

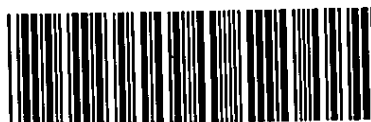


Grant Thornton

Financial statements Applied Language Solutions Limited

For the Year Ended 31 May 2009

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COMPANIES HOUSE

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 R Stangroom T D Jackson A J Dixon
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors No 1 Whitehall Riverside Leeds LS1 4BN

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 May 2009.

Principal activity and business review

The principal activity of the company during the year was that of translation services.

In the year sales increased by 14.2% to £6.257m and operating profit increased by 35.5% to £146k. The directors are satisfied with the results of the company over what has been a challenging year across the economy. The directors remain confident that the company will continue to grow in the coming years.

Results and dividends

The profit for the year, after taxation, amounted to £76,733. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company's operations expose it to a variety of risks including the effects of changes in interest rates on debt, foreign currency exchange rates credit risk and liquidity risk.

The company's principal financial instruments comprise bank loans and overdrafts, invoice discounting and obligations under finance leases, sterling and dollar cash and bank deposits together with trade debtors and trade creditors that arise directly from its operations.

The main risks and measures that the company has taken to control the risk can be summarised as follows:

Price risk

The company has no significant exposure to securities price risk as it holds no listed equity investments.

Foreign currency risk

The main foreign currency in which the company operates is the US Dollar.

Exposure to the risk of changes in foreign currency rates is minimised by operating overseas bank accounts.

Credit risk

The company's principal financial assets are bank balances, cash and trade debtors that represent the company's maximum exposure to credit risk in relation to financial assets.

The credit risk is primarily attributable to its trade debtors. The risk is managed by maintaining a strict credit policy and effective credit rating of prospective customers.

The amounts presented in the balance sheet are net of allowances for doubtful debts estimated by the company's management based on prior experience and their assessment of the current economic environment.

Report of the directors (continued)

Credit risk (continued)

The company has no significant concentration of credit risk with exposure spread over a large number of customers.

Liquidity risk

The company's policy has been to ensure continuity of funding through invoice discounting, bank loans and its overdraft facility.

Cash flow interest rate risk

The company has bank loans at 3.5% above base rate and an overdraft facility at market rate but it is the company's policy to manage its liquidity with minimal recourse to the overdraft.

Directors

The directors who served the company during the year were as follows:

G L Wheeldon
R Stangroom
T D Jackson

T D Jackson was appointed as a director on 1 December 2008.

A J Dixon was appointed as a director on 1 July 2009.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the directors (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

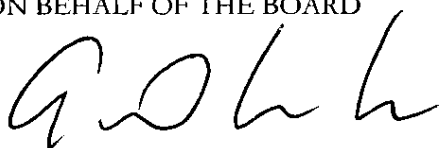
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD



G L Wheeldon
Director
11 December 2009



Report of the independent auditor to the members of Applied Language Solutions Limited

We have audited the financial statements of Applied Language Solutions Limited for the year ended 31 May 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Respective responsibilities of directors and auditors

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Report of the independent auditor to the members of Applied Language Solutions Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Richard Hobson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
14 December 2009

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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.

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Accounting policies (continued)

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

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.

Pensions

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

Profit and loss account

	Note	2009 £	2008 £
Turnover	1	6,257,240	5,480,101
Cost of sales		(3,022,127)	(2,748,917)
Gross profit		3,235,113	2,731,184
Other operating charges	2	(3,089,109)	(2,623,434)
Operating profit	3	146,004	107,750
Interest receivable		45,547	2,288
Interest payable and similar charges	6	(37,942)	(49,506)
Profit on ordinary activities before taxation		153,609	60,532
Tax on profit on ordinary activities	7	(76,876)	(2,708)
Profit for the financial year	19	76,733	57,824

All of the activities of the company are classed as continuing.

