

REGISTERED NUMBER: 11260547 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021
FOR
D A LANGUAGES HOLDINGS LIMITED**

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 30th June 2021

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Consolidated Profit and Loss Account	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Financial Statements	15

D A LANGUAGES HOLDINGS LIMITED

COMPANY INFORMATION

for the Year Ended 30th June 2021

DIRECTORS:

Mr M J Taylor
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 2021

The directors present their strategic report of the company and the group for the year ended 30th June 2021.

REVIEW OF BUSINESS

During the year the trading company continued its significant growth with sales increasing by 44% over the previous year. This has resulted from a continuously strong tender bid win rate in both the public and private sectors and the ongoing recovery from the unprecedented disruption caused by the global COVID-19 pandemic. The Group completed the strategic acquisition of Miton Systems Ltd in October 2020 to support the increasing use of technology and automation in the business. Both factors have resulted in an increase in EBITDA which the directors, along with sales, fully expect to continue in the forthcoming year.

On 2nd December 2021 100% of the issued share capital of DA Languages Holdings Limited were acquired by Valorem Bidco Limited. Please refer to notes 20 and 21 for further details. The Group is now under the control of new strategic ownership which will continue to drive the growth of the group forward.

KEY PERFORMANCE INDICATORS

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

		30/06/21	30/06/20
	£		
Turnover	£	13,623,013	9,610,752
Gross Profit		7,382,221	4,094,054
Adjusted EBITDA		4,113,426	1,649,852
Profit before taxation (PBT)		2,747,576	516,535

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 mitigates 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.

ON BEHALF OF THE BOARD:

Mr N W Guest - Director

21st February 2022

REPORT OF THE DIRECTORS

for the Year Ended 30th June 2021

The directors present their report with the financial statements of the company and the group for the year ended 30th June 2021.

EVENTS SINCE THE END OF THE PERIOD

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

DIVIDENDS

No dividends will be distributed for the year ended 30th June 2021.

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

Mr M J Taylor has held office during the whole of the period from 1st July 2020 to the date of this report.

Other changes in directors holding office are as follows:

Ms A G Silcock - resigned 7th August 2020

Mr N W Guest - appointed 10th August 2020

Ms C Alvarez , Mrs A Arya , Mr M Barrington and Ms D Cheesebrough ceased to be directors after 30th June 2021 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 2021

AUDITORS

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

ON BEHALF OF THE BOARD:

Mr N W Guest - Director

21st February 2022

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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.

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

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.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities including fraud and non-compliance with laws and regulations we have considered the following:

- The nature of the industry and sector, control environment and business performance including the company's remuneration policies, key drivers for directors remuneration, bonus levels and performance targets;
- Results of the enquiries of management about their own identification and assessment of the risks of irregularities;
- Any matters we have identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income and the impact of Covid19. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK Companies Act , employment law, health and safety, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

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

21st February 2022

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

for the Year Ended 30th June 2021

	Notes	2021 £	2020 £
TURNOVER		13,623,013	9,610,752
Cost of sales		<u>(6,240,792)</u>	<u>(5,516,698)</u>
GROSS PROFIT		7,382,221	4,094,054
Administrative expenses		<u>(4,363,214)</u>	<u>(3,424,698)</u>
		3,019,007	669,356
Other operating income		<u>45,401</u>	<u>141,007</u>
OPERATING PROFIT	5	3,064,408	810,363
Interest receivable and similar income		<u>1,143</u>	<u>2,961</u>
		3,065,551	813,324
Interest payable and similar expenses	6	<u>(317,975)</u>	<u>(296,789)</u>
PROFIT BEFORE TAXATION		2,747,576	516,535
Tax on profit	7	<u>(649,140)</u>	<u>(194,034)</u>
PROFIT FOR THE FINANCIAL YEAR		2,098,436	322,501
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,098,436	322,501
Profit attributable to:			
Owners of the parent		<u>2,098,436</u>	<u>322,501</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>2,098,436</u>	<u>322,501</u>

