a non-underlying cost in relation to Axxsys. Given this expense includes estimation, were assumptions adjusted for performance to be 10% better than anticipated, the earn-out related expense for the year would increase by £0.1m; if performance was 10% worse than anticipated, the earn-out related expense for the year would decrease by £0.3m.

Axxsys contributed £7.1m to the Group's revenue and £1.4m to the Group's profit before tax for the period from the date of acquisition to the 31 March 2020. If the acquisition of Axxsys had been completed on 1 April 2019, Group revenues for the period would have been £92.3m and Group profit before tax would have been £9.5m.

Axxsys Limited

	Note	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:				
Tangible fixed assets	30	–	–	30
Customer relationships	–	4,067	4,067	4,067
Order backlog	–	1,308	1,308	1,308
Trade name	–	284	284	284
Trade and other debtors	1,572	–	–	1,572
Cash	374	–	–	374
Trade and other creditors	(1,220)	–	–	(1,220)
Deferred tax liability	–	(1,166)	(1,166)	(1,166)
Net identifiable assets and liabilities acquired	756	4,493	5,249	
Cash consideration relating to business combination				7,890
Goodwill on acquisition	12			2,641

Obsidian

In addition to Axxsys Limited, the Group acquired 100% of the issued share capital of Obsidian Solutions Limited on 9 November 2019. Obsidian provides specialised software products to the investment management industry.

Of the £5.9m base consideration, £4.2m was paid on completion of the Obsidian acquisition. The remaining £1.7m base consideration is due six months from the date of acquisition. Including the contingent earn-out and unwinding of discounting, a total £4.3m estimated consideration is recorded within liabilities, of which £1.7m is recorded in current liabilities, and £2.6m contingent estimated earn-out consideration is recorded in non-current liabilities. Any remaining employment-related balance will be expensed through the income statement per IFRS 3 proportionately until 2023.

The earn-out payments have been estimated by the Directors based on anticipated future earnings and discounted to current values. The unwinding of this earn-out discount annually shall be recognised as a finance cost, refer to note 6. During the year, £0.4m of this discount unwinding was expensed in the year as a non-underlying cost in relation to Obsidian. Given this expense includes estimation, the value may be subject to change. As the maximum earn-out has been assumed, if performance were to be 10% worse than anticipated, the earn-out related expense for the year would decrease by £0.2m.

Obsidian contributed £0.2m to the Group's revenue and £0.2m loss to the Group's profit before tax for the period from the date of acquisition to the 31 March 2020. If the acquisition of Obsidian had been completed on 1 April 2019, Group revenues for the period would have been £91.5m and Group profit before tax would have been £9.6m.

Obsidian Solutions Limited

	Note	Book values £'000	Fair value adjustments £'000	Values on acquisition £'000
Acquiree's net assets at the acquisition date:				
Tangible fixed assets	6	–	–	6
Customer relationships	–	146	146	146
Trade name	–	318	318	318
Intellectual property	–	1,302	1,302	1,302
Trade and other debtors	501	–	–	501
Cash	155	–	–	155
Trade and other creditors	(149)	–	–	(149)
Deferred tax liability	–	(300)	(300)	(300)
Net identifiable assets and liabilities acquired	513	1,466	1,979	
Cash consideration relating to business combination				7,807
Goodwill on acquisition	12			5,828

These acquisitions have 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 tables above set 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 subsidiaries at the date of acquisition.

Acquisitions in prior periods

As part of the acquisition of TrackTwo GmbH in 2017, the Group agreed an earn-out arrangement and a final ownership consideration based on the financial performance of TrackTwo over the 3-year period to July 2020, subject to continuous employment of the vendor until July 2020, as previously disclosed. In the current year, the Group has netted off £0.2m within the earn-out and deferred consideration charge relating to amounts previously provided for these consideration arrangements, to reflect the expected final payment in July 2020.

The below table summarises the deferred and contingent consideration balances in relation to acquisitions held within current and non-current liabilities as at 31 March 2020:

	Current £'000	Non-current £'000	Total £'000
Axxsys Limited	1,890	4,294	6,184
Obsidian Solutions Limited	1,709	2,570	4,279
TrackTwo GmbH	100	–	100
Total	3,699	6,864	10,563

Notes to the consolidated financial statements continued

14. Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2018	208	256	954	1,418
Acquired through business combinations	–	–	–	–
Additions	–	59	264	323
Disposals	(2)	–	(55)	(57)
At 31 March 2019	206	315	1,163	1,684
Acquired through business combinations	–	–	199	199
Additions	95	30	254	379
Disposals	–	(110)	(55)	(165)
At 31 March 2020	301	235	1,561	2,097
Depreciation				
At 1 April 2018	(152)	(223)	(646)	(1,021)
Acquired through business combinations	–	–	–	–
Charge for the period	(35)	(30)	(198)	(263)
Disposals	–	–	14	14
At 31 March 2019	(187)	(253)	(830)	(1,270)
Acquired through business combinations	–	–	(163)	(163)
Charge for the period	(26)	(24)	(208)	(258)
Disposals	–	109	15	124
At 31 March 2020	(213)	(168)	(1,186)	(1,567)
Net book value at 31 March 2020	88	67	375	530
Net book value at 31 March 2019	19	62	333	414

The net book value of computer equipment acquired under business combinations amounts to £36,000 (refer to note 13).

