5 June 2019

Alpha Financial Markets Consulting plc

('Alpha FMC', 'Alpha', the 'Company' or 'Group')

Alpha FMC (AIM:AFM), a leading global provider of specialist consultancy services to the asset and wealth management industry, is pleased to report its audited results for the 12 months ended 31 March 2019 (FY 19).

A YEAR OF STRONG PERFORMANCE AND GLOBAL GROWTH

Financial Highlights

- Group revenue increased by 15.1% to £76.0m (FY 18: £66.0m)
- Group adjusted EBITDA increased by 18.0% to £16.5m (FY 18: £14.0m)
- Group operating profit increased by 46.9% to £12.6m (FY 18: £8.6m)
- Strong adjusted cash conversion of 101% (FY 18: 83%), with cash generation from operating activities of £16.4m (FY 18: £11.3m)
- Adjusted earnings per share increased by 23.0% to 12.05p (FY 18 9.80p)
- Recommending a final dividend per share of 4.09p, bringing total dividend for the year to 6.00p; an increase of 16.1% (FY 18 5.17p)

	12 months to **31-Mar-19**	*12 months to* **31-Mar-18**	**Change**
Revenue	**£76.0m**	£66.0m	15.1%
Gross Profit	**£29.1m**	£25.3m	15.1%
Adjusted EBITDA	**£16.5m**	£14.0m	18.0%
Total Dividend per Share	**6.00p**	5.17p	16.1%

Operating Highlights

- Strong growth in new clients globally; the number of clients that the Group has supported increased to 279 (FY 18: 241)
- First office in a German-speaking market opened in Zurich, taking Alpha to 10 offices globally
- Two new business practices launched: FinTech & Innovation and ETF & Indexing
- Continued investment in the highest calibre consultants; number of consultants grew 19% to 362 (March 2018: 305)

Commenting on the results, Euan Fraser, Global Chief Executive Officer said:

"We are pleased with the performance of the Group and to be able to report on another year of profitable growth. We have grown revenues by 15.1% and increased our adjusted EBITDA by 18.0%, compared to FY 18, delivering enhanced returns for our shareholders.

This strong growth comes despite the current political uncertainty and shows that Alpha is well positioned to help our clients respond to change in their industry. We have continued to invest in growth through additional hires, expansion of our services and, following client demand, we have launched two new business practices and opened an office in Zurich. We remain focussed on enhancing the breadth and depth of our service offering to our clients, and are very proud of our highly skilled and committed team who help drive our strategic objectives.

We have been able to deliver growth in the number of clients that we support, our repeat client contributions remain strong and we look forward positively to the year ahead."

Enquiries:

Alpha Financial Markets Consulting plc	+44 (0)20 7796 9300
Euan Fraser, Global Chief Executive Officer	
John Paton, Chief Financial Officer	
Temple Bar Advisory (Financial Public Relations)	
Alex Child-Villiers	+44 (0)77 9542 5580
William Barker	+44 (0)78 2796 0151
Sam Livingstone	+44 (0)77 6965 5437
Grant Thornton UK LLP (Nominated Adviser)	+44 (0)20 7383 5100
Philip Secrett	
Richard Tonthat	
Harrison Clarke	
Berenberg (Broker)	+44 (0)20 3207 7800
Chris Bowman	
Toby Flaux	
Alix Mecklenburg-Solodkoff	

Analyst Presentation:

A results presentation from Alpha will take place at 8.30 a.m. on the day at Berenberg's offices, 60 Threadneedle Street London EC2R 8HP. Those wishing to attend should email alpha@templebaradvisory.com or call 0207 001 1080. A copy of the presentation slides will be available on the company website at 8.30 a.m. for those unable to attend.

The full-year results and presentation slides can be found on Alpha's website at https://alphafmc.com/investors/reports-presentations/

Chairman's Report

Introduction

I am pleased to be introducing the Annual Report & Accounts of the Group for the 12 months to 31 March 2019. In its second year as a public company, Alpha has delivered growth in revenue, adjusted EBITDA[1] and operating profit. This has been another successful year for Alpha and, at a time of political and, consequently, market uncertainty, it strengthens the view that Alpha has the right strategy and business model to support its clients' evolving needs and deliver value for its shareholders.

Overview of the Financial Year[2]

Following on from the success of the Group's first year trading on AIM, Alpha has continued to perform well across its business areas and has delivered full-year results ahead of market expectations. With a positive flow of organic new business from clients choosing to use Alpha's specialist consulting services, and continued demand for support from existing clients, revenues have risen by 15.1% on the previous financial year to £76.0m. This has translated into growth in adjusted earnings per share[3] of 23.0% to 12.05p. I am also delighted to report the Group's highest ever adjusted EBITDA of £16.5m (FY 18: £14.0m).

In line with the Group's aim to provide the very best consulting proposition and to service a growing base of client relationships, further expansion has been delivered through the launch of a new European office, in Zurich, and the creation of two new consulting practices: FinTech & Innovation and ETF & Indexing. Alpha's focus remains on delivering great outcomes for its clients, and it assesses new office and new practice opportunities led by a combination of market demand and direct client requests. The Group also continues to invest in its existing offices and consulting practices, thus strengthening and deepening that proposition globally.

Dividend

The Alpha Board is proud of the positive shareholder returns that the Group has delivered in the first year since its AIM admission and is pleased to propose a final dividend 4.09p per share, which, if approved at the Annual General Meeting on 4 September 2019, will be payable on 11 September 2019. Together with the previously paid FY 19[4] interim dividend of 1.91p per share, this gives a total dividend of 6.00p per share for the year, in line with the Group's policy of paying approximately 50% of post-tax profits to shareholders and representing a 16.1% increase on the prior year end.

Governance and the Board

I am very happy to be supported in my role as Chairman by a Board of Directors with a wealth of relevant knowledge and range of non-executive experience. The Alpha Board meets regularly to oversee the Group's corporate and operational activities, and to manage the progression of its strategic objectives. We are unanimous in our intention to maintain the core values of strong governance, integrity and business ethics, and were proud to be able to confirm our application of the Quoted Companies Alliance Corporate Governance Code since September 2018. We will continue to review how we best apply and embed these principles in our governance structures and processes.

During the period, the Board has evolved further its corporate governance framework. I am pleased to report that we have strengthened the composition and expertise of the sub-committees, with Penny Judd joining the Remuneration Committee, which is chaired by Nick Kent, and myself joining the Audit Committee, which Penny Judd will continue to chair. John Paton formally stepped down from the Audit Committee in order that the sub-committee comprises solely Non-Executive Directors. John's experience and valuable contributions have hugely supported the Audit Committee in its development since the AIM admission, and he will attend meetings as required by invitation.

