

**TOTAL LANGUAGE SOLUTIONS PLC**  
**DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

Company No. 03933805



# TOTAL LANGUAGE SOLUTIONS PLC

## COMPANY INFORMATION

---

**Directors**

J. B. McGrath (Chairman)  
M. A. Clayton-Gale  
J. Ibbotson  
C. Kirkham-Sandy  
Mrs J. M. Kirkham-Sandy  
M. H. Powell

**Secretary**

J. Ibbotson

**Company Number**

03933805

**Registered Office**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

**Auditors**

Wilkins Kennedy  
Gladstone House  
77-79 High Street  
Egham  
Surrey  
TW20 9HY

# **TOTAL LANGUAGE SOLUTIONS PLC**

## **CONTENTS**

---

	<b>Page</b>
<b>Directors' Report</b>	1 to 3
<b>Auditors' Report</b>	4
<b>Group Profit and Loss Account</b>	5
<b>Group and Company Balance Sheets</b>	6
<b>Group Cash Flow Statement and Notes</b>	7 to 8
<b>Notes to the Group Financial Statements</b>	9 to 16

# TOTAL LANGUAGE SOLUTIONS PLC

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report together with the audited financial statements for the year ended 31st December 2001.

### Principal Activities and Review of Business

The company's principal activity is to provide multi-language document translation services to a range of international clients worldwide.

On 5th March 2001, the company re-registered from a private limited company to a public limited company.

The company acquired the whole of the issued ordinary share capital of City Business Languages Limited effective 1st January 2001 and has developed successfully that trade in its own name since that date.

The company devoted substantially all of its attention to the development of its infrastructure during the first half of this year. Initial clients won in the period and those won in the second half of the year generated growth in revenue towards the end of the year.

Development costs amounting to £18,100 in respect of the Tuition division were written off in the period as the company decided to focus on its translation services.

The directors report increased growth in activity since the year end and are confident in the ability of the company to deliver a world class translation service to its clients which opinion is reflected in the scale and scope of the current client base and the very high level of repeat assignments won by the company.

The company has specialised in large translation contracts for global corporates, DTP and web based assignments and has established itself as one of the world's leading providers in this rapidly expanding market.

### Results

The results for the year are set out in the group profit and loss account on page 5.

### Dividends

The directors do not recommend a dividend.

### Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	<b>Ordinary Shares</b>	
	<b>31st December 2001</b>	<b>31st December 2000</b>
J. B. McGrath ( Chairman )	12,500	10,000
M. A. Clayton-Gale	10,000	10,000
J. Ibbotson	12,500	10,000
C. Kirkham-Sandy	10,151	10,000
Mrs J. M. Kirkham-Sandy	17,349	1
M. H. Powell	12,500	10,000

On 10th October 2001 S. J. N. Lee resigned as a director.

**TOTAL LANGUAGE SOLUTIONS PLC**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

---

The company granted share options to four directors as follows:

	<b>Share Option of £1 ordinary shares <u>Number</u></b>
J. B. McGrath	15,000
M. H. Powell	15,000
J. Ibbotson	15,000
Mrs J. M. Kirkham-Sandy	15,000

The above options were granted in recognition of the above directors undertaking to personally guarantee overdraft facilities effected 21<sup>st</sup> August 2001. The options are exercisable at £1.

Further options of 12,500 £1 ordinary shares have been granted to each of the above directors after date. The options are exercisable at £1 and are in recognition of personal guarantees given in respect of loan facilities.

Both sets of options are subject to ratification by shareholders at the Annual General Meeting.

**Political and Charitable Contributions**

The company made no political or charitable contributions during the year.

**Policy for payment of creditors**

The company agrees terms of payment with suppliers in advance of placing business and has paid on such agreed terms in all instances.

Trade creditors were equivalent to 59 supplier days at 31<sup>st</sup> December 2001.

# TOTAL LANGUAGE SOLUTIONS PLC

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

---

### Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's and group's affairs and of the profit or loss of the group for that year. 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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

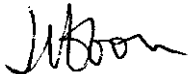
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

A resolution to reappoint Wilkins Kennedy, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 23<sup>rd</sup> October 2002, and signed on its behalf.