15. Trade and other receivables

	FY 20 £'000	FY 19 £'000
Amounts due within 1 year:		
Trade receivables	19,420	17,086
Less: allowance for expected credit losses	(523)	(447)
Trade receivables – net	18,897	16,639
Other debtors	101	589
Prepayments	926	912
Accrued income	1,288	1,540
Total amounts due within 1 year	21,212	19,680

Trade receivables are non-interest bearing and generally have a 30 to 60 day term. Due to their short maturities, the carrying amount of trade and other receivables is a reasonable approximation of their fair value.

An expected credit loss attributable to trade receivables is established after consideration of historical loss rates in preceding periods and relevant current circumstances. The Group has determined historical loss rates for each ageing category of trade receivables by performing an in-depth analysis of historical losses.

The Group has considered macro-economic factors, including the impact of the outbreak of COVID-19 and the ongoing uncertainty over Brexit, on the expected credit loss rates applied to each ageing category. The Group has also considered asset-specific indicators such as customer correspondence, default or delinquency in payment, and significant financial difficulties of the customer in determining the credit risk adjustment applied to each category for the year ended 31 March 2020.

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	1.60%	11,787	(189)	11,598
31-60 days	2.08%	5,332	(111)	5,221
61-90 days	4.16%	913	(38)	875
91-120 days	7.59%	293	(22)	271
121+ days	14.91%	1,095	(163)	932
At 31 March 2020		19,420	(523)	18,897

	Expected loss rate %	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<31 days	1.34%	8,228	(110)	8,118
31-60 days	1.39%	5,770	(80)	5,690
61-90 days	2.99%	914	(27)	887
91-120 days	1.00%	88	(1)	87
121+ days	11.00%	2,086	(229)	1,857
At 31 March 2019		17,086	(447)	16,639

The movement in the Group's allowance for expected credit losses in the year is summarised below:

	FY 20 £'000	FY 19 £'000
Allowance for expected credit losses:		
At 1 April	447	446
Charge for the period	76	1
Uncollected amounts written off, net of recoveries	–	–
At 31 March	523	447

Contract assets are recognised in accrued income and relate to satisfied performance obligations recognised and not invoiced at the year end. All such contract assets are expected to be realised within one year and classified within current assets. Contract assets are recorded on a time spent basis and as performance obligations are met on agreed fees and day rates, billed in arrears. These are typically short-term timing differences which are administrative in nature at each year end date. Contract asset payments are due on standard terms once the invoices are raised. The contract assets movement in the year represents these timing differences across contracts at each year end. The following table sets out a reconciliation of the movement in contract assets in the current and prior years.

	FY 20 £'000	FY 19 £'000
Contract assets relating to contracts with customers as at 1 April	1,540	2,743
Increase in contract assets for the period	1,288	1,540
Contract assets released	(1,540)	(2,743)
Balance as at 31 March 2020	1,288	1,540

The expected credit loss calculated on accrued income was not material at the current or prior year ends. For analysis of the maximum exposure to credit risk at 31 March 2020, please refer to note 22.

Notes to the consolidated financial statements continued

16. Cash and cash equivalents

	FY 20 £'000	FY 19 £'000
Cash and cash equivalents	25,996	18,581
Revolving credit facility	(5,000)	–
Net cash	20,996	18,581

17. Trade and other payables

	Note	FY 20 £'000	FY 19 £'000
Trade payables		2,329	1,437
Accruals		12,863	12,744
Deferred income		1,336	662
Taxation and social security		4,213	2,000
Other creditors		1,489	1,584
Earn-out and deferred consideration	13	3,699	–
Total amounts owed within one year		25,929	18,427

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (FY 19: 30 days). The Directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value.

Accruals included the provision for employee profit share bonus accrued through the year and paid after the year end.

Earn-out and deferred consideration comprise £1.7m deferred consideration linked to the acquisition of Obsidian Solutions Limited and £1.9m relating to deferred consideration and earn-out payments arising from the acquisition of Axxsys Limited at the balance sheet date. Furthermore, earn-out and deferred consideration includes £0.1m relating to earn-out payments linked to the acquisition of TrackTwo GmbH payable in 2020.

Within taxation and social security is an existing £1.4m provision relating to historic pre-AIM admission potential tax treatments. The amount of this tax provision is subject to significant uncertainty. A final position agreed with a tax authority or through the expiry of a tax audit period could differ from the estimated provision. Currently there are no significant ongoing tax audits. Whilst a range of outcomes is reasonably possible, the extent of the range is further additional liabilities of up to £0.4m or a reduction of such liabilities to £0.2m.

Deferred income recognises contract liabilities arising from the Group's revenue generating activities relating to payments received in advance of performance delivered under a contract. These contract liabilities typically arise on short-term timing differences between performance obligations in some milestone or fixed fee contracts and their respective contracted payment schedules. The contract liability movement in the year represents these timing differences across contracts at each year end. The following table sets out the revenue recognised in the current year that relates to carry forward contract liabilities and the liabilities recognised in the current year, which have been deferred to the next reporting period. All current deferred income is expected to be recognised through revenue within one year.