As part of the Board's commitment to maintaining a strong corporate governance framework and ensuring that it continues to reflect the needs of the Group's shareholders, employees, clients and wider stakeholders, an evaluation of the effectiveness of the Board, its sub-committees and individual Directors was performed in the period. Following that process, we believe that we continue to operate an optimal structure to secure future growth while, at the same time, protecting the Group's unique culture. In the period, we have also completed a review of the Group's risk framework. It concluded in the definition and delivery of some enhancements to our risk reporting procedures, which will allow the Group to have an even clearer focus around risk monitoring.

Strategy

The Alpha Board, supported by the Group's executive team, remains committed to succeeding with its stated aims to differentiate, through a very focussed high-quality service offering; and to diversify, through organic growth and the acquisition of complementary businesses. At the same time, Alpha will continue to invest in and incentivise its high-performing employees, through a market-leading compensation package and strong inclusive culture. The Board believes that the Group has the correct strategy to deliver profitable growth and ongoing value for its shareholders.

The business continues to have a very clear focus on providing the highest quality service to its clients, which remains at the forefront of strategic and operational planning. In line with the stated business strategy, the Group has continued to expand the scale, breadth and depth of its service offering.

The Group adheres to the view that inorganic growth can be additive, bringing new products and recurring revenue to the business; and, therefore, continues to consider and review potential acquisition opportunities. After a period of integration following the Group's first acquisition in 2017 of TrackTwo[5], it is well prepared for the next steps in its acquisition strategy that will deliver both high-quality output and complement the existing service proposition. I am confident that Alpha's quoted company status and performance record make it strongly appealing to any new businesses that may be approached as part of this strategy.

Outlook

The Board perceives that the structural drivers in the asset and wealth management industry, in which the Group operates, remain consistent with the previous period: pressure on fees, increase in assets under management and regulatory change. In spite of current geopolitical uncertainty, the Board is confident that Alpha, with its focussed market proposition, is well placed to adapt to its clients' evolving needs and to deliver ongoing growth.

I would like to pass on my personal thanks to the Global Chief Executive Officer, Euan Fraser, the Directors of the Board, the management team and all of Alpha's employees for their hard work, support and fantastic contributions this year in delivering another strong set of results and continuing to make significant strategic progress.

Ken Fry

Chairman

5 June 2019

---

[1] Adjusted EBITDA is operating profit before foreign exchange, interest, tax, depreciation, amortisation and other adjusting non-operational costs including acquisition costs, AIM admission costs, restructuring costs, earn-out costs and share-based payment charges. FY 18 adjusted EBITDA has been recalculated to exclude foreign exchange gains or losses. A reconciliation of operating profit to adjusted EBITDA is included in note 5 to the consolidated financial statements

[2] All rounding and percentage change calculations are from the basis of the financial statements, in £'000s

[3] Adjusted earnings per share ("EPS") is adjusted profit after tax over the weighted average number of shares in issue in the period. FY 18 adjusted EPS has been recalculated to exclude foreign exchange

[4] FY 19 is the financial year covering the 12 months to 31 March 2019. By comparison, FY 18 is the previous financial year covering the 12 months to 31 March 2018; and FY 20 is the subsequent financial year covering the 12 months to 31 March 2020

[5] TrackTwo GmbH

Global Chief Executive Officer's Report

Introduction

It gives me great pleasure to be presenting our second set of full-year results as a public company, with FY 19 having been another successful year for Alpha. Following on from our AIM admission in October 2017, we have enjoyed a year of strong revenue, operating profit, adjusted EBITDA and profit after tax growth. This growth has been consistently delivered through the breadth of our service offering and the performance of our highly skilled team of consultants.

Summary of Financial Performance

The Group has demonstrated very good revenue growth, with a continued focus on operating margins, resulting in revenue increasing by 15.1% to £76.0m (FY 18: £66.0m), adjusted EBITDA by 18.0% to £16.5m (FY 18: £14.0m) and operating profit by 46.9% to £12.6m (FY 18: £8.6m). Our transition from a private limited company to a public company strengthened our statement of financial position and we have also had another year of excellent cash generation from operations. The Board is pleased to propose a final dividend of 4.09p per share, bringing the total dividend to 6.00p per share for the year.

Alpha has again delivered strong organic growth across its core business, driven by working on some of the largest and most challenging projects in the asset and wealth management industry. We continue to see high levels of client retention, which produces repeat client sales year on year. The Group also added 38 new clients during the year, with a number of those coming from our relatively recent geographic expansion into Switzerland and Singapore.

Operational Review

The structural industry trends of increasing cost pressures and regulatory demand, alongside increasing assets under management, remain very strong within our marketplace. Against this backdrop, the Group continued to benefit from an increase in demand for Alpha's subject matter expertise and consulting support across a growing client base. Consequently, FY 19 saw positive results from across all the Group's core geographies: the UK, the US, and Europe & Asia.

In the period, the Group expanded its service offering with the addition of two new practices: FinTech & Innovation and ETF & Indexing. In line with our organic approach to expanding the Alpha service offering, both of these practices were created in response to demand from our clients for assistance in understanding and taking advantage of the technologies, products and strategic opportunities that these areas present. Continuing the trend that we highlighted last year, Alpha's well-established practices, such as Front Office, Distribution, M&A Integration and Operations & Outsourcing, again delivered good revenue growth. Several of the client engagements that we are supporting in these areas are substantial programmes of work either in scale or topic, and involve our consultants from multiple offices working together to provide seamless, best-of-breed delivery solutions.

More recently created practices, such as Digital and Regulatory Compliance, performed very well and contributed to this year's strong performance. We expect further demand and growth in those areas, with our client sponsors seeking to understand their end-client personas and transform digital experiences, while the industry continues to prepare for ongoing regulatory changes such as the Senior Managers & Certification Regime and Asset Management Market Study requirements in the UK, LIBOR transition and Brexit.

We delivered progress and saw operational developments across the Group during the year. In addition to the expansion of the service offering and growth in the number of clients that we support, we have strengthened our geographical footprint both through an increase in consultants as well as in the creation of a new European office in Zurich. Reflecting on the year ahead, we have robust, revenue-generating businesses in the UK, Europe & Asia, and the US, which we see as a growth market. We have a very high-performing team that can support our clients' requirements; and the consulting practices in place from which to develop our service proposition and deliver our projects.