The notes form part of these financial statements

D A LANGUAGES HOLDINGS LIMITED (REGISTERED NUMBER: 11260547)**CONSOLIDATED BALANCE SHEET****30th June 2021**

		2021	2020
	Notes	£	£
FIXED ASSETS			
Intangible assets	9	5,141,723	4,336,937
Tangible assets	10	182,785	111,800
Investments	11	-	-
		<u>5,324,508</u>	<u>4,448,737</u>
CURRENT ASSETS			
Debtors	12	2,681,184	1,235,769
Cash at bank and in hand		<u>1,690,048</u>	<u>2,602,267</u>
		4,371,232	3,838,036
CREDITORS			
Amounts falling due within one year	13	<u>(3,659,549)</u>	<u>(3,935,762)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>711,683</u>	<u>(97,726)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,036,191	4,351,011
CREDITORS			
Amounts falling due after more than one year	14	<u>(2,700,000)</u>	<u>(3,200,000)</u>
PROVISIONS FOR LIABILITIES	17	<u>(122,783)</u>	<u>(36,039)</u>
NET ASSETS		<u>3,213,408</u>	<u>1,114,972</u>
CAPITAL AND RESERVES			
Called up share capital	18	4,444	4,444
Share premium	19	796,000	796,000
Retained earnings	19	<u>2,412,964</u>	<u>314,528</u>
		<u>3,213,408</u>	<u>1,114,972</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21st February 2022 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 2021**

		2021	2020
	Notes	£	£
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	<u>8,723,967</u>	<u>7,560,608</u>
		<u>8,723,967</u>	<u>7,560,608</u>
CURRENT ASSETS			
Debtors	12	38,508	65,896
Cash at bank		<u>2,960</u>	<u>5,625</u>
		<u>41,468</u>	<u>71,521</u>
CREDITORS			
Amounts falling due within one year	13	<u>(4,002,787)</u>	<u>(2,967,399)</u>
NET CURRENT LIABILITIES		<u>(3,961,319)</u>	<u>(2,895,878)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,762,648</u>	<u>4,664,730</u>
CREDITORS			
Amounts falling due after more than one year	14	<u>(2,700,000)</u>	<u>(3,200,000)</u>
NET ASSETS		<u>2,062,648</u>	<u>1,464,730</u>
CAPITAL AND RESERVES			
Called up share capital	18	4,444	4,444
Share premium		796,000	796,000
Retained earnings		<u>1,262,204</u>	<u>664,286</u>
		<u>2,062,648</u>	<u>1,464,730</u>
Company's profit for the financial year		<u>597,918</u>	<u>627,421</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 21st February 2022 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 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1st July 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	400	-	-	400
Balance at 30th June 2020	4,444	314,528	796,000	1,114,972
Profit for the year	-	2,098,436	-	2,098,436
Total comprehensive income	-	2,098,436	-	2,098,436
Balance at 30th June 2021	4,444	2,412,964	796,000	3,213,408

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

for the Year Ended 30th June 2021

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1st July 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	400	-	-	400
Balance at 30th June 2020	4,444	664,286	796,000	1,464,730
Profit for the year	-	597,918	-	597,918
Total comprehensive income	-	597,918	-	597,918
Balance at 30th June 2021	4,444	1,262,204	796,000	2,062,648

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the Year Ended 30th June 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	22	2,716,283	2,798,692
Interest paid		(317,975)	(296,789)
Tax paid		(348,877)	14,950
Net cash from operating activities		2,049,431	2,516,853
Cash flows from investing activities			
Acquisition of subsidiary		(1,113,359)	-
Net cash on acquisition of subsidiary		88,761	-
Purchase of tangible fixed assets		(97,948)	(40,891)
Purchase of intangible assets		(413,872)	(86,019)
Deferred consideration		(923,527)	(676,473)
Interest received		1,143	2,961
Net cash from investing activities		(2,458,802)	(800,422)
Cash flows from financing activities			
New loans in year		-	600,000
Loan repayments in year		(502,848)	(223,940)
Share issue		-	400
Net cash from financing activities		(502,848)	376,460
(Decrease)/increase in cash and cash equivalents		(912,219)	2,092,891
Cash and cash equivalents at beginning of year	23	2,602,267	509,376
Cash and cash equivalents at end of year	23	1,690,048	2,602,267

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the Year Ended 30th June 2021

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" 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 2021. 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 2021

2. ACCOUNTING POLICIES - continued

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are represented by Development expenditure which is capitalised where there is a clearly defined project, related expenditure is separately identifiable and it has been assessed for technical and commercial viability.

Amortisation is calculated to write off the cost of the intangible assets over their useful life as follows:

Development costs - 15% - 20% straight line

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated and an impairment provision made if appropriate.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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

Leasehold improvements - 15% reducing balance

Computer equipment - 25% straight line and 15% reducing balance

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.