	FY 20 £'000	FY 19 £'000
Contract liabilities relating to contracts with customers at start of period	662	989
Increase in contract liabilities for the period	1,336	662
Contract liabilities released	(662)	(989)
Balance as at end of period	1,336	662

Unperformed balances represent the revenue that the Group will earn from customers when the Group satisfies the remaining performance obligations in certain contracts. These mainly relate to Alpha Data Solutions' multi-year contracts that range between 1 and 5 years, in which software access revenue is recognised over the access period. The following table sets out the aggregate amount of the contracted transaction price allocated to performance obligations that are unsatisfied or partly satisfied at the year end date. Unperformed balances relating to contracts with an expected original life of less than one year are not disclosed. Similarly, the Group has adopted the practical expedient not to disclose amounts under longer term contracts in which the revenue is to be invoiced on agreed day rates. Revenue from unperformed performance obligations is expected to be recognised in the following timeframes:

	FY 20 £'000	FY 19 £'000
To be undertaken and recognised within one year	1,513	332
To be undertaken and recognised between one and three years	1,752	556
To be undertaken and recognised after three years	67	225
Total revenue from unperformed performance obligations	3,332	1,113

18. Other non-current liabilities

	Note	FY 20 £'000	FY 19 £'000
Earn-out and deferred consideration	13	6,864	486
Other non-current liabilities		240	–
Total amounts due after one year		7,104	486

Within non-current liabilities are £2.6m of costs associated with the potential earn-out payments linked to the acquisition of Obsidian Solutions Limited, which are contingent on performance and fall due over 12 months from the balance sheet date. In addition, £4.3m of costs are included within non-current liabilities relating to deferred consideration and non employment-linked earn-out payments from the Axxsys Limited acquisition falling due over 12 months from the balance sheet date. Refer to note 13 for further detail.

Other non-current liabilities include social security costs due on vesting of share options. Refer to note 21.

19. Note to the cash flow statement

	As at 1 April 2019 £'000	Effects of changes in accounting standards £'000	Cash flow £'000	Lease accounting adjustments £'000	Foreign exchange £'000	As at 31 March 2020 £'000
Cash and cash equivalents	18,581	–	6,995	–	420	25,996
Bank borrowings	–	–	(5,000)	–	–	(5,000)
Net cash	18,581	–	1,995	–	420	20,996
Leases	–	(2,897)	835	(506)	(101)	(2,669)
	18,581	(2,897)	2,830	(506)	319	18,327

Notes to the consolidated financial statements continued

20. Called up share capital

	FY 20 Number	FY 19 Number
Allotted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	103,607,638	101,974,874

	FY 20 £	FY 19 £
Allotted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	77,706	76,481

Movements in share capital during the year ended 31 March 2020:

	£
Balance at 1 April 2019	76,481
101,974,874 ordinary shares of 0.075p each	
Issued shares	(i) 1,225
Balance at 31 March 2020	77,706
103,607,638 ordinary shares of 0.075p each	

(i) During the year, 1,632,764 ordinary shares were issued by the Company to the employee benefit trust ("EBT") for potential future satisfaction of share incentive plans. In addition, the Company bought-back 172,719 shares from prior employees at nominal value and also transferred these to the EBT.

Alpha employee benefit trust

The Group held 2,669,429 (FY 19: 476,206) shares in the EBT to satisfy share options granted under its joint share ownership plan ("JSOP"). Unallocated ordinary shares held within the EBT have no dividend or voting rights.

Treasury shares

The Group held nil (FY 19: nil) shares in treasury from prior employees for nominal value.

21. Share-based payments

The Group has adopted a globally consistent share incentive plan approach, which is implemented using efficient jurisdiction specific plans, as appropriate.

The Management Incentive Plan ("MIP")

The Group has a MIP to retain and incentivise the Directors and senior management. 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 JSOPs; part C of which will enable the awarding of restricted stock units ("RSUs") for participants in the US; and Part D of which will enable the awarding of RSUs in France (together the "options").

Options granted in the current and prior years to the Directors and senior management of the Company are subject to the fulfilment of two or more of the following performance conditions: (a) a specific business unit EBITDA, or other personal targets and goals; (b) the Group achieving a total shareholder return for the 3 years from date of award, in excess of the average total shareholder return of a peer group of comparable companies; and (c) the Group achieving at least 10% EPS growth against the comparative financial year.

MIP awards have either nil exercise price payable (or 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, in the year ended 31 March 2018, the Board put in place a medium-term EIP. Under the EIP, a broad base of the Group's employees have been 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 varies between those jurisdictions.

At 31 March 2020 a total of 3,374,881 share option and award grants were made to employees and senior management during the period (FY 19: 407,258).

Details of the share option awards made are as follows:

	FY 20	
	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year	3,198,286	–
Granted during the year	3,374,881	–
Exercised during the year	–	–
Forfeited during the year	(82,506)	–
Expired during the year	–	–
Outstanding at the year end	6,490,661	–
Exercisable at the year end	–	–

No share options were exercisable in the year.

The options outstanding at 31 March 2020 had a weighted average remaining contractual life of 2 years and a nil or nominal exercise price.

During the year ended 31 March 2020, options were granted on 19 June 2019 and 13 January 2020 to employees and certain senior management. The weighted average of the estimated fair values of the options outstanding is £0.77 per share (FY 19: £0.78).

The MIP share options were valued at award using 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:

	FY 20
Weighted average share price at grant date	2.19
Exercise price	–
Volatility	22%
Weighted average vesting period	3
Risk free rate	0.51%
Expected dividend yield	3.00%

Expected volatility was determined by calculating the historic volatility of the market in which the Group operates. 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 Group has also applied incremental increases in the assumed likelihood of vesting for share options as the vesting date approaches in line with individual entity performance to-date against the Group's approved budget, and the other performance conditions listed above.

Notes to the consolidated financial statements continued

21. Share-based payments

The EIP share options outstanding were valued using a Black-Scholes model using the same inputs as above.

The Group recognised a total expense of £1.3m related to equity settled share-based payment transactions in the current year, including relevant social security taxes (FY 19: £0.9m). Given the estimation, were the future performance conditions for all outstanding share options assumed to be met, the charge in the year would increase by £0.4m.

