

REGISTERED NUMBER: 11260547 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020
FOR
D A LANGUAGES HOLDINGS LIMITED**

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for the Year Ended 30th June 2020

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D A LANGUAGES HOLDINGS LIMITED

COMPANY INFORMATION

for the Year Ended 30th June 2020

DIRECTORS:

Ms C Alvarez
Mrs A Arya
Ms D Cheesebrough
Mr M J Taylor
Mr M Barrington
Mr N W Guest

SECRETARY:

Mr N W Guest

REGISTERED OFFICE:

Suite 4a Statham House
Talbot Road
Stretford
Manchester
M32 0FP

REGISTERED NUMBER:

11260547 (England and Wales)

AUDITORS:

Kay Johnson Gee Limited
Chartered Accountants and Statutory Auditors
1 City Road East
Manchester
M15 4PN

GROUP STRATEGIC REPORT

for the Year Ended 30th June 2020

The directors present their strategic report of the company and the group for the year ended 30th June 2020.

REVIEW OF BUSINESS

During the year the trading company saw significant growth with sales increasing by 25% owing to several new contract wins in the year. Growth in run-rate sales and EBITDA are significantly higher in the year ending 30th June 2020, owing to further new contract wins and successful implementations. This is in spite of the Group being temporarily impacted by COVID-19 as customers migrated onto telephone and video services. This trend has continued post period end. The Group continues to win contracts with a strong tender win rate backed up with wins in both the private and public sector. The directors anticipate a significant increase in both revenue and adjusted EBITDA in the forthcoming year as the Group continues to expand.

KEY PERFORMANCE INDICATORS

The group considers the below to be the key performance indicators:

		30/06/20	30/06/19
	£		
Turnover	£	9,610,752	7,687,903
Gross Profit		4,094,054	3,237,943
Adjusted EBITDA		1,649,852	1,164,690
Profit before taxation (PBT)		516,535	77,328

PRINCIPAL RISKS AND UNCERTAINTIES

IT systems

The group relies on the efficient and uninterrupted operation of its IT system and the internet. System and internet issues can result in impacts to the customer appointment ordering and linguist sourcing process which could result in the inability to fulfil appointments or worse case customers using alternative providers. The group reduces its exposure to these risks by ensuring that its systems are continuously monitored and updated. Internal systems have strong controls and measures in place to reduce risk of downtime and security breaches. The servers are backed up in a remote location to mitigate the risk of hardware and software failures.

Financial risk management

The company has strong controls around cash flow, creditors and debtors to manage these effectively. Its daily controls monitor its working capital position and thus mitigate liquidity risk. The business' principal financial instruments comprise bank balances, bank loans, trade debtors and creditors and other loans. The main purpose of these instruments is to finance the business' operations and the development of its IT platform.

GROUP STRATEGIC REPORT

for the Year Ended 30th June 2020

IMPACT OF COVID-19

The Group has remained resilient during the pandemic and despite an initial reduction in trading volumes caused by the Government lockdown, the Directors believe the business is stronger because of the changes made during that period. A focus on offering remote services to our clients has meant that language services have remained available throughout the pandemic. These services are available on demand as well as scheduled in advance, providing significant benefits to our clients and broadening the available linguist pool, increasing delivery performance. The initial financial impact during the reporting period aside, the pandemic has accelerated the move to remote services which the Directors' believe was happening naturally. The acquisition of Miton Systems Limited post year end further strengthens the Group's position to deliver for its clients.

ON BEHALF OF THE BOARD:

Mr N W Guest - Director

24th November 2020

REPORT OF THE DIRECTORS

for the Year Ended 30th June 2020

The directors present their report with the financial statements of the company and the group for the year ended 30th June 2020.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st July 2019 to the date of this report.

Ms C Alvarez
Mrs A Arya
Ms D Cheesebrough
Mr M J Taylor
Mr M Barrington

Other changes in directors holding office are as follows:

Mr N W Guest was appointed as a director after 30th June 2020 but prior to the date of this report.

