Grant Thornton

Abbreviated accounts Applied Language Solutions Limited

For the Year Ended 31 May 2011

Company No. 05122429

Officers and professional advisers

Company registration number	05122429
Registered office	Riverside Court Huddersfield Road Delph Oldham OL3 5FZ
Directors	G L Wheeldon T D Jackson S R Ratcliffe A J Dixon
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor No 1 Whitehall Riverside Leeds LS1 4BN

Index to the abbreviated accounts

Grant Thornton

Independent auditor's report to Applied Language Solutions Limited under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts which comprise the accounting policies, balance sheet and the related notes, together with the financial statements of Applied Language Solutions Limited for the year ended 31 May 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006 Our work has been undertaken so that we might state to the company those matters we are required to state to them in a special 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, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section

Grant Thornton UK LLP

RICHARD HOBSON (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS
LEEDS
21 December 2011

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

The company has a long term bank loan and meets its day to day working capital requirements through a mezzanine funding arrangement as well as invoice discounting arrangements The current economic conditions may create uncertainty particularly over the level of demand for the company's products and the availability of finance in the foreseeable future

The company's projections, taking into account reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities and there has been further interest expressed in providing further funding to meet the company's growth aspirations, which will be significant following the award of the Ministry of Justice agreement No matters have been drawn to the company's attention that suggest that current funding arrangements will be withdrawn in the near future

Accordingly, after making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the annual report and accounts

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

Turnover

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - over estimated useful life of 20 years

Fixed assets

All fixed assets are initially recorded at cost

Accounting policies (continued)

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	-	17% straight line
Fixtures & Fittings	-	15% reducing balance
Computer Equipment	-	40% reducing balance
Office Equipment	-	15% reducing balance
Software	-	40% reducing balance

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The pension cost charged in the financial statements represents the contributions payable by the company during the year

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Financial instruments

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

Abbreviated balance sheet

	Note	2011 £	2010 £
Fixed assets	2		
Intangible assets		**119,992**	42,000
Tangible assets		**339,663**	234,709
Investments		**21,975**	2
		481,630	276,711
Current assets			
Debtors	3	**3,688,504**	2,278,864
Cash at bank and in hand		**390,284**	297,227
		4,078,788	2,576,091
Creditors. amounts falling due within one year	4	**3,115,624**	1,925,944
Net current assets		**963,164**	650,147
Total assets less current liabilities		**1,444,794**	926,858
Creditors. amounts falling due after more than one year	5	**1,584,749**	725,480
Provisions for liabilities		**20,100**	30,462
		(160,055)	170,916
Capital and reserves			
Called-up equity share capital	6	**92**	92
Share premium account		**682**	682
Other reserves		**8**	8
Profit and loss account		**(160,837)**	170,134
Shareholders' (deficit)/funds		**(160,055)**	170,916

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 21 December 2011 and are signed on their behalf by

G L Wheeldon
Director

Company Registration Number 05122429

The accompanying accounting policies and notes form part of these abbreviated accounts.

Notes to the abbreviated accounts

1 Acquisitions and disposals

	Book value	Fair value adjustments	Fair value
Fixed assets	1,449	–	1,449
Debtors	62,098	–	62,098
Current assets	63,547	–	63,547
Total consideration			150,000
Goodwill arising			**86,453**

On 1 October 2010 the Company purchased the trade and assets of Translate4me for a total cash consideration of £150,000 Total goodwill arising on the acquisition is £86,453

2 Fixed assets

	Intangible Assets £	Tangible Assets £	Investments £	Total £
Cost				
At 1 June 2010	**60,000**	**537,311**	**2**	**597,313**
Additions	**86,453**	**248,304**	**21,973**	**356,730**
At 31 May 2011	**146,453**	**785,615**	**21,975**	**954,043**
Depreciation				
At 1 June 2010	**18,000**	**302,602**	**-**	**320,602**
Charge for year	**8,461**	**143,350**	–	**151,811**
At 31 May 2011	**26,461**	**445,952**	–	**472,413**
Net book value				
At 31 May 2011	**119,992**	**339,663**	**21,975**	**481,630**
At 31 May 2010	42,000	234,709	2	276,711

The company owns 100% of the issued share capital of Applied Language Solutions Limited, incorporated in Bulgaria, Applied Language Solutions LLC, incorporated in the United States of America and Traslan Teoranta Limited, incorporated in Ireland The shareholdings in Traslan Teoranta were acquired during the year All the above companies are involved in the provision of translation services

The company also owns 100% of the issued share capital of SquidgeIT Limited, registered in England and Wales, Applied Community Solutions Limited, registered in England and Wales, and Applied Language Solutions BG, incorporated in Bulgaria These companies do not trade

Notes to the abbreviated accounts (continued)

3 Debtors

Debtors include amounts of £156,792 (2010 - £161,164) falling due after more than one year

4 Creditors: amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011	2010
	£	£
Bank loans and invoice discounting	554,454	571,278

5 Creditors: amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011	2010
	£	£
Bank and other loans	1,584,051	725,480

The bank loan is secured by a fixed and floating charge over all the assets of the company The bank loan is repayable in equal monthly instalments, at a rate of interest of 3 5% per annum above the HSBC Bank base rate

Other loans relate to mezzanine funding which is secured by a fixed and floating charge over all the assets of the company Repayments are set at 25% of the loan at the end of year 3 (March 2013) and year 4 (March 2014) and 50% at the end of year 5 (March 2015) Interest is charged at 10% per annum and a redemption premium ranging from 30% to 40% is payable depending on the date the repayment is made

6 Share capital

Authorised share capital

	2011	2010
	£	£
100,000 Ordinary shares of £0 01 each	1,000	1,000

Allotted, called up and fully paid

	2011		2010	
	No	£	No	£
9,225 Ordinary shares of £0 01 each	9,225	92	9,225	92

Notes to the abbreviated accounts (continued)

Share capital (continued)

On 7 July 2008, the company granted certain employees options to purchase ordinary shares of £0 01 each in the company at an exercise price of £26 26 per share These options are exercisable over a period of up to 4 years Options have been granted over a maximum of 146 shares

On 22 September 2009, the company granted certain employees options to purchase ordinary shares of £0 01 each in the company at an exercise price of £27 33 per share These options are exercisable over a period of up to 4 years Options have been granted over a maximum of 71 shares