Other assumptions associated with the calculation of the social security tax liability due on vesting of share options include an estimation of the forward-looking share price at the vesting date based on applicable analyst research and applicable future tax rates. For these purposes, share price is assumed to grow in line with the performance of the business. Reasonable changes in this specific estimate do not have a material impact on the expense incurred in relation to social security costs or share based payments in the year.

22. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

		Restated ³⁵	
		FY 20 £'000	FY 19 £'000
Financial assets measured at amortised cost			
Cash and cash equivalents		25,996	18,581
Trade and other receivables	(i)	20,185	18,179
Total financial assets		46,181	36,760
Financial liabilities measured at amortised cost			
Interest bearing loans and borrowings		(5,000)	–
Trade and other payables	(ii)	(24,593)	(17,765)
Lease liabilities		(2,669)	–
Other non-current liabilities		(7,104)	(486)
Total financial liabilities		(39,366)	(18,251)

(i) Trade and other receivables includes contract assets but excludes other debtors and prepayments.

(ii) Trade and other payables excludes contract liabilities

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 that arise directly from its operations, and 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.

Also contained within the Group's financial instruments is a liability for the issuance of loan notes as part of the deferred consideration for the acquisition of Obsidian Solutions Limited. As at 31 March 2020, the Group has recorded the liability at fair value of £1.7m, which is payable within six months of the year end.

The Group's operations expose it to a variety of financial risks including market risk, credit risk, liquidity risk, interest rate risk, and foreign currency exchange rate risk. The Board has overall responsibility for internal control and risk management by the Group. In this structure, the Audit and Risk Committee manages the processes of reviewing the quality of internal controls that are related to the financial performance of the Group, as delegated by the Board. The policies set by the Board of Directors are implemented by the Company's finance team.

³⁵ Comparative period disclosure has been restated to include earn-out costs relating to acquisitions as a financial liability measured at amortised cost

Market risk

Market risk is the risk that changes in market prices, including foreign exchange and interest rates, will affect the Group's income or the value of financial instruments held at the year end. The Directors do not consider this to be a significant risk to the Group.

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. The Group has provided for a lifetime expected credit loss against the trade receivables balance at the balance sheet date. Refer to note 15 for further details.

Were the expected credit loss rates applied to receivables by the Group to increase by 1% for each ageing category, the resulting additional credit loss to the Group would be £0.2m.

Interest rate risk

The Group has interest-bearing assets and interest-bearing liabilities. Interest-bearing assets comprise only cash and cash equivalents that earn interest at a variable rate. The Group's revolving credit facility attracts a variable rate of interest. Given the Group's limited indebtedness, the Directors do not currently engage in hedging transactions and 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 2020.

As at 31 March 2020, given the low levels of interest charged on these balances, if LIBOR had increased or decreased by 0.5%, the effect on post-tax profit and equity would have been minimal.

Liquidity risk

The Group maintains a committed revolving credit facility ("RCF") 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.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk mainly as a result of trade receivables and payables that 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.

The impact on the Group's net fee income arising from a 5% adverse movement in all foreign exchange rates relevant to the Group has been calculated as being £1.4m (1.6%) in FY 20. The same sensitivity would also result in a decrease in the Group's net assets of £0.6m.

	GBP '000	Euro '000	USD '000	CHF '000	SGD '000	NOK '000	DKK '000	AUD '000	CAD '000	HKD '000
Trade receivables	8,537	4,584	4,486	661	1,071	1,270	6,770	407	677	23
Cash	14,397	5,689	4,322	1,256	166	393	11,410	279	647	28
Trade payables	(1,503)	(121)	(685)	(41)	(38)	(193)	(177)	(97)	(35)	(42)
Total	21,431	10,152	8,123	1,876	1,199	1,470	18,003	589	1,289	9

23. Capital risk management

The Group's objectives when managing capital are to safeguard its 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 defines capital as being share capital plus all reserves, which amounted to £91.4m as at 31 March 2020 (FY 19: £89.1m). 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 is not subject to any externally imposed capital requirements.

Notes to the consolidated financial statements continued

24. Related party disclosures

Related parties, following the definitions within IAS 24, are the Group's subsidiary companies, members of the Board, key management personnel and their families, and shareholders who have control or significant influence over the Group.

The Group considers the Directors to be the key management personnel. There were no transactions within the year in which the Directors had any interest. The Remuneration Committee Report (refer to p. 96) contains details of Board emoluments.

Transactions between the Company and its subsidiaries are on an arm's length basis and have been eliminated on consolidation and are not disclosed in this note. None of the Group's shareholders are deemed to have control or significant influence and therefore are not classified as related parties for the purposes of this note.

25. Events after the reporting period

The Group consider that the outbreak of COVID-19 globally represents an adjusting event at the balance sheet date on the basis that the significance of the social and economic impact was apparent at that date. The Group has therefore considered all conditions up to the date of issuance of the financial statements as adjusting events. As disclosed in note 1, the impact of COVID-19 has been assessed in relation to: impairment of non-financial assets (note 12), going concern (note 1), and expected credit loss (note 15).

Renewal of the Group's revolving credit facility

The Group has one principal bank facility which, as at 31 March 2020, comprised a £5.0m committed revolving credit facility ("RCF") with Lloyds Bank plc, signed in October 2017 on AIM admission, and expiring in October 2020.

Subsequent to the year end, in June 2020, the Group signed an extension and upscaled its RCF with Lloyds Bank plc to provide further funding flexibility. This amended RCF totals £20.0m and is for an initial three year term expiring in June 2023, with two 1-year extension options subject to lender approval. The facility is unsecured, instead guaranteed by the Company and certain subsidiaries. Drawings under this facility are charged interest at 2.1 per cent over LIBOR and the facility attracts an annual commitment fee. The loan has two covenants testing that the leverage ratio of net debt to adjusted EBITDA does not exceed two times, and that interest cover exceeds four times. An arrangement fee was payable on signing.