Geographical Overview

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

	12 months to **31-Mar-19**	*12 months to* **31-Mar-18**	**Change**
Revenue			
UK	**£44.9m**	£40.0m	12.3%
US	**£9.2m**	£9.0m	1.5%
Europe & Asia	**£21.9m**	£17.0m	28.9%
	£76.0m	£66.0m	15.1%

	12 months to **31-Mar-19**	*12 months to* **31-Mar-18**	**Change**
Gross Profit			
UK	**£20.1m**	£17.0m	18.2%
US	**£1.7m**	£2.7m	(38.2%)
Europe & Asia	**£7.3m**	£5.6m	31.4%
	£29.1m	£25.3m	15.1%

	As at **31-Mar-19**	*As at* **31-Mar-18**	**Change**
Consultant Headcount[6]			
UK	**174**	165	5%
US	**55**	44	25%
Europe & Asia	**133**	96	39%
Year-end totals	**362**	305	19%

Each of our regional businesses has achieved revenue growth year on year. We remain very pleased with both the domestic client base in each location and our ability, as a global business, to provide an exceptional consulting experience to support clients with their most challenging projects, irrespective of where they are located. In line with our intention, we invested in our consulting teams post last year end in order to ensure that we brought Group utilisation back in line with our budget targets. The US business experienced lower gross profit and margin during the year, as the business consolidated progress, strengthened the team and added new domestic clients.

The UK remains the largest geography within the Alpha Group, and we are pleased with the growth achieved this year. Political uncertainty has impacted decision making within some of our clients and slowed our growth during H2 19[7]. We paused recruitment at more junior levels in response to that delay in decision making, but are pleased that a strengthening pipeline has allowed us to again increase recruitment at all levels. We continue to monitor the political context closely.

The Group has again delivered substantial growth across Europe, with this strong performance including increasing revenue and profitability in France, Luxembourg, the Netherlands and Switzerland. We were very pleased to announce the opening of an office in Zurich, which is our first in a German-speaking market. We appointed a new country head in the Netherlands, Bastiaan Aalders, and we have been extremely pleased with the improved performance during the last six months under his leadership. In France, we were delighted to be recognised as a #1 consulting firm by *Decideurs Magazines* 2018[8] in both the categories of “asset management” and “wealth management”, which is a testament to the fantastic talent and delivery standards of our consultants based there. We see a number of growth opportunities in Europe, both in terms of geographic expansion and in the development of our existing practices.

We continue to believe that the US market represents a significant opportunity for growth. Our view remains that we see no other consulting firm offering the same blend of expertise, market-leading consulting and project management skills in that marketplace. We only recruit candidates of the highest calibre and appropriate skillsets to represent our team globally and, in light of this, are pleased to report that we have increased our US director team in early FY 20 through internal promotion and a recent external hire.

The Group’s strong underlying adjusted EBITDA performance reflects an expanding international footprint and growing global reputation as the consulting partner of choice to assist asset and wealth management clients with their most complex and demanding projects. During the year, we have continued to invest in central operational capability to support this ongoing global growth and demand; and to position ourselves well for the years ahead.

Our People

At Alpha, we are extremely proud of everyone in our global team and recognise that people are our greatest asset. We remain completely committed to hiring the very highest quality consultants at every level of the Group and increased our headcount of consultants by 19% to 362 globally (March 2018: 305). It is through the recruiting and retaining of such fabulous talent that we can continue our constant focus on quality and ensure that we deliver exceptional results to our clients every time, which in turn drives client loyalty and repeat business, and reinforces our market-leading reputation.

Alpha is well recognised in the asset and wealth management industry for offering a compelling, differentiating compensation package, which serves to attract the very best consulting talent. Alpha’s proposition, combined with a relentless focus on creating a unique culture that separates us from our competitors, helps to incentivise the talent that we hire and preserve market-leading retention rates. That enables us to limit recruitment costs and continues to ensure that our clients benefit from the expertise that an experienced team brings.

We are very proud that we offer all our people the opportunity to be shareholders in Alpha, which facilitates staff retention and the alignment of interests, but also appeals to a wide pool of fresh talent. I am delighted to report that our ability to attract high-calibre consultants who are interested in benefitting from the opportunities provided by our public company structure continues to strengthen. We operate the same employee equity schemes that were in place last year. During the reporting period 407,258 share options were awarded to new joiners and, as at 31 March 2019, approximately 18% of the Company's issued share capital was held by employees. The Group will continue to promote broad employee participation through equity schemes.

We have worked extremely hard to build a unique and differentiated culture at Alpha, and we invest in maintaining and enhancing that culture on a global basis. Our ongoing global secondment programme plays an important role in sustaining and developing that culture, as we continue to expand our global footprint. In addition, it plays a key role in ensuring that we have the same high-quality consulting team providing our clients with the same delivery experience in all Alpha locations. That unique culture has again been recognised in the UK where, for the third consecutive year, we have won a place in the Sunday Times 100 Best Small Companies to Work For list (2017, 2018, 2019). Culture and quality have, for many years, been the foundation of Alpha's success and will unquestionably continue to shape and drive our business in the future.

As an employer, we are committed to providing an open and collaborative working environment; and we want our people to feel a part of the Group's ongoing success. Aligned to that objective, we have designed and launched an exciting new initiative during the year: "Innovation at Alpha". The Alpha Innovation platform enables ideas from employees about how we grow the business to be submitted, assessed and developed. Ultimately, it allows our employees to support the realisation of the best ideas into new products, services and business lines while, at the same time, permitting the Group to harness the consultants' front-line daily experiences and excellent insights to help shape the vision. The initiative is overseen by an Innovation Board, which has global representation; it has the full support of the management team and the Board of Directors.

Growth Strategy

Alpha's objective is to be recognised as the leading asset management consultancy in all the geographies in which it operates, with an ongoing strategic focus to continue building scale in all markets. During the year, the Group has successfully built upon and enhanced that level of recognition.

The Group continues to follow a growth strategy that is both organic and inorganic. Our historic growth has been mainly organic, and we are confident that we have the right opportunity and business model to continue expanding our service offering and geographic footprint. Alpha expects to deliver sustained growth in all its current geographic markets, including both established and more recently opened offices. Going forward, Alpha remains focussed on building its client base of asset managers, asset owners, wealth managers and those who support the asset management industry, such as third-party administrators.

We see continued opportunities to invest in our service offering, and we will act upon these to both deepen and broaden our business practices. Over the course of the last year, we have increased our range of services from 10 practices to a 12-practice offering; and we expect that this will grow. The Group has built a reputation for an exceptional service proposition, which is heavily in demand across a wide range of asset management sponsors and geographies. We see the structural drivers within the asset management industry continuing to create significant change and opportunity within our clients, and we will adapt and expand our service offering to address that demand.

Acquisitions

As previously reported, acquisitions are an important aspect of the Group's growth strategy, alongside organic growth, with a focus on acquiring businesses that offer complementary services to clients in Alpha's existing and target markets. The Group's objective is to extend our consulting proposition and broaden our reach into additional parts of the asset and wealth management industry and, potentially, into other financial services industries beyond asset and wealth management.