Ms A G Silcock ceased to be a director after 30th June 2020 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 accounting 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

REPORT OF THE DIRECTORS
for the Year Ended 30th June 2020

AUDITORS

The auditors, Kay Johnson Gee Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Mr N W Guest - Director

24th November 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF D A LANGUAGES HOLDINGS LIMITED

Opinion

We have audited the financial statements of D A Languages Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30th June 2020 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30th June 2020 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF D A LANGUAGES HOLDINGS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF D A LANGUAGES HOLDINGS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Michael Garrett (Senior Statutory Auditor)
for and on behalf of Kay Johnson Gee Limited
Chartered Accountants and Statutory Auditors
1 City Road East
Manchester
M15 4PN

24th November 2020

D A LANGUAGES HOLDINGS LIMITED (REGISTERED NUMBER: 11260547)**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

for the Year Ended 30th June 2020

		Year ended 30/6/20 £	Period 17/3/18 to 30/6/19 £
	Notes		
TURNOVER		9,610,752	7,687,903
Cost of sales		<u>(5,516,698)</u>	<u>(4,449,960)</u>
GROSS PROFIT		4,094,054	3,237,943
Administrative expenses		<u>(3,424,698)</u>	<u>(2,835,814)</u>
		669,356	402,129
Other operating income		<u>141,007</u>	-
OPERATING PROFIT	5	810,363	402,129
Interest receivable and similar income		<u>2,961</u>	<u>1,108</u>
		813,324	403,237
Interest payable and similar expenses		<u>(296,789)</u>	<u>(325,909)</u>
PROFIT BEFORE TAXATION		516,535	77,328
Tax on profit		<u>(194,034)</u>	<u>(85,301)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		322,501	<u>(7,973)</u>
Profit/(loss) attributable to:			
Owners of the parent		<u>322,501</u>	<u>(7,973)</u>

The notes form part of these financial statements

D A LANGUAGES HOLDINGS LIMITED (REGISTERED NUMBER: 11260547)**CONSOLIDATED BALANCE SHEET**

30th June 2020

		2020	2019
	Notes	£	£
FIXED ASSETS			
Intangible assets	7	4,336,937	4,859,021
Tangible assets	8	111,800	110,850
Investments	9	-	-
		<u>4,448,737</u>	<u>4,969,871</u>
CURRENT ASSETS			
Debtors	10	1,235,858	1,843,099
Cash at bank and in hand		<u>2,602,267</u>	<u>509,376</u>
		3,838,125	2,352,475
CREDITORS			
Amounts falling due within one year	11	<u>(3,935,762)</u>	<u>(2,391,954)</u>
NET CURRENT LIABILITIES		<u>(97,637)</u>	<u>(39,479)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,351,100	4,930,392
CREDITORS			
Amounts falling due after more than one year	12	(3,200,000)	(4,123,527)
PROVISIONS FOR LIABILITIES		<u>(36,039)</u>	<u>(14,794)</u>
NET ASSETS		<u>1,115,061</u>	<u>792,071</u>
CAPITAL AND RESERVES			
Called up share capital	14	4,533	4,044
Share premium		796,000	796,000
Retained earnings		<u>314,528</u>	<u>(7,973)</u>
		<u>1,115,061</u>	<u>792,071</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 24th November 2020 and were signed on its behalf by:

Mr N W Guest - Director

The notes form part of these financial statements

D A LANGUAGES HOLDINGS LIMITED (REGISTERED NUMBER: 11260547)**COMPANY BALANCE SHEET**

30th June 2020

		2020	2019
	Notes	£	£
FIXED ASSETS			
Intangible assets	7	-	-
Tangible assets	8	-	-
Investments	9	<u>7,560,608</u>	<u>7,640,612</u>
		<u>7,560,608</u>	<u>7,640,612</u>
CURRENT ASSETS			
Debtors	10	65,985	96,927
Cash at bank		<u>5,625</u>	<u>10,856</u>
		<u>71,610</u>	<u>107,783</u>
CREDITORS			
Amounts falling due within one year	11	<u>(2,967,399)</u>	<u>(2,787,959)</u>
NET CURRENT LIABILITIES		<u>(2,895,789)</u>	<u>(2,680,176)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,664,819</u>	<u>4,960,436</u>
CREDITORS			
Amounts falling due after more than one year	12	<u>(3,200,000)</u>	<u>(4,123,527)</u>
NET ASSETS		<u>1,464,819</u>	<u>836,909</u>
CAPITAL AND RESERVES			
Called up share capital	14	4,533	4,044
Share premium		796,000	796,000
Retained earnings		<u>664,286</u>	<u>36,865</u>
		<u>1,464,819</u>	<u>836,909</u>
Company's profit for the financial year		<u>627,421</u>	<u>36,865</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 24th November 2020 and were signed on its behalf by:

Mr N W Guest - Director

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30th June 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Deficit for the period	-	(7,973)	-	(7,973)
Total comprehensive loss	-	(7,973)	-	(7,973)
Issue of share capital	4,044	-	796,000	800,044
Balance at 30th June 2019	4,044	(7,973)	796,000	792,071
Profit for the year	-	322,501	-	322,501
Total comprehensive income	-	322,501	-	322,501
Issue of share capital	489	-	-	489
Balance at 30th June 2020	4,533	314,528	796,000	1,115,061