Government grants

Government grants are recognised on the accrual model and are measured at fair value of the asset receivable. Grants are classified as relating either to other income or to assets. Grants related to other income are recognised in profit or loss over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

2. ACCOUNTING POLICIES - continued

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	2,840,159	2,023,905
Social security costs	203,834	146,449
Other pension costs	36,707	24,795
	<u>3,080,700</u>	<u>2,195,149</u>

The average number of employees during the year was as follows:

	2021	2020
Directors	5	5
Administration	115	93
	<u>120</u>	<u>98</u>

	2021	2020
	£	£
Directors' remuneration	<u>381,453</u>	<u>336,688</u>

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	<u>107,500</u>	<u>109,354</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020
	£	£
Depreciation - owned assets	31,777	18,924
Goodwill amortisation	575,617	539,495
Development costs amortisation	120,065	9,621
Auditors' remuneration	13,972	11,128
Auditors' remuneration for non audit work	-	375
Foreign exchange differences	<u>8,437</u>	<u>6,182</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank interest	21	-
Bank loan interest	25,690	24,934
Other interest paid	<u>292,264</u>	<u>271,855</u>
	<u>317,975</u>	<u>296,789</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2021 £	2020 £
Current tax:		
UK corporation tax	562,396	180,731
Corporation tax prior years	-	(7,942)
Total current tax	<u>562,396</u>	<u>172,789</u>
Deferred tax	86,744	21,245
Tax on profit	<u>649,140</u>	<u>194,034</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	<u>2,747,576</u>	<u>516,535</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2020 - 19 %)	522,039	98,142
Effects of:		
Expenses not deductible for tax purposes	55	(411)
Adjustments to tax charge in respect of previous periods	-	(7,942)
Accelerated capital allowances	(85,830)	(19,504)
Disallowed goodwill/ intangibles	126,133	102,504
Deferred tax movement	86,743	21,245
Total tax charge	<u>649,140</u>	<u>194,034</u>

8. 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 2021

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Development costs £	Totals £
COST			
At 1st July 2020	5,394,949	108,678	5,503,627
Additions	449,858	413,872	863,730
Companies acquired	-	636,738	636,738
At 30th June 2021	<u>5,844,807</u>	<u>1,159,288</u>	<u>7,004,095</u>
AMORTISATION			
At 1st July 2020	1,155,427	11,263	1,166,690
Amortisation for year	575,617	120,065	695,682
At 30th June 2021	<u>1,731,044</u>	<u>131,328</u>	<u>1,862,372</u>
NET BOOK VALUE			
At 30th June 2021	<u>4,113,763</u>	<u>1,027,960</u>	<u>5,141,723</u>
At 30th June 2020	<u>4,239,522</u>	<u>97,415</u>	<u>4,336,937</u>

10. TANGIBLE FIXED ASSETS

Group

	Leasehold Improvements £	Computer equipment £	Totals £
COST			
At 1st July 2020	49,281	98,714	147,995
Additions	2,605	95,343	97,948
Companies acquired	-	7,701	7,701
At 30th June 2021	<u>51,886</u>	<u>201,758</u>	<u>253,644</u>
DEPRECIATION			
At 1st July 2020	10,279	25,916	36,195
Charge for year	7,653	24,124	31,777
Companies acquired	-	2,887	2,887
At 30th June 2021	<u>17,932</u>	<u>52,927</u>	<u>70,859</u>
NET BOOK VALUE			
At 30th June 2021	<u>33,954</u>	<u>148,831</u>	<u>182,785</u>
At 30th June 2020	<u>39,002</u>	<u>72,798</u>	<u>111,800</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

11. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1st July 2020	7,560,608
Additions	<u>1,163,359</u>
At 30th June 2021	<u>8,723,967</u>
NET BOOK VALUE	
At 30th June 2021	<u>8,723,967</u>
At 30th June 2020	<u>7,560,608</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
Miton Systems Limited	England & Wales	Ordinary	100%	Computer software 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.