26. Ultimate controlling party

As at 31 March 2020 there is no ultimate controlling party.

Company statement of financial position

As at 31 March 2020

	Note	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Assets			
Non-current assets			
Investments	2	9,234	1,344
Deferred tax asset		517	–
Total non-current assets		9,751	1,344
Current assets			
Trade and other receivables	3	111,881	110,329
Cash and cash equivalents		–	–
Total current assets		111,881	110,329
Current liabilities			
Corporation tax		(370)	(1)
Trade and other payables	4	(16,468)	(8,533)
Total current liabilities		(16,838)	(8,534)
Net current assets		95,043	101,795
Non-current liabilities			
Borrowings		–	–
Deferred tax provision		–	(27)
Other non-current liabilities	5	(76)	–
Total non-current liabilities		(76)	(27)
Net assets		104,718	103,112
Equity			
Issued share capital		78	76
Share premium		89,396	89,396
Capital redemption reserve		–	1
Other reserves		1,517	600
Retained earnings		13,727	13,039
Total Shareholders' equity		104,718	103,112

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 £6.9m.

The notes on pp 160-66 form part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 24 June 2020. 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 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash flows from operating activities:		
Operating profit/(loss) for the year	(137)	(860)
Acquisition related costs	–	–
Share-based payment charge	93	430
Operating cashflows before movements in working capital	(44)	(430)
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	(6,912)	(6,130)
Increase/(decrease) in trade and other payables	6,956	6,560
Tax paid	–	–
Net cash generated from operating activities	–	–
Cash flows from investing activities:		
Acquisition of subsidiary	–	–
Amounts owed to Group undertakings	–	–
Net cash used in investing activities	–	–
Cash flows from financing activities:		
Issue of ordinary share capital	–	–
Interest paid	–	–
Dividends received	–	–
Dividends paid	–	–
Net cash used in financing activities	–	–
Net increase 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 2020

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 2018	77	89,396	–	191	(964)	88,700
Comprehensive income						
Profit for the period	–	–	–	–	19,690	19,690
Foreign exchange differences on translation of foreign operations	–	–	–	–	–	–
Transactions with owners						
Shares cancelled (equity)	(1)	–	1	–	–	–
Share-based payment reserves	–	–	–	409	–	409
Dividends	–	–	–	–	(5,687)	(5,687)
As at 31 March 2019	76	89,396	1	600	13,039	103,112
As at 1 April 2019	76	89,396	1	600	13,039	103,112
Comprehensive income						
Profit for the period	–	–	–	–	6,945	6,945
Transactions with owners						
Shares issued (equity)	2	–	(1)	–	(1)	–
Share-based payment reserves	–	–	–	917	–	917
Dividends	–	–	–	–	(6,256)	(6,256)
As at 31 March 2020	78	89,396	–	1,517	13,727	104,718

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.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

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. Summary of significant accounting policies

General information

Alpha Financial Markets Consulting plc (the "Company") is a public company incorporated, domiciled and registered in England, in the UK. The registered number is 09965927 and the registered address is 60 Gresham Street, London, EC2V 7BB.

The parent company financial statements present information about the Company as a separate entity and not about its group.

Basis of preparation

These 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.

The Company financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group has adequate resources to continue in operation for the foreseeable future.

Impact of Coronavirus (COVID-19)

The Directors note that the World Health Organisation declared a pandemic relating to COVID-19 on 11th March 2020, and social distancing measures were introduced in key Alpha territories during March 2020. Therefore, the Directors have considered the significance of the economic ramifications of the virus before the end of the Company's financial year and its potential effect on the Company's financial statements for the year ended 31 March 2020.

The Company is a holding company and no going concern issues have been identified arising as a result of COVID-19, nor generally as the Company financial position is closely linked to that of the consolidated Group.

Principal accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements.

The Directors have not made any judgements, apart from those involving estimations, in the process of applying the Group's accounting policies that are considered to have a significant effect on the amounts recognised in the financial statements for the period ending 31 March 2020.

The Directors have identified the only estimate deemed to have significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities within the next financial year to be related to share-based payments as described below.

Share-based payments

Management have estimated the share-based payments expense under IFRS 2. In determining the fair value of share-based payments, management have considered several internal and external factors in judging the probability that management and employee share incentives may vest and in assessing the fair value of share options at the date of grant. Such assumptions involve estimating a number of future performance and other factors. The fair value calculations have been externally assessed for reasonableness in the current and prior period.

Share-based payment expenses recorded in the period are in respect of the share incentives of the Directors of the Company, as while they are employed by another Group entity, their services are considered to benefit the Group and the Company directly.

Shares held in Treasury or by Alpha's employee benefit trust ("EBT")

Shares held in Treasury or by Alpha's EBT represent the shares of Alpha Financial Markets Consulting plc. These shares are recorded at cost and are deducted from equity.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment. The Company monitor for indicators of impairment at each reporting period, and a full impairment assessment is performed on an annual basis.

The Directors have considered the impact of the outbreak of COVID-19 in assessing the recoverable amount of the Company's Investments in subsidiaries balance as part of the annual impairment review. The Directors have deemed that there is no impairment required in the current year.

Dividends policy

Group dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the AGM. Interim dividends are recognised when they are paid.

Financial assets

Financial assets are initially measured at fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company has not reclassified any financial assets subsequent to initial recognition as at the balance sheet date. Reclassification of classes of financial assets is accounted for prospectively in accordance with IFRS 9, where this is required. Any difference on reclassification from amortised cost to fair value through profit or loss is recognised in the profit and loss at the reclassification date.