J. Ibbotson, Secretary

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TOTAL LANGUAGE SOLUTIONS PLC

---

We have audited the financial statements of Total Language Solutions Plc for the year ended 31<sup>st</sup> December 2001 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

## **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

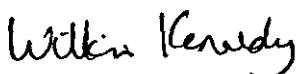
## **Basis of Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs as at 31<sup>st</sup> December 2001 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Wilkins Kennedy**  
Chartered Accountants and Registered Auditor  
Gladstone House,  
77-79 High Street,  
Egham,  
Surrey,  
TW20 9HY  
Date: 23<sup>rd</sup> October 2002

**TOTAL LANGUAGE SOLUTIONS PLC**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

---

	<b>Notes</b>	<b>2001 £</b>
<b>Turnover</b>	2	118,091
Cost of sales		<u>(75,575)</u>
<b>Gross Profit</b>		42,516
Administrative expenses		<u>(124,758)</u>
<b>Operating Loss before Exceptional Items</b>	3	(82,242)
<b>Exceptional Items</b>		
Development costs written off	3	<u>(18,100)</u>
<b>Operating Loss after Exceptional Items</b>		(100,342)
Interest receivable	5	613
Interest payable and similar charges	6	<u>(4,281)</u>
<b>Loss on Ordinary Activities before Taxation</b>		(104,010)
Tax on loss on ordinary activities	7	<u>-</u>
<b>Loss for the Financial Year</b>	16	<u><u>(104,010)</u></u>

All amounts relate to continuing activities and are as a result of the acquisition of its subsidiary undertaking's operations.

There were no recognised gains or losses for 2001 other than those included in the profit and loss account.

The loss for the year has been calculated on the historical cost basis.

*The notes on pages 9 to 16 form part of these financial statements.*




**TOTAL LANGUAGE SOLUTIONS PLC**  
**GROUP AND COMPANY BALANCE SHEETS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Notes	Group 2001 £	Company 2001 £	2000 £
<b>Fixed Assets</b>				
Intangible assets (excluding goodwill)	8	19,870	19,870	-
Goodwill	8	88,845	67,503	-
Tangible assets	9	30,297	30,297	-
Investments in group undertakings	10	-	22,565	-
		<u>139,012</u>	<u>140,235</u>	<u>-</u>
<b>Current Assets</b>				
Debtors	12	58,075	58,075	-
Cash at bank and in hand		343	343	65,001
		<u>58,418</u>	<u>58,418</u>	<u>65,001</u>
<b>Creditors: Amounts Falling Due Within One Year</b>	13	<u>(126,141)</u>	<u>(201,540)</u>	<u>-</u>
<b>Net Current (Liabilities) / Assets</b>		<u>(67,723)</u>	<u>(143,122)</u>	<u>65,001</u>
<b>Total Assets Less Current Liabilities</b>		71,289	(2,887)	65,001
<b>Creditors: Amounts Falling Due After More than One Year</b>	14	<u>(75,299)</u>	<u>-</u>	<u>-</u>
<b>Net (Liabilities) / Assets</b>		<u><u>(4,010)</u></u>	<u><u>(2,887)</u></u>	<u><u>65,001</u></u>
<b>Capital and Reserves</b>				
Share capital	15	100,000	100,000	65,001
Profit and loss account	16	<u>(104,010)</u>	<u>(102,887)</u>	<u>-</u>
<b>Shareholders' Funds</b> (equity interests)	17	<u><u>(4,010)</u></u>	<u><u>(2,887)</u></u>	<u><u>65,001</u></u>

These financial statements were approved by the board on 23<sup>rd</sup> October 2002 and signed on its behalf.

  
**J. B. McGrath**  
 Director

  
**J. Ibbotson**  
 Director

*The notes on pages 9 to 16 form part of these financial statements*

**TOTAL LANGUAGE SOLUTIONS PLC**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

	Notes	2001 £
<b>Reconciliation of Operating Loss to Net Cash (Outflow) from Operating Activities After Exceptional Items</b>		
Operating loss		(100,342)
Depreciation		15,148
Amortisation		14,612
Increase in debtors		(58,075)
Increase in creditors		110,225
<b>Net Cash (Outflow) from Operating Activities</b>		<u>(18,432)</u>
<b>CASH FLOW STATEMENT</b>		
<b>Net Cash (Outflow) from Operating Activities</b>		(18,432)
<b>Returns on Investments and Servicing of Finance</b>	1	(3,668)
<b>Capital Expenditure and Financial Investment</b>	1	(168,772)
<b>Financing</b>	1	34,999
<b>Decrease in Cash</b>		<u>(155,873)</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Cash</b>		
<b>Decrease in Cash in the Year</b>		<u>(155,873)</u>
<b>Decrease in Net Cash</b>	3	(155,873)
<b>Net Cash at 1st January 2001</b>		<u>65,001</u>
<b>Net Debt at 31st December 2001</b>	3	<u>(90,872)</u>

*The notes on pages 9 to 16 form part of these financial statements*

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

<b>1</b>	<b>Gross Cash Flows</b>		<b>2001</b>	
			<b>£</b>	
	<b>Returns on Investments and Servicing of Finance</b>			
	Interest received		613	
	Interest paid		(4,281)	
	Net cash (outflow) for returns on investments and servicing of finance		(3,668)	
	<b>Capital Expenditure and Financial