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

Current Trading and Outlook

The Group's trading performance in FY 19 was strong. We have begun FY 20 well, with trading consistent across all the Group's geographies. The Group continues to see a wide range of change projects within the Group's client base and, looking at the year ahead, the Group has a solid business platform on which to grow and support additional clients and project types.

Our strategic goal is to be the leader in all the markets in which we operate. We remain focussed on delivering that strategy by continuing to extend our geographic footprint and to deepen our high-quality service offering, while investing in our team of highly-skilled consultants. The Group is well positioned to leverage its recent accomplishments and to deliver another year of profitable growth.

Euan Fraser

Global Chief Executive Officer

5 June 2019

---

[6] "Consultants" and "headcount" refer to fee-generating consultants: employed consultants plus utilised contractors

[7] H2 19 refers to the second half of the financial year ended 31 March 2019

[8] Joint first position with McKinsey and BCG in "asset management"; joint first position with Bain, McKinsey and BCG in "wealth management"

Chief Financial Officer's Report

Group Results

I am pleased to report that Alpha has delivered further good growth in its second full-year results following admission to trading on AIM in October 2017.

	12 months to **31-Mar-19**	*12 months to* **31-Mar-18**	**Change**
Revenue	**£76.0m**	£66.0m	15.1%
Gross Profit	**£29.1m**	£25.3m	15.1%
Adjusted EBITDA	**£16.5m**	£14.0m	18.0%
Adjusted Operating Profit	**£16.2m**	£13.7m	18.6%
Operating Profit	**£12.6m**	£8.6m	46.9%
Net Cash Flow from Operations	**£16.4m**	£11.3m	44.4%

Revenue

The Group has delivered a strong year of progress. Reflective of Alpha's successful expansion strategy, Group revenue for FY 19 increased to £76.0m, representing a 15.1% increase on the prior 12 months.

Alpha Europe & Asia delivered the strongest regional growth, with improved contributions across the region; including excellent growth in France and Switzerland, and Singapore where revenues doubled in the year. The UK, Alpha's largest geography, also grew over 10% on the strong prior year, enjoying a better first than second half this year, having normalised consultant utilisation levels from the start of the year and witnessing some political uncertainty impacts pre March on client decision making. The US business consolidated its progress, adding new clients and strengthening the team; and while lower utilisation reduced margins, Alpha US continues to be well positioned.

Alpha's growth has been driven by continuing strong demand in its established practices, including Front Office, Distribution, M&A Integration and Operations & Outsourcing, as well as progress in newer practices, including Digital and Regulatory Compliance. Alpha's growth is supported by further investment in the global consultant headcount, with the number of consultants (including contractors) reaching 362 by the year end (March 2018: 305).

Group Profitability

The Group also increased its profits. Gross profit rose to £29.1m (FY 18: £25.3m), maintaining Group gross profit margin at 38.3% (FY 18: 38.3%), which reflects a combination of target consultant utilisation levels and continued investment in the business, offset by margin benefit from consultancy mix, headcount growth and the timing of some prior year accruals.

Group overhead costs, before the adjusting items detailed in note 5 of the consolidated financial statements, increased 11.6% in the year to £12.6m (FY 18: £11.3m). This change includes increased recruitment spend required to deliver consultant headcount growth, additional support to the Group management team, technology improvement spend, new office space, other staff related costs and professional fee increases from Alpha's first full year of being a publicly quoted company. Including these adjusting items, total overhead costs reduced slightly to £16.5m (FY 18: £16.7m).

The Group also reported £16.5m adjusted EBITDA (FY 18: £14.0m), representing an increase of 18.0% on the prior year. Adjusted EBITDA margin also edged higher to 21.7% (FY 18: 21.2%). Adjusted operating profit increased to £16.2m (FY 18: £13.7m).

Total Group operating profit increased 46.9% to £12.6m (FY 18: £8.6m) after charging depreciation, intangible amortisation costs, one-off costs and other non-operational items. Adjusted EBITDA excludes these expense items to give better clarity on the underlying performance of the Group. These cost adjustments, which are detailed in note 5 of the consolidated financial statements, reduced to £3.6m (FY 18: £5.1m) due to the comparative period also including AIM admission, acquisition and previous restructuring costs. The share-based payment charge increased in the current year reflecting a full year charge, including relevant social security costs, new awards and updated valuation assumptions. Please see notes 5 and 18 for further details.

Currency

Currency translation had a minimal impact on both sales and profits in FY 19, as a result of a flat average sterling, against key currencies. In the year, sterling averaged $1.32 (FY 18: $1.32) and €1.13 (FY 18: €1.13). Currency translation immaterially increased FY 19 sales by £0.04m (0.05%).

Net Finance Expense

Net finance costs decreased significantly in the year to £0.05m (FY 18: £7.1m), representing the first full financial year since Alpha's admission to AIM, when the Group repaid or converted to equity all of its previous private equity related debt. Since its admission to AIM, the Group has operated with a net cash position.

Taxation

The Group's tax charge was £3.3m (FY 18: £1.9m). The effective tax rate reduced as prior year limits on tax deductibility of interest costs under the previous capital structure receded. The Group's cash tax payment in the year was £2.0m (FY 18: £1.2m). Adjusted profit after tax is shown using a blended rate of the jurisdictions in which the Group operates to better indicate the Group's expected ongoing tax position.

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

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.

In the prior year, the Group acquired 100% of the share capital of TrackTwo, a Germany-based consulting and data solutions business, and its product 360 SalesVista. This business, which now forms part of the Alpha Data Solutions proposition, has made good progress in the year, adding two new clients, and is enjoying a strong new business pipeline. Alpha continues to invest in the product suite to both strengthen the 360 SalesVista technology infrastructure and add more functionality to position the product for further opportunities and scalable growth.

Earnings per Share

Adjusted earnings per share improved 23.0% to 12.05p per share (FY 18: 9.80p) and, after including the adjusting expense items, the basic earnings per share is 9.05p per share (FY 18: 0.49p loss). Adjusted diluted EPS increased 20.1% to 11.77p (FY 18: 9.80p). At the year end 3,198,286 share options remained outstanding and no share options vested in the year.

Cash Flow, Statement of Financial Position and Net Funds

The Group enjoyed strong cash generation with net cash generated from operating activities rising to £16.4m (FY 18: £11.3m). This represents a 101% adjusted cash conversion[9] rate from adjusted operating profit, improving on the FY 18 adjusted cash conversion rate of 83%, which reflects an increased working capital focus throughout the year and improving internal process rigour around timely debtor collection.

The Group's income tax paid totalled £2.0m (FY 18: £1.2m). Deferred consideration for TrackTwo of €1.1m was paid in the year, having paid the initial consideration in the prior year. The increase in capital expenditure in the year reflects investment in Alpha's 360 SalesVista product. The prior year's cash flow also reflects the equity proceeds raised on admission to AIM and repayment of the Group's outstanding debt.