Financial assets are assessed at each reporting date to determine a lifetime expected credit loss that reflects the credit risk associated with the portfolio of assets. A financial asset is impaired in line with the simplified approach under IFRS 9, which uses a lifetime expected loss allowance.

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 asset's 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 Company 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.

Amounts owed by Group undertakings

Amounts owed by Group undertakings are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of intercompany receivables is established using an expected credit loss model.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial liabilities and equity

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 Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. As at 31 March 2020, the Company had no such financial liabilities.

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.

Notes to the Company financial statements continued

1. Summary of significant accounting policies continued

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 Company intends to settle its current tax assets and liabilities on a net basis.

Employee benefits

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.

In determining the fair value of share-based payments under IFRS 2, management has considered a number of internal and external factors in order to judge the probability that management and employee share incentives may vest. Such judgements involve estimating future performance and other non market-based factors.

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 assumptions have been adjusted, based on management's best estimate, for the effects of non-transferability, lack of dividend until vesting and exercise restrictions.

The fair value calculations have been externally assessed as reasonable in the circumstances.

Changes in accounting policy

In these financial statements the Company has changed its accounting policies in the following areas:

Adoption of IFRS 16 and IFRIC 23

The Company has adopted the following IFRSs in these financial statements:

- IFRS 16 Leases (IFRS 16); and
- IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

There have been no adjustments with respect of these adoptions.

2. Fixed asset investments

	£'000
Cost	
At 1 April 2018	1,344
Additions	–
Disposals	–
At 31 March 2019	1,344
Additions	7,890
Disposals	–
At 31 March 2020	9,234

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

Additions in the year represent the acquisition of a new subsidiary, Axxsys Ltd ("Axxsys") and its subsidiaries in the period.

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 2020	Class and percentage of shares held 31 March 2019
Alpha FMC Trustees Limited	UK	1	Dormant	100% ordinary	100% ordinary
Alpha FMC Midco Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Midco 2 Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Bidco Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Group Holdings Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha FMC Group Nominees Limited	UK	1	Group services	100% ordinary	100% ordinary
Alpha FMC Group Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Group Limited	UK	1	Intermediate holding company	100% ordinary	100% ordinary
Alpha Financial Markets Consulting (UK) Limited	UK	1	Consultancy services	100% ordinary	100% ordinary
Alpha Technology Services Consulting Limited	UK	1	Dormant	100% ordinary	100% ordinary
Alpha Data Solutions Limited	UK	1	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Inc.	USA	2	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting S.A.S.	France	3	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting S.A.	Luxembourg	4	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Netherlands B.V.	Netherlands	5	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Switzerland S.A.	Switzerland	6	Consultancy services	100% ordinary	100% ordinary
Track Two GmbH	Germany	7	Consultancy services	100% ordinary	100% ordinary

Notes to the Company financial statements continued

2. Fixed asset investments continued

Subsidiary undertakings	Country of incorporation	Registered address	Principal activity	Class and percentage of shares held 31 March 2020	Class and percentage of shares held 31 March 2019
Alpha Financial Markets Consulting Singapore Pte. Limited	Singapore	8	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Hong Kong Limited	Hong Kong	9	Consultancy services	100% ordinary	100% ordinary
Alpha Financial Markets Consulting Australia PTY Limited	Australia	10	Consultancy services	100% ordinary	n/a
Axxsys Limited	UK	11	Consultancy services	100% ordinary	n/a
Axxsys Financial Software Consulting Canada Limited	Canada	12	Consultancy services	100% ordinary	n/a
Axxsys Consulting USA Inc	USA	13	Consultancy services	100% ordinary	n/a
Axxsys Danmark ApS	Denmark	14	Consultancy services	100% ordinary	n/a
Obsidian Solutions Limited	UK	1	Consultancy services	100% ordinary	n/a
Alpha Technology Services Consulting S.A.S	France	3	Consultancy services	100% ordinary	n/a
Obsidian Alpha Data Solutions LLC	Serbia	15	Consultancy services	100% ordinary	n/a

- 1 60 Gresham Street, London, EC2V 7BB
- 2 575 Fifth Avenue, New York, NY 10017, USA
- 3 6 Square de L'Opera Louis Jouvet, 75008 Paris, France
- 4 19/21 route d'Arlon – bloc B, L-8009 Strassen, Luxembourg
- 5 Spaces Zuidas, Barbara Strozzielaan 101, 1083 HN, Amsterdam, The Netherlands
- 6 Bleicherweg 10, 8002 Zürich, Switzerland
- 7 Mergenthalerallee 73-75, 65760 Eschborn, Germany
- 8 3A Conway Circle, Singapore 558288
- 9 22/F, Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
- 10 383-385 George Street, Sydney NSW 2000
- 11 1800 – 13401 108th Avenue, Surrey, British Columbia V3T 5T3
- 12 New Broad Street House, 35 New Broad Street, London, EC2M 1NH
- 13 Incorp Services, Inc., One Commerce Center, 1201 Orange Street #600, Wilmington, Delaware 19899
- 14 Flaeskotorvet 68, DK-1711 Copenhagen, V Denmark
- 15 Belgrade, Serbia at Bulevar kralja Aleksandra no. 52