The company acquired Miton Systems Limited Limited on 1st October 2020 and took control from that date. The registered address of the company and principal place of business is Suite 4a Stratham House, Talbot Road, Stretford, Manchester M32 0FP.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	2,475,675	1,044,980	-	-
Other debtors	39,101	102,993	38,508	61,678
Prepayments and accrued income	166,408	87,796	-	4,218
	<u>2,681,184</u>	<u>1,235,769</u>	<u>38,508</u>	<u>65,896</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (see note 15)	1,004,060	1,006,908	1,004,060	1,006,908
Trade creditors	835,159	438,562	1	-
Amounts owed to group undertakings	-	-	2,799,615	913,956
Corporation Tax	543,875	281,774	-	-
Social security and other taxes	93,156	35,098	24,322	-
VAT	786,801	915,368	-	-
Other creditors	18,799	10,182	4,132	4,132
Deferred consideration	50,000	923,527	50,000	923,527
Amounts owed to ultimate parent	10,919	10,747	-	-
Accruals	316,780	313,596	120,657	118,876
	<u>3,659,549</u>	<u>3,935,762</u>	<u>4,002,787</u>	<u>2,967,399</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other loans (see note 15)	<u>2,700,000</u>	<u>3,200,000</u>	<u>2,700,000</u>	<u>3,200,000</u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>1,004,060</u>	<u>1,006,908</u>	<u>1,004,060</u>	<u>1,006,908</u>
Amounts falling due between one and two years:				
Shareholders loan	<u>2,700,000</u>	<u>3,200,000</u>	<u>2,700,000</u>	<u>3,200,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	1,004,060	1,006,908	1,004,060	1,006,908
Shareholder Loan	2,700,000	2,700,000	2,700,000	2,700,000
	<u>3,704,060</u>	<u>3,706,908</u>	<u>3,704,060</u>	<u>3,706,908</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.

17. PROVISIONS FOR LIABILITIES

	Group	
	2021	2020
	£	£
Deferred tax	<u>122,783</u>	<u>36,039</u>
Group		
		Deferred tax
		£
Balance at 1st July 2020		36,039
Provided during year		86,744
Balance at 30th June 2021		<u>122,783</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2021	2020
£				
300,000	Ordinary A	£0.01	3,000	3,000
100,000	Ordinary B	£0.01	1,000	1,000
31,111	Ordinary C	£0.01	311	400
4,444	Ordinary D	£0.01	44	44
8,888	Ordinary E	£0.01	89	-

The Ordinary A and Ordinary B shares carry equal voting rights and have full rights to dividends and distributions. Ordinary C and E shares are non voting and have no rights to dividends and distributions. Ordinary D shares are non-voting but have full rights to dividends and distributions

During the year, 8,889 Ordinary C shares were cancelled and 8,888 Ordinary E Shares were issued.

19. RESERVES

Group

	Retained earnings £	Share premium £	Totals £
At 1st July 2020	314,528	796,000	1,110,528
Profit for the year	2,098,436		2,098,436
At 30th June 2021	<u>2,412,964</u>	<u>796,000</u>	<u>3,208,964</u>

20. POST BALANCE SHEET EVENTS

On 02 December 2021, the immediate parent undertaking became Valorem Bidco Limited when it purchased 100% of the share capital of the company.

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Valorem Topco Limited by virtue of its controlling interest in the owners of the company, Valorem Bidco Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

22. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021	2020
	£	£
Profit before taxation	2,747,576	516,535
Depreciation charges	31,777	18,924
Amortisation	695,682	549,116
Finance costs	317,975	296,789
Finance income	(1,143)	(2,961)
	<u>3,791,867</u>	<u>1,378,403</u>
(Increase)/decrease in trade and other debtors	(1,331,237)	607,330
Increase in trade and other creditors	<u>255,653</u>	<u>812,959</u>
Cash generated from operations	<u>2,716,283</u>	<u>2,798,692</u>

23. **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 2021

	30/6/21	1/7/20
	£	£
Cash and cash equivalents	<u>1,690,048</u>	<u>2,602,267</u>

Year ended 30th June 2020

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

24. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1/7/20	Cash flow	At 30/6/21
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,602,267</u>	<u>(912,219)</u>	<u>1,690,048</u>
	<u>2,602,267</u>	<u>(912,219)</u>	<u>1,690,048</u>
Debt			
Debts falling due within 1 year	(1,006,908)	2,848	(1,004,060)
Debts falling due after 1 year	(3,200,000)	500,000	(2,700,000)
	<u>(4,206,908)</u>	<u>502,848</u>	<u>(3,704,060)</u>
Total	<u>(1,604,641)</u>	<u>(409,371)</u>	<u>(2,014,012)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

for the Year Ended 30th June 2021

25. ACQUISITION OF BUSINESS

Total proceeds	£1,163,359
Net assets acquired:	
	£
Tangible fixed assets	4,814
Intangible fixed assets	636,738
Trade and other debtors	114,176
Cash and bank balances	88,761
Trade and other creditors	(82,405)
Corporation tax liability	(48,583)
Net assets acquired	<u>713,501</u>
Goodwill on acquisition	<u>449,858</u>
Satisfied by:	£
Cash Paid	1,113,359
Deferred Consideration	50,000
	<u>1,163,359</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.