Net cash interest paid reduced to £0.05m (FY 18: £5.5m), reflecting the cost of maintaining the Group's undrawn revolving credit facility and net cash balances through the year. The Group maintains a £5.0m committed revolving debt facility that expires in October 2020. At the year end, the Group's cash position had improved significantly to £18.6m (FY 18: £9.8m).

Dividends

The Board is recommending a final dividend of 4.09p per share (FY 18: 3.69p). If approved at the Annual General Meeting on 4 September 2019, the final dividend will be paid on 11 September 2019 to shareholders on the register on 30 August 2019.

Together with the FY 19 interim dividend of 1.91p per share, the dividends for the year will total 6.00p per share. This is consistent with the Group's stated policy of paying dividends of approximately 50% of profit after tax, which continues to be calculated this year on an adjusted basis.

Total Shareholders' Funds

Total shareholders' funds increased to £89.1m (March 2018: £82.7m). 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, equity settled consideration and the payment of dividends. At 31 March 2019, the Company had 101,974,874 ordinary shares in issue, of which 387,740 shares were held in treasury.

Risk Management and the Year Ahead

The Group delivered a good financial performance in FY 19 and ended the year with a strong balance sheet.

Although some uncertainty exists in our political and market environments, 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 myself 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 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.

While cognizant of potential macro-economic risks and the competitive environment, the Group has ongoing demand and opportunities where it can support both existing and new clients into the new financial year. The Group has continued to invest and innovate, developing Alpha's service offerings while continuing to expand internationally, which should position Alpha well for the year ahead.

The Board has considered all of the above factors in its review of going concern and has been able to conclude the review satisfactorily.

Alpha has delivered a year of good growth, improved margins and increased cash generation, and we look forward to further progress in the year ahead.

John Paton

Chief Financial Officer

5 June 2019

---

[9] Adjusted cash conversion is net cash from operating activities divided by adjusted operating profit. Adjusted operating profit is adjusted EBITDA less depreciation

Consolidated statement of comprehensive income
For the year ended 31 March 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Continuing operations			
Revenue	2	75,960	66,009
Cost of sales		(46,878)	(40,748)
Gross profit		**29,082**	**25,261**
Administration expenses		(16,510)	(16,703)
Operating profit	4	**12,572**	**8,558**
Depreciation		263	297
Adjusting items	5	3,643	5,114
Adjusted EBITDA[1]	5	**16,478**	**13,969**
Finance income		-	-
Finance expense		(52)	(7,059)
Profit before tax		**12,520**	**1,499**
Taxation	8	(3,321)	(1,941)
Profit/(loss) for the year		**9,199**	**(442)**
Exchange differences on translation of foreign operations		2,505	(186)
Total comprehensive income/(expense) for the year		**11,704**	**(628)**
Basic earnings/(losses) per ordinary share (p)	11	9.05	(0.49)
Diluted earnings/(losses) per ordinary share (p)	11	8.84	(0.49)
Adjusted basic earnings per ordinary share (p)[2]	11	12.05	9.80
Adjusted diluted earnings per ordinary share (p)[2]	11	11.77	9.80

Consolidated statement of financial position
As at 31 March 2019

	Note	Year ended 31 March 2019 £'000	Restated Year ended 31 March 2018[1] £'000
Assets			
Non–current assets			
Goodwill	12	55,162	52,626
Intangible fixed assets	12	20,768	22,913
Property, plant and equipment		414	397
Total non–current assets		**76,344**	**75,936**
Current assets			
Trade and other receivables	13	19,680	21,242
Cash and cash equivalents	14	18,581	9,774
Total current assets		**38,261**	**31,016**
Current liabilities			
Trade and other payables	15	(21,786)	(20,621)
Total current liabilities		**(21,786)**	**(20,621)**
Net current assets		**16,475**	**10,395**
Non-current liabilities			
Deferred tax provision	9	(3,193)	(3,401)
Other non-current liabilities	16	(486)	(277)
Total non-current liabilities		**(3,679)**	**(3,678)**
Net assets/(liabilities)		**89,140**	**82,653**
Equity			
Issued share capital	17	76	77
Share premium		89,396	89,396
Capital redemption reserve		1	-
Foreign exchange reserve		2,095	(410)
Other reserves		737	267
Retained earnings		(3,165)	(6,677)
Total Shareholders' equity		**89,140**	**82,653**

[1] Prior year restatements relate to the adoption of new accounting standard, IFRS 15 (please see note 3). The effect of adopting IFRS 15 was immaterial as at 1 April 2017 and therefore, an opening consolidated statement of financial position as at that date has not been presented.

Consolidated statement of cash flows

For the year ended 31 March 2019

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash flows from operating activities:		
Operating profit/(loss) for the year	12,572	8,558
Depreciation of property, plant and equipment	263	297
Loss on disposal of fixed assets	6	-
Amortisation of intangible fixed assets	2,586	2,383
Share-based payment charge	436	191
Acquisition related costs	61	241
Costs relating to AIM admission	-	1,621
Operating cash flows before movements in working capital	15,924	13,291
Working capital adjustments:		
(Increase)/decrease in trade and other receivables	1,562	(8,839)
Increase/(decrease) in trade and other payables	878	8,107
Tax paid	(1,996)	(1,222)
Net cash generated from operating activities	**16,368**	**11,337**
Cash flows from investing activities:		
Interest received	-	-
Acquisition of subsidiary	(1,113)	(1,941)
Costs relating to AIM admission	-	(892)
Costs relating to acquisitions	-	(242)
Capital expenditure	(728)	(243)
Net cash used in investing activities	**(1,841)**	**(3,318)**
Cash flows from financing activities:		
Issue of ordinary share capital	-	34,348
Repayment of borrowings	-	(33,602)
New borrowings	-	-
Interest paid	(45)	(5,469)
Investor loan note interest	-	-
Repayment of preference shares	-	-
Dividends paid	(5,687)	(1,508)
Net cash used in financing activities	**(5,732)**	**(6,231)**
Net increase in cash and cash equivalents	**8,795**	**1,788**
Cash and cash equivalents at beginning of the period	9,774	8,023
Effect of exchange rate fluctuations on cash held	12	(37)
Cash and cash equivalents at end of the period	**18,581**	**9,774**

Consolidated statement of changes in equity
For the year ended 31 March 2019

	Share capital £'000	Share premium £'000	Capital Redemp-tion Reserve £'000	Foreign exchange reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As at 1 April 2017	-	86	-	(224)	-	(4,408)	(4,546)
IFRS 15 adjustment	-	-	-	-	-	(319)	(319)
As at 1 April 2017 - Restated	-	86	-	(224)	-	(4,727)	(4,865)
Comprehensive income							
Loss for the period	-	-	-	-	-	(442)	(442)
Foreign exchange differences on translation of foreign operations	-	-	-	(186)	-	-	(186)
Transactions with owners							
Shares issued (equity)	77	89,310	-	-	-	-	89,387
Share-based payment reserves	-	-	-	-	191	-	191
Consideration to be settled in equity	-	-	-	-	76	-	76
Dividends	-	-	-	-	-	(1,508)	(1,508)
As at 31 March 2018 - Restated	77	89,396	-	(410)	267	(6,677)	82,653
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**

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.