Subsidiary undertakings	Share capital & reserves £'000	Profit/(loss) for the period £'000
Alpha FMC Trustees Limited	—	—
Alpha FMC Midco Limited	(88)	6,909
Alpha FMC Midco 2 Limited	20	6,909
Alpha FMC Bidco Limited	1,389	6,681
Alpha FMC Group Holdings Limited	29,425	7,187
Alpha FMC Group Nominees Limited	—	—
Alpha FMC Group Limited	2	7,187
Alpha Financial Markets Consulting Group Limited	12,190	10,212
Alpha Financial Markets Consulting (UK) Limited	19,170	10,101
Alpha Technology Services Consulting Limited	—	—
Alpha Data Solutions Limited	(1,081)	(874)
Alpha Financial Markets Consulting Inc.	838	2,210
Alpha Financial Markets Consulting S.A.S.	7,701	1,175
Alpha Financial Markets Consulting S.A.	1,550	460
Alpha Financial Markets Consulting Netherlands B.V.	(403)	(69)
Alpha Financial Markets Consulting Switzerland S.A.	(47)	(40)
Track Two GmbH	(365)	58
Alpha Financial Markets Consulting Singapore Pte. Limited	1,068	231
Alpha Financial Markets Consulting Hong Kong Limited	(12)	(9)
Alpha Financial Markets Consulting Australia PTY Limited	24	26
Axxsys Limited	1,509	365
Axxsys Financial Software Consulting Canada Limited	231	79
Axxsys Consulting USA Inc	—	—
Axxsys Danmark ApS	1,045	774
Obsidian Solutions Limited	356	(95)
Alpha Technology Services Consulting S.A.S	44	—
Obsidian Alpha Data Solutions LLC	—	—

3. Trade and other receivables

	FY 20 £'000	FY 19 £'000
Amounts due within one year:		
Trade receivables	—	—
Less: provision for impairment	—	—
Trade receivables – net	—	—
Amounts owed by Group undertakings	111,878	110,326
Other debtors	3	3
Total amounts due within one year	111,881	110,329

The Directors are satisfied that all outstanding amounts from subsidiary group undertakings are recoverable. Expected credit loss in relation to amounts owed by Group undertakings was immaterial in both the current and prior year. Please refer to note 6.

Notes to the Company financial statements continued

4. Trade and other payables

	FY 20 £'000	FY 19 £'000
Amounts owed to Group undertakings	15,496	7,534
Other creditors	563	563
Accruals and deferred income	409	436
Total amounts owed within one year	16,468	8,533

5. Other non-current liabilities

	FY 20 £'000	FY 19 £'000
Deferred tax provision	–	27
Other non-current liabilities	76	–
Total amounts due after one year	76	27

6. Financial instruments

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	FY 20 £'000	FY 19 £'000
Financial assets measured at amortised cost	111,881	110,329
Financial assets measured at fair value	9,234	1,344
Financial liabilities measured at amortised cost	(16,544)	(8,533)

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

The Group's financial instruments comprise intercompany receivables and trade and other payables. 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 credit risk arising from intercompany receivables. Management has overall responsibility for internal control and risk management by the Company. The policies set by management are implemented by the Company's finance team.

Credit risk

The Group's credit risk is primarily attributable to its intercompany receivables. The Company provides financing to other entities within the Group on an unsecured and typically interest-free basis, repayable on demand. There is no collateral held on these receivable balances. The expected credit loss on the Company's financial assets is measured annually based on historical datapoints and an assessment of the forward-looking probability of default. The expected credit loss on the Company's intercompany receivables is immaterial in the year ended 31 March 2020.

The Directors consider the intercompany receivables to represent a low credit risk and credit risk is not considered to have increased significantly since initial recognition. The wider Group has a strong liquidity position and there is no current expectation by the Directors for repayment of the intercompany balances.

SASB Disclosure

The mission of the Sustainability Accounting Standards Board (“SASB”) is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. The Group is supportive of the SASB framework as it allows organisations to provide comparable and consistent ESG-related data.

As a “professional and commercial services” organisation under SASB, the material factors according to the SASB framework are as follows:

- Data security;
- Workforce diversity & engagement; and
- Professional integrity.

Topic	
Data Security	Risk Management: p. 45
Workforce Diversity & Engagement	Looking After Our People: pp 52-57
Professional Integrity	Community & Corporate Social Responsibility: pp 60-67
Environment (additional to SASB requirements)	Environment: pp 68-69

ESG metrics:

Topic: Data Security

Measurement	FY 20	FY 19	SASB Code
Number of data breaches	1 ³⁶	0	SV-PS-230a.3

Description of approach to identifying and addressing data security risks: SV-PS-230a.1

Alpha's approach to surfacing and managing data security risks is technical and organisational. Alpha has identified a number of key risk areas, which are monitored and checked including the misuse of data; accidental or intentional dissemination of data; loss, theft or compromise of data and/or information; incorrect data being used for internal or external purposes; and unauthorised access of equipment and/or facilities.

The below tables provide the numeric metrics relating to these factors over the past 12 months where applicable, in addition to the internal frameworks used to manage these risks on an ongoing basis. Further qualitative data for each of the material factors is provided throughout the Annual Report. The Group also recognises the increasing importance of the environment to its investors, employees and other stakeholders, which it describes in addition to the required disclosure.

Consequently, the Group has developed and manages a number of key controls that enable data security risks to be controlled and addressed as far as possible, which include:

- Maintenance of data protection policy;
- Security procedures and controls;
- Operation of cloud-based system architecture with minimal onsite data storage;
- Data governance team with clear roles and responsibilities;
- Annual security assessments and accreditation to the CyberEssentials security standard;
- Data protection user awareness and training;
- Physical security measures and remote management of devices.