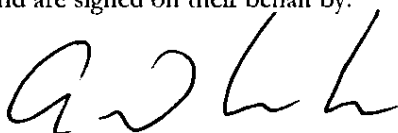
The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	45,000	50,400
Tangible assets	9	247,393	225,723
Investments	10	2	2
		<u>292,395</u>	<u>276,125</u>
Current assets			
Debtors	11	1,025,207	1,430,307
Cash at bank		172,878	129,375
		<u>1,198,085</u>	<u>1,559,682</u>
Creditors: amounts falling due within one year	12	<u>1,171,743</u>	<u>1,544,069</u>
Net current assets		<u>26,342</u>	<u>15,613</u>
Total assets less current liabilities		<u>318,737</u>	<u>291,738</u>
Creditors: amounts falling due after more than one year	13	<u>117,615</u>	<u>178,648</u>
		<u>201,122</u>	<u>113,090</u>
Provisions for liabilities			
Deferred taxation	15	11,299	—
		<u>189,823</u>	<u>113,090</u>
Capital and reserves			
Called-up equity share capital	17	92	92
Other reserves	18	8	8
Profit and loss account	19	189,723	112,990
Shareholders' funds	20	<u>189,823</u>	<u>113,090</u>

These financial statements were approved by the directors and authorised for issue on 11 December 2009 and are signed on their behalf by:



G L Wheeldon
 Director

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2009 £	2008 £
United Kingdom	2,732,565	2,610,301
Overseas	3,524,675	2,869,800
	<u>6,257,240</u>	<u>5,480,101</u>

2 Other operating charges

	2009 £	2008 £
Administrative expenses	<u>3,089,109</u>	<u>2,623,434</u>

3 Operating profit

Operating profit is stated after charging:

	2009 £	2008 £
Amortisation	5,400	2,400
Depreciation of owned fixed assets	104,515	47,938
Depreciation of assets held under hire purchase agreements	13,794	14,981
Auditor's remuneration:		
Audit fees	11,000	–
Taxation fees	<u>2,750</u>	<u>–</u>

Notes to the financial statements (continued)

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2009 No	2008 No
Number of administrative staff	<u>40</u>	<u>32</u>

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	1,181,522	967,094
Social security costs	<u>324,538</u>	<u>280,381</u>
	<u>1,506,060</u>	<u>1,247,475</u>

5 Directors

Remuneration in respect of directors was as follows:

	2009 £	2008 £
Emoluments receivable	164,873	133,072
Value of company pension contributions to money purchase schemes	<u>292</u>	<u>–</u>
	<u>165,165</u>	<u>133,072</u>

6 Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank borrowing	14,096	36,673
Finance charges payable under hire purchase agreements	8,159	4,513
Other similar charges payable	<u>15,687</u>	<u>8,320</u>
	<u>37,942</u>	<u>49,506</u>

Notes to the financial statements (continued)

7 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28% (2008 - 21%)	62,920	2,708
Underprovision in prior year	2,657	-
Total current tax	<u>65,577</u>	<u>2,708</u>
Deferred tax:		
Origination and reversal of timing differences (note 15)	11,299	-
Tax on profit on ordinary activities	<u>76,876</u>	<u>2,708</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 21%).

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>153,609</u>	<u>60,532</u>
Profit on ordinary activities by rate of tax	43,011	12,712
Expenses not deductible for tax purposes	10,407	365
Depreciation for the year in excess of capital allowances	6,522	(7,606)
Utilisation of tax losses	-	(2,651)
Adjustments to tax charge in respect of previous periods	2,657	-
Other short term timing differences	5,454	-
Small companies relief	(2,474)	(112)
Total current tax (note 7(a))	<u>65,577</u>	<u>2,708</u>

Notes to the financial statements (continued)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 June 2008 and 31 May 2009	<u>60,000</u>
Amortisation	
At 1 June 2008	9,600
Charge for the year	<u>5,400</u>
At 31 May 2009	<u>15,000</u>
Net book value	
At 31 May 2009	<u>45,000</u>
At 31 May 2008	<u>50,400</u>

Goodwill relates to the difference between the purchase costs and separable net assets of the Applied Language Solutions partnership at the date of acquisition.