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

The financial information set out in this financial results announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The consolidated statement of comprehensive profit and loss and other comprehensive income, consolidated statement of financial position, consolidated statement of change in equity, consolidated statement of cash flows and the associated notes have been extracted from the Group's financial statements for the year ended 31 March 2019, upon which the auditor's opinion is unqualified and does not include any statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2019 will be delivered to the Registrar of Companies following the Annual General Meeting.

These condensed preliminary financial statements for the year ended 31 March 2019 have been prepared on the basis of the accounting policies adopted by the Group upon admission to AIM. They are in accordance with the Group's accounting policies as set out in the historical financial information included in the Annual Report & Accounts 2018.

The recognition and measurement requirements of all International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IAS") and interpretations currently endorsed by the International Accounting Standards Board ("IASB") and its committees, as adopted by the EU, and as required to be adopted by AIM listed companies, have been applied.

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, US and Europe & Asia. The Group's operations all consist of one type of operation: consultancy and related services to the asset and wealth management industry.

31 March 2019	**UK**	**US**	**Europe & Asia**	**Total**
	£'000	**£'000**	**£'000**	**£'000**

External revenue	44,937	9,172	21,851	75,960
Cost of sales	(24,798)	(7,514)	(14,566)	(46,878)
Gross profit	**20,139**	**1,658**	**7,285**	**29,082**

31 March 2018	**UK**	**US**	**Europe & Asia**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
External revenue	40,020	9,036	16,953	66,009
Cost of sales	(22,986)	(6,353)	(11,409)	(40,748)
Gross profit	**17,034**	**2,683**	**5,544**	**25,261**

During the year, the Group had one customer that comprised more than 10% of the Group's revenues, reporting within the UK segment and comprising 10.6% of Group revenues, respectively. One customer contributed 10.7% of Group revenues in FY 18.

3. IFRS 15

New accounting standard, IFRS 15, was introduced this year and the Group has recognised the effect of applying IFRS 15 on a modified retrospective basis. This has resulted in an adjustment to opening retained earnings and additional deferred income of £0.3m, in the prior period. The restatement of profits resulting from the adoption of IFRS 15 has been minimal in both the current and comparative periods.

4. Operating profit

	FY 19	**FY 18**
	£'000	**£'000**
Operating profit for the period is stated after charging/(crediting):		
Amortisation of intangible assets	2,586	2,383
Depreciation of plant and equipment	263	297
Net foreign exchange losses/(gains)	(116)	36
Operating lease rentals	903	673
Impairment provision recognised on trade receivables	1	400
Defined contribution pension scheme costs	453	189
Share-based payments charge	872	191
Earnout & deferred consideration	295	391
Costs directly attributable to AIM admission	-	1,621
Acquisition costs	-	241
Restructuring costs	-	251

	FY 19 £'000	FY 18 £'000
Auditor's remuneration:		
Audit fees – Parent Company	33	25
Audit fees – subsidiary companies	57	57
Tax compliance services	-	14
Tax advisory services	-	54
Other assurance services	10	24

5. Reconciliation of adjusted operating profit and adjusted EBITDA

	FY 19 £'000	FY 18 £'000
Operating profit	**12,572**	**8,558**
Amortisation	2,586	2,383
Loss on disposal of fixed assets	6	-
Share-based payments charge	872	191
Earnout & deferred consideration	295	391
Acquisition costs	-	241
Restructuring costs	-	251
Costs directly attributable to AIM admission	-	1,621
Total adjustments	3,759	5,078
Adjusted operating profit (incl. FX)	**16,331**	**13,636**
Foreign exchange (gains)/losses	(116)	36
Adjusted operating profit	**16,215**	**13,672**
Depreciation of plant and equipment	263	297
Adjusted EBITDA	**16,478**	**13,969**
Adjusted EBITDA (incl. FX)	**16,594**	**13,933**

Alpha uses alternative performance measures, including adjusted EBITDA, to allow a clearer understanding of the underlying performance of the Group. Adjusted EBITDA is a commonly used measure in which earnings are stated before intangible asset amortisation and depreciation, used by the Board to assess performance. The Board considers that this alternative performance measure is the most appropriate measure by which users of the financial statements can assess the ongoing performance of the Group. Adjusted EBITDA also excludes the employee share-based payments charge to remove the inherent volatility in share-based payment expense calculations and more closely align to the operational activities. Note 18 sets out further details of the employee share-based payments expense calculation under IFRS 2.

The acquisition of TrackTwo in the prior year involved deferred consideration payments in the form of an earnout, which, in accordance with IFRS 3, will be expensed annually to 2021 dependent on the ongoing employment of the vendor. This cost has been removed to calculate adjusted EBITDA as, whilst it will recur in the short term, it represents additional payments linked to the TrackTwo acquisition.

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

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

During the year, adjusted EBITDA excluding foreign exchange gains or losses was introduced as an alternative performance measure to better indicated the underlying operating performance of the Group. Adjusted EBITDA including foreign exchange gains or losses has also been presented for clarity.

6. Reconciliation to adjusted profit after tax

	FY 19 £'000	FY 18 £'000
Adjusted operating profit	**16,215**	**13,672**
Tax charge	(3,321)	(1,941)
Tax impact of adjusting items	(654)	(1,747)
Adjusted profit after tax	**12,240**	**9,984**

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

7. Staff costs

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

	FY 19 Number	FY 18 Number
UK	145	117
US	49	32
Europe & Asia	110	73
Administration	32	23
	336	**245**

	FY 19 £'000	FY 18 £'000
Wages and salaries	35,638	28,841
Social security costs	4,083	3,629
Pension costs	453	189

Share incentive plans	872	191
	41,046	**32,850**

8. Taxation

	FY 19 £'000	FY 18 £'000
Current tax		
In respect of the current year	2,433	1,400
Adjustment in respect of prior periods	(274)	(29)
Foreign taxation	1,397	1,467
Deferred tax		
In respect of the current year	(460)	(908)
Change in tax rate	13	-
Adjustment in respect of prior periods	212	11
Total tax expense for the year	**3,321**	**1,941**

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 19 £'000	FY 18 £'000
Profit/(loss) before taxation	12,520	1,499
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	2,381	285
Effects of:		
Fixed asset differences	3	4
Expenses not deductible for taxation	99	902
Income not taxable for tax purposes	-	(81)
Differences due to overseas tax rates	887	757
Adjustments in respect of prior periods	(274)	(29)
Adjustments in respect of prior periods – deferred tax	212	11
Change in deferred tax rate	13	106
Deferred tax not recognised	-	(14)
Total tax expense for the year	**3,321**	**1,941**

9. Deferred tax

	FY 19	FY 18
	£'000	**£'000**
At 1 April	3,401	3,946
Arising on business combinations	-	352
Charged to the statement of profit or loss	(235)	(897)
Charged directly to other comprehensive income	-	-
Charged directly to equity	27	-
At 31 March	**3,193**	**3,401**

The UK Government has announced future tax changes to the corporation tax rate. These changes resulted in a rate of 19% for the 2018/19 and 2019/20 tax years and eventually culminate in a rate of 17% by 2020/21.