³⁶ Further details: A cyber security event (a social engineer attack) occurred, which was contained within an hour of it being identified, and all impacted individuals were notified. The security event was notified to the ICO, however investigation concluded that no further action was required given the facts of the event and the remedial measures undertaken. The incident was reported to the Action Fraud Police. A number of responsive actions also took place, including: emphasis on user awareness training; enhancement of email protection and anti-spoofing controls; global application of multi-factor authentication (“MFA”); development of security operations centre for enhanced monitoring and threat analytics

SASB Disclosure continued

Breach management

Alpha fully understands the obligations it has towards individuals and the organisations with which it works with regards to the security of information. As such, the Group operates a cohesive global breach management and response function to assess, handle and address any data security breaches that arise.

Overseen by the Chief Operating Officer, the breach management function, which comprises representatives from IT and infrastructure, operations, legal and client delivery, is able to manage the assessment of business or client impact, risk containment and remediation, communication and regulatory notification (if and where required).

Description of policies and practices relating to collection, usage, and retention of customer information: SV-PS-230a.2

The Group's IT Steering Committee is the primary governance forum for the oversight and management of issues, actions and risks relating to Alpha's IT infrastructure, including technology and data security. It convenes monthly and comprises global team representation and the Chief Operating Officer and the Chief Financial Officer. The main areas of focus and monitoring are physical environment security; employee awareness and training; physical asset, data storage and data transmission; document security; and communications and networks.

In managing and controlling data security risks and events, the IT Steering Committee is supported by Alpha's data protection governance, which includes a Data Protection Working Group.

Alpha follows a comprehensive information security and data protection strategy that leverages a number of technical and procedural controls to underpin how it creates, transmits, processes and stores all types of data. These controls and approaches are documented in Group's suite of information security policies that cover a range of mitigations and control areas including but not limited to:

- Acceptable use
- Access management
- Asset management
- Data loss prevention
- Data protection, handling and retention
- Encryption
- Intrusion detection and prevention
- Physical and environmental security
- Threat analytics
- Training and awareness.

These policies are reviewed annually, approved at the executive level and align with all the applicable regulatory standards.

Topic: Workforce Diversity & Engagement

Measurement					FY 20	SASB Code
Percentage of gender representation ³⁷					SV-PS-330a.1	
Level	Male	Female	Other	Prefer not to say		
Executives, directors and equivalent	90.0%	10.0%	0%	0%		
Managers, senior managers, associate directors and equivalent	73.2%	26.8%	0%	0%		
Analysts, consultants and equivalent	61.5%	38.5%	0%	0%		
Overall split	70.4%	29.6%	0%	0%		

³⁷ Given the nature of the metrics, the percentages used as part of the SASB disclosure refer to total global headcount, i.e. fee-generating consultants as well as business operation teams

Measurement						FY 20	SASB Code
Percentage of racial/ethnic group representation (UK only)³⁸						SV-PS-330a.1	
Level	Asian or Asian British	Black or Black British	Mixed Background	White or White British	Other	Prefer not to say	
Executives, directors and equivalent	0%	0%	0%	88%	0%	12%	
Managers, senior Managers, associate directors and equivalent	8%	2%	3%	81%	2%	3%	
Analysts, consultants and equivalent	20%	6%	3%	69%	1%	0%	
Overall split	11%	3%	3%	78%	2%	3%	
Employee engagement as a percentage³⁹						88.25%	SV-PS-330a.3

Topic: Professional Integrity

Measurement	FY 20	FY 19	SASB Code
Total amount of monetary losses as a result of legal proceedings associated with professional integrity⁴⁰	£0	£0	SV-PS-510a.2

Description of approach to ensuring professional integrity: **SV-PS-510a.2**

Alpha is committed to delivering the highest relationship and delivery standards to all clients and prospective clients. As part of this commitment, the professional conduct of the Group is at all times fair and professional, premised upon:

- Promoting Alpha's services honestly and fairly;
- Preserving the confidentiality and privacy of client businesses;
- Acting lawfully and ethically at all times; and
- Delivering projects in line with the terms of the engagement as well as any wider services agreements.

It is the responsibility of the Alpha engagement lead, supported by the client account owner, to ensure that client expectations are met on each client project. The Chief Commercial Officer then oversees the engagement and satisfaction of clients with the Group's products and service offering, ensuring that they are aligned to the Group's high professional standards.

³⁸ For the first SASB disclosure, these percentages are available for the UK only, including all UK headcount except for the Axxsys business. The Group will review how it can expand this data group to provide a more global view of how it is performing against the topic

³⁹ Employee engagement is a blended rate taken from Group engagement surveys and global peer group feedback sessions

⁴⁰ This covers losses arising out of legal proceedings against Alpha in connection with its relationship with clients and the delivery of professional services to its clients

A photograph of a man and a woman laughing together. The man, on the left, is wearing a white shirt and a dark tie. The woman, on the right, has long brown hair and is wearing a black top. They are both looking towards the right of the frame. In the background, there is a computer monitor and a keyboard on a desk. The overall atmosphere is professional and positive.

The power
of our people

Notes

Notes

Company Information

Directors and Advisers

Directors

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JC Paton
K Fry
PR Judd
NR Kent

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09965297

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Photography

Inside back cover, pp 1, 3, 12-13, 15, 19, 22, 23, 29, 30, 31, 33, 43, 45, 47, 49, 59, 60, 61, 77, 79, 89, 92, 101, 107 by davebrownphoto.com

pp 4, 7, 70-71, 72, 75, 85, 91, 110 by Alistair Lever

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www.seanthephotographer.com

pp 16-17, 31, 48, 50-51, 69, 86 by www.letsmakeit.fr

pp 34, 39 (left), 56, 170 by Andrew Elko

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