9 Tangible fixed assets

	Leasehold Property £	Fixtures & Fittings £	Software £	Office Equipment £	Computer Equipment £	Total £
Cost						
At 1 Jun 2008	–	25,842	211,172	1,732	76,527	315,273
Additions	<u>12,539</u>	<u>27,702</u>	<u>75,040</u>	<u>–</u>	<u>24,698</u>	<u>139,979</u>
At 31 May 2009	<u>12,539</u>	<u>53,544</u>	<u>286,212</u>	<u>1,732</u>	<u>101,225</u>	<u>455,252</u>
Depreciation						
At 1 Jun 2008	–	6,754	43,626	586	38,584	89,550
Charge for the year	<u>1,772</u>	<u>6,961</u>	<u>88,462</u>	<u>172</u>	<u>20,942</u>	<u>118,309</u>
At 31 May 2009	<u>1,772</u>	<u>13,715</u>	<u>132,088</u>	<u>758</u>	<u>59,526</u>	<u>207,859</u>
Net book value						
At 31 May 2009	<u>10,767</u>	<u>39,829</u>	<u>154,124</u>	<u>974</u>	<u>41,699</u>	<u>247,393</u>
At 31 May 2008	<u>–</u>	<u>19,088</u>	<u>167,546</u>	<u>1,146</u>	<u>37,943</u>	<u>225,723</u>

Included within the net book value of £247,393 is £20,694 (2008 - £34,168) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,794 (2008 - £14,981).

Notes to the financial statements (continued)

10 Investments

Investments
in subsidiary
undertakings
£

Cost and net book value
At 1 June 2008 and 31 May 2009

2

The company owns 100% of the issued share capital of Applied Language Solutions Limited, incorporated in Bulgaria, and Applied Language Solutions LLC, incorporated in the United States of America. Both companies are involved in the provision of translation services.

11 Debtors

	2009 £	2008 £
Trade debtors	652,130	1,371,262
Other debtors	105,220	26,552
Prepayments and accrued income	267,857	32,493
	<u>1,025,207</u>	<u>1,430,307</u>

12 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	276,139	284,797
Trade creditors	311,454	447,447
Corporation tax	62,920	81
Other taxation and social security	72,498	88,549
Amounts due under hire purchase agreements	12,727	18,539
Other creditors	—	7,454
Accruals and deferred income	436,005	697,202
	<u>1,171,743</u>	<u>1,544,069</u>

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

	2009 £	2008 £
Bank loans and overdrafts	<u>276,139</u>	<u>284,797</u>

Notes to the financial statements (continued)

13 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Bank loans	111,259	165,086
Amounts due under hire purchase agreements	6,356	13,562
	<u>117,615</u>	<u>178,648</u>

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

	2009 £	2008 £
Bank loans	<u>44,579</u>	<u>53,746</u>

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.

14 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2009 £	2008 £
Amounts payable within 1 year	12,727	18,539
Amounts payable between 2 to 5 years	6,356	13,562
	<u>19,083</u>	<u>32,101</u>

15 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2009 £	2008 £
Profit and loss account movement arising during the year(note 7)	11,299	-
Provision carried forward	<u>11,299</u>	<u>-</u>

Notes to the financial statements (continued)

Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	16,753	-
Other timing differences	(5,454)	-
	<u>11,299</u>	<u>-</u>

16 Related party transactions

The company was under the control of Mr G L Wheeldon throughout the current and previous year by virtue of his majority holding in its issued ordinary share capital.

During the current and previous year, Mr G L Wheeldon had an interest free loan with the company of £14,992 (2008: £12,200). £14,992 was also the maximum amount outstanding during these periods. Nil remains outstanding at the year end.

17 Share capital

Authorised share capital:

	2009 £	2008 £
10,000 Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
Ordinary shares of £0.01 each	<u>9,200</u>	<u>92</u>	<u>9,200</u>	<u>92</u>

On 7 July 2008, the company granted certain employees options to purchase £0.01 ordinary shares 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.

18 Other reserves

	2009 £	2008 £
Capital redemption reserve	<u>8</u>	<u>8</u>

Notes to the financial statements (continued)

19 Profit and loss account

	2009 £	2008 £
Balance brought forward	112,990	75,166
Profit for the financial year	76,733	57,824
Purchase of own shares	—	(20,000)
Balance carried forward	<u>189,723</u>	<u>112,990</u>

20 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	76,733	57,824
Purchase of own ordinary shares	—	(20,008)
Net addition to shareholders' funds	<u>76,733</u>	<u>37,816</u>
Opening shareholders' funds	<u>113,090</u>	<u>75,274</u>
Closing shareholders' funds	<u>189,823</u>	<u>113,090</u>