As at 31 March 2019, all such changes have been substantively enacted and have therefore been reflected in the calculation of deferred tax for the year ended 31 March 2019.

Movements in deferred tax during the year	**1 April 2018**	**Recognised in income**	**Recognised in equity**	**31 March 2019**
	£'000	**£'000**	**£'000**	**£'000**
Accelerated capital allowances	20	1	-	**21**
Short-term timing differences	-	(194)	-	**(194)**
Share options	-	(372)	27	**(345)**
Arising on business combinations	3,381	330	-	**3,711**
	3,401	**(235)**	**27**	**3,193**

10. Dividends

	FY 19	FY 18
	£'000	**£'000**
Amounts recognised as distributions to equity holders:		
Interim dividend for the year ended 31 March 2019 of 1.91p (FY 18: 1.48p) per share	1,938	1,508
Proposed final dividend for the year ended 31 March 2019 of 4.09p (FY 18: 3.69p) per share	4,135	3,749
Total dividend for the year ended 31 March 2019 of 6.00p (FY 18: 5.17p) per share	**6,073**	**5,257**

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

11. Earnings per share and adjusted earnings per share ("EPS")

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 normalised average number of ordinary shares outstanding during the period. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share).

In order to reconcile to the adjusted profit for the financial period, the same adjustments as in notes 5 and 6 have been made to the Group's profit/(loss) for the financial period. The profits/(losses) and weighted average number of shares used in the calculations are set out below:

	Year ended 31 March 2019	Year ended 31 March 2018
Basic & diluted EPS		
Profit/(loss) for the financial year used in calculating basic and diluted EPS (£'000)	9,199	(442)
Weighted average number of ordinary shares in issue	101,604	90,185
Number of dilutive shares	2,416	-
Weighted average number of ordinary shares, including potentially dilutive shares	104,020	90,185
Basic EPS (p)	9.05	(0.49)
Diluted EPS (p)	8.84	(0.49)
Adjusted EPS		
Adjusted profit for the financial year used in calculating adjusted basic and diluted EPS (note 6) (£'000)	12,240	9,984
Weighted average number of ordinary shares in issue	101,604	101,860
Number of dilutive shares	2,416	-
Weighted average number of ordinary shares, including potentially dilutive shares	104,020	101,860
Adjusted EPS (p)	12.05	9.80
Adjusted diluted EPS (p)	11.77	9.80

Earnings or loss per share is calculated based on the share capital of the Company and the earnings of the Group. To aid comparability following the Group's reconstruction and share reorganisation in the prior year, the number of ordinary shares immediately before AIM admission have been used to best indicate the share capital in existence at that time and provide basic and diluted earnings per share on a consistent basis. Similarly, in the adjusted EPS and adjusted diluted EPS calculations, the weighted average number of shares in the prior year considers the shares in issue at and since AIM admission. The prior period adjusted EPS and adjusted diluted EPS has been recalculated to exclude foreign exchange gains or losses.

12. Goodwill and intangible fixed assets

Goodwill

	31 March 2019 £'000	31 March 2018 £'000
Cost at beginning of the year	52,626	51,529
Additions	-	1,097
Gains/(losses) from foreign exchange	2,536	-
Cost at end of the year	**55,162**	**52,626**

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

The CGUs that have been considered are UK, US and Europe & Asia, in line with our operating segments and the goodwill allocated to the CGUs as follows:

Goodwill by cash-generating unit	31 March 2019 £'000	31 March 2018 £'000
UK	31,241	31,241
US	7,790	7,054
Europe & Asia	16,131	14,331
At end of the year	**55,162**	**52,626**

In considering this position, the estimated adjusted weighted average cost of capital ("WACC") for the Group was determined to be 12.4% (FY 18: 11.6%). This discount rate has been applied to the Group's future cash flow forecasts in order to make the assessment at each balance sheet date.

As in the prior period, the base actuals have been inflated in line with the Group's 3-year plan, and by 1% then onwards, for each CGU, which management believes does not exceed the long-term average growth rate for the industry. The recoverable amounts of all CGUs are based on the same key assumptions, including limited customer attrition, no significant change in the competitor landscape, no negative events impacting the Group's brand or reputation, and no legal or regulatory changes impacting the Group's offering.

These cash flows are adjusted for specific risk factors that take into account the sensitivities of the projection and are discounted at a post-tax discount rate of 12.4%. The Group has conducted a sensitivity analysis on the impairment test for all CGUs individually. If the long-term assumed growth rate was reduced to 0%, the receivable amount for each CGU would remain greater than their carrying values. Further increasing the post-tax discount rate to 13.5% resulted in positive headroom remaining for all CGUs compared to the carrying value of goodwill.

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

The Directors have 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 has been appropriately retranslated with the cumulative impact on the financial statements being an increase in goodwill and foreign exchange reserves of £2.5m. Of this amount, a gain of £2.7m relates to the period ended 31 March 2017, a loss of £0.4m relates to the year ended 31 March 2018. and a gain of £0.2m to the year ended 31 March 2019. There is no impact in either the current or prior year on reported or adjusted profits and earnings per share.

The Directors believe the key metrics of relevance to users are underlying profits for the year and earnings per share. As this change has no impact on the statement of profit or loss, the statement of cash flows or earnings per share of the current or earlier periods; and as the net prior period impact is not material in the context of the overall carrying amount of goodwill or net assets (an increase of less than 3%), the Directors have 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 2019

	Customer relationships	**Intellectual property**	**Trade name**	**Capitalised development costs**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'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**

As at 31 March 2018

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

Customer relationships

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

There were no additions in the current period. Additions in the prior period represent the fair value of the customer relationships acquired from Track Two GmbH.