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30th June 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Profit for the period	-	36,865	-	36,865
Total comprehensive income	-	36,865	-	36,865
Issue of share capital	4,044	-	796,000	800,044
Balance at 30th June 2019	4,044	36,865	796,000	836,909
Profit for the year	-	627,421	-	627,421
Total comprehensive income	-	627,421	-	627,421
Issue of share capital	489	-	-	489
Balance at 30th June 2020	4,533	664,286	796,000	1,464,819

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended 30th June 2020

		Year ended 30/6/20 £	Period 17/3/18 to 30/6/19 £
	Notes		
Cash flows from operating activities			
Cash generated from operations	16	2,122,130	1,084,738
Interest paid		(296,789)	(323,420)
Tax paid		14,950	(221,196)
Net cash from operating activities		<u>1,840,291</u>	<u>540,122</u>
Cash flows from investing activities			
Acquisition of subsidiary		-	(3,457,468)
Net cash on acquisition of subsidiary		-	118,507
Purchase of tangible fixed assets		(40,891)	(92,937)
Purchase of intangible assets		(86,019)	-
Interest received		2,961	1,108
Net cash from investing activities		<u>(123,949)</u>	<u>(3,430,790)</u>
Cash flows from financing activities			
New loans in year		600,000	3,100,000
Loan repayments in year		(223,940)	-
Share issue		489	300,044
Net cash from financing activities		<u>376,549</u>	<u>3,400,044</u>
Increase in cash and cash equivalents		<u>2,092,891</u>	<u>509,376</u>
Cash and cash equivalents at beginning of year	17	509,376	-
Cash and cash equivalents at end of year	17	<u>2,602,267</u>	<u>509,376</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 30th June 2020

1. STATUTORY INFORMATION

D A Languages Holdings Limited is a private company limited by shares, registered in England and Wales. The registered office and principal place of business is Suite 4a Statham House Talbot Road, Stretford, Manchester, M32 0FP.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30th June 2020. A subsidiary entity that is controlled by the parent. The results of the subsidiary undertakings are included in the profit or loss and other comprehensive income from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently exercisable.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the rendering of services. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the estimated contract costs.

Goodwill

Goodwill is the difference between amounts paid on acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life which is currently 10 years.

At each reporting date, the company reviews the carrying amounts to determine whether there is any indication of an impairment loss. If any such exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is recognised as an expense immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

At each reporting date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 15% reducing balance
Leasehold improvements	- 15% reducing balance

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

2. ACCOUNTING POLICIES - continued**Trade and other debtors and creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Cash and cash equivalents

Cash and cash equivalents are represented by cash at bank and in hand.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimations and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future, and by their nature, will rarely equal the related actual outcome.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 98 (2019 - 84) .

5. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 30/6/20 £	Period 17/3/18 to 30/6/19 £
Depreciation - owned assets	18,924	12,108
Goodwill amortisation	539,495	615,932
Development costs amortisation	<u>9,621</u>	<u>-</u>

6. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

7. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Development costs £	Totals £
COST			
At 1st July 2019	5,474,953	-	5,474,953
Additions	-	86,019	86,019
Impairments	(80,004)	-	(80,004)
Reclassification	-	22,659	22,659
At 30th June 2020	<u>5,394,949</u>	<u>108,678</u>	<u>5,503,627</u>
AMORTISATION			
At 1st July 2019	615,932	-	615,932
Amortisation for year	539,495	9,621	549,116
Reclassification	-	1,642	1,642
At 30th June 2020	<u>1,155,427</u>	<u>11,263</u>	<u>1,166,690</u>
NET BOOK VALUE			
At 30th June 2020	<u>4,239,522</u>	<u>97,415</u>	<u>4,336,937</u>
At 30th June 2019	<u>4,859,021</u>	<u>-</u>	<u>4,859,021</u>

8. TANGIBLE FIXED ASSETS

Group

	Leasehold Improvements £	Plant and machinery £	Totals £
COST			
At 1st July 2019	41,645	88,118	129,763
Additions	7,636	33,255	40,891
Reclassification	-	(22,659)	(22,659)
At 30th June 2020	<u>49,281</u>	<u>98,714</u>	<u>147,995</u>
DEPRECIATION			
At 1st July 2019	3,248	15,665	18,913
Charge for year	7,031	11,893	18,924
Reclassification	-	(1,642)	(1,642)
At 30th June 2020	<u>10,279</u>	<u>25,916</u>	<u>36,195</u>
NET BOOK VALUE			
At 30th June 2020	<u>39,002</u>	<u>72,798</u>	<u>111,800</u>
At 30th June 2019	<u>38,397</u>	<u>72,453</u>	<u>110,850</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

9. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st July 2019	7,640,612
Impairments	(80,004)
At 30th June 2020	<u>7,560,608</u>
NET BOOK VALUE	
At 30th June 2020	<u>7,560,608</u>
At 30th June 2019	<u>7,640,612</u>

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal Activity
D A Languages Limited	England & Wales	Ordinary	100%	Translation services

The company acquired D A Languages Limited on 16th May 2018 and took effective control from start of the financial year for D A Languages Limited of 1st July 2018. The registered address of the company and principal place of business is Suite 4a Stratham House, Talbot Road, Stretford, Manchester M32 0FP.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,044,980	985,211	-	-
Other debtors	<u>190,878</u>	<u>857,888</u>	<u>65,985</u>	<u>96,927</u>
	<u>1,235,858</u>	<u>1,843,099</u>	<u>65,985</u>	<u>96,927</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	1,006,908	402,489	1,006,908	402,489
Trade creditors	438,562	558,613	-	-
Amounts owed to group undertakings	-	-	913,956	1,635,535
Corporation Tax	281,774	94,035	-	-
Social security and other taxes	35,098	31,120	-	-
VAT	915,368	409,138	-	-
Other creditors	10,182	28,132	4,132	22,286
Deferred consideration	923,527	676,473	923,527	676,473
Amounts owed to ultimate parent	10,747	-	-	-
Accruals	313,596	191,954	118,876	51,176
	<u>3,935,762</u>	<u>2,391,954</u>	<u>2,967,399</u>	<u>2,787,959</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Shareholders loan	3,200,000	3,200,000	3,200,000	3,200,000
Deferred consideration	-	923,527	-	923,527
	<u>3,200,000</u>	<u>4,123,527</u>	<u>3,200,000</u>	<u>4,123,527</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	1,006,908	402,489	1,006,908	402,489
Shareholder Loan	2,700,000	2,700,000	2,700,000	2,700,000
	<u>3,706,908</u>	<u>3,102,489</u>	<u>3,706,908</u>	<u>3,102,489</u>

The shareholder loan is secured by a fixed and floating charge over all the property and undertaking of the company.

The bank borrowings are secured by a fixed and floating charge over all the property and undertaking of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2020	2019
£				
300,000	Ordinary A	£0.01	3,000	3,000
100,000	Ordinary B	£0.01	1,000	1,000
48,889	Ordinary C	£0.01	489	-
4,444	Ordinary D	£0.01	44	44

The Ordinary A and Ordinary B shares carry equal voting rights and have full rights to dividends and distributions. Ordinary D shares are non-voting but have full rights to dividends and distributions.

On the 15 March 2020, the company allotted 48,889 Ordinary C shares at par for cash at £0.01 per share. These shares are non voting and have no rights to dividends and distributions.

15. POST BALANCE SHEET EVENTS

On 1 October 2020 D A Languages Holdings Limited acquired 100% of the issued shares in Miton Systems Limited, a technical software development company.

The financial effects of this transaction have not been recognised at 30 June 2020. The operating results and assets and liabilities of the acquired company will be consolidated from 1 October 2020.

16. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year ended 30/6/20 £	Period 17/3/18 to 30/6/19 £
Profit before taxation	516,535	77,328
Depreciation charges	9,282	12,108
Amortisation	550,758	615,932
Government grants	(141,007)	-
Finance costs	296,789	325,909
Finance income	(2,961)	(1,108)
	1,229,396	1,030,169
Decrease/(increase) in trade and other debtors	607,241	(467,664)
Increase in trade and other creditors	285,493	522,233
Cash generated from operations	<u>2,122,130</u>	<u>1,084,738</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2020

17. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30th June 2020

	30/6/20 £	1/7/19 £
Cash and cash equivalents	<u>2,602,267</u>	<u>509,376</u>

Period ended 30th June 2019

	30/6/19 £	17/3/18 £
Cash and cash equivalents	<u>509,376</u>	<u>-</u>

18. ANALYSIS OF CHANGES IN NET DEBT

	At 1/7/19 £	Cash flow £	At 30/6/20 £
Net cash			
Cash at bank and in hand	<u>509,376</u>	<u>2,092,891</u>	<u>2,602,267</u>
	<u>509,376</u>	<u>2,092,891</u>	<u>2,602,267</u>
Debt			
Debts falling due within 1 year	(402,489)	(604,419)	(1,006,908)
Debts falling due after 1 year	<u>(3,200,000)</u>	<u>-</u>	<u>(3,200,000)</u>
	<u>(3,602,489)</u>	<u>(604,419)</u>	<u>(4,206,908)</u>
Total	<u>(3,093,113)</u>	<u>1,488,472</u>	<u>(1,604,641)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.