A useful economic life of 11−12 years has been deemed appropriate based on the average realisation rate of cumulative cash flows and benchmarked data. Projected cash flows have been discounted over this period. The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 8.8 years and 9.3 years remaining to be amortised for the customer relationships in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

Intellectual property

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

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

There were no additions in the current period. Additions in the prior period represent the fair value of the intellectual property acquired from Track Two GmbH.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 3.8 years and 5.3 years remaining to be amortised for the intellectual property in relation to Alpha FMC Group Holdings Limited and TrackTwo respectively.

Trade name

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

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

There were no additions in the current period.

The amortisation charge is recognised in administrative expenses within the statement of comprehensive income. There are 11.8 years remaining to be amortised for the trade name in relation to Alpha FMC Group Holdings Limited.

Capitalised development costs

Capitalised development costs represents the costs incurred in the development enhancements to the 360 SalesVista software in 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 2.9 years remaining to be amortised for the capitalised development costs in relation to the development of new software.

13. Trade and other receivables

	FY 19	**FY 18**
	£'000	**£'000**
Amounts due within one year:		
Trade receivables	17,086	18,297
Less: provision for impairment	(447)	(446)
Trade receivables - net	**16,639**	**17,851**
Other debtors	589	55
Prepayments	912	593
Accrued income	1,540	2,743
Total amounts due within 1 year	**19,680**	**21,242**

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

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

	FY 19	**FY 18**
	£'000	**£'000**
At 1 April	446	46
Charge for the period	1	400
Uncollected amounts written off, net of recoveries	-	-
As at 31 March	**447**	**446**

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

	FY 19	**FY 18**
	£'000	**£'000**
Not yet due	8,227	14,873
Between 1 and 3 months	6,773	1,343
Over 3 months	2,086	2,081
As at 31 March	**17,086**	**18,297**

14. Cash and cash equivalents

	FY 19	**FY 18**
	£'000	**£'000**
Cash in bank and at hand	18,581	9,774
Cash and cash equivalents	**18,581**	**9,774**

15. Trade and other payables

	FY 19	**Restated FY 18**
	£'000	**£'000**

Trade payables	1,437	2,361
Accruals	12,744	10,734
Deferred income	662	989
Taxation and social security	2,000	2,428
Corporation tax	3,359	1,826
Other creditors	1,584	2,245
Earn-out provision	-	38
Total amounts owed within 1 year	**21,786**	**20,621**

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days (FY 18: 30 days).

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

Deferred income in the prior period has been restated in line with the introduction of new accounting standard, IFRS 15, resulting in an increase of £0.3m against the previously reported figure.

16. Other non-current liabilities

	FY 19 £'000	**FY 18 £'000**
Deferred tax provision (note 9)	3,193	3,401
Other non-current liabilities	486	277
	3,679	**3,678**

£486,000 (FY 18: £277,000) of costs associated with the earn-out payments linked to the acquisition of TrackTwo are included within other non-current liabilities.

17. Called up share capital

	FY 19 Number	**Restated FY 18[2] Number**
Allotted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	101,974,874	102,234,583

	FY 19	**Restated FY 18[2]**

	£	£
Allotted, called up and fully paid		
Ordinary 0.075p shares (1 vote per share)	76,481	76,676

Movements in share capital during the year ended 31 March 2019:

Balance at 1 April 2018 102,234,583 ordinary shares of 0.075p each		76,676
Cancelled shares	(i)	(195)
Balance at 31 March 2019 **101,974,874 ordinary shares of 0.075p each**		**76,481**

(i) During the year, 259,709 shares have been cancelled. At 31 March 2019, the total number of shares in issue was 101,974,874.

Alpha Employee Benefit Trust

The Group held 476,206 (FY 18: 375,000) shares in an employee benefit trust ("EBT") to satisfy share options granted under its joint share ownership plan ("JSOP").

Treasury shares

The Group held 387,740 (FY 18: nil) shares in treasury from prior employees for nominal value.

[2] The prior year number of shares in issue has been restated to include shares held in treasury and the Alpha Employee Benefit Trust.

18. Share-based payments

The Management Incentive Plan ("MIP")

The Group has an MIP designed to retain and incentivise the Executive Directors and selected key employees. The MIP consists of four parts: part A of which will enable the granting of enterprise management incentive and non-tax advantaged options to acquire shares; part B of which will enable the awarding of 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 Executive Directors of the Company are subject to the fulfilment of performance conditions including (a) the Group to achieve its initial AIM market consensus estimate for adjusted EPS for the financial year ended 31 March 2019, (b) the Group to achieve a total shareholder return for the 3 years from admission to AIM in excess of the average total shareholder return of a peer group of comparable companies, and (c) the Group to achieve between 10 or 15% EPS growth for the financial year ended 31 March 2019. Assuming conditions (a) and (b) are met, if EPS for the financial year ended 31 March 2019 exceeds the EPS for the year ended 31 March 2018 by 15%, 100% of the share options or share awards will vest; if EPS for the financial year ended 31 March 2019 exceeds the EPS for the year ended 31 March 2018 by 10%, 66% will vest. There will be a straight line of vesting if EPS for the year ended 31 March 2019 exceeds the EPS for the year ended 31 March 2018 by between 10% and 15%.

Options granted to selected senior management will be subject to Group EPS, local budget performance conditions and such conditions determined by the Remuneration Committee as being appropriate to their personal role and objectives.

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

The Employee Incentive Plan ("EIP")

In addition to the MIP, 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 2019 a total of 407,258 share option and award grants had been made to employees during the year (FY 18: 2,977,775).

Details of the share option awards made are as follows:

	FY 19 Number of share options	**FY19 Weighted average exercise price**
Outstanding at the beginning of the year	2,977,775	-
Granted during the year	407,258	-
Exercised during the year	-	-
Forfeited during the year	(186,747)	-
Expired during the year	-	-
Outstanding at the year end	**3,198,286**	**-**
Exercisable at the year end	**-**	**-**

No share options were exercisable in the year.

The options outstanding at 31 March 2019 had a weighted average remaining contractual life of 4 years and a nil or nominal exercise price.

During the year ended 31 March 2019, options were granted on 26 July 2018, 6 December 2018 and 23 January 2019 to employees and certain senior management. The weighted average of the estimated fair values of the options outstanding is £0.78 per share. No options were granted in previous years.

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

The inputs into the model were as follows:

	FY 19
	£'000
Weighted average share price at grant date	2.51
Exercise price	-
Volatility	30%
Weighted average vesting period	4
Risk free rate	0.79%
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 options outstanding that have time vesting criteria only were valued using a Black-Scholes model using the same inputs as above.

The Group recognised a total expense of £872,000 related to equity settled share-based payment transactions in the current year, including relevant social security taxes (FY 18: £191,000). Given this expense includes estimation, were the future performance conditions for all outstanding share options assumed to be met, the charge in the year would increase by £365,000.

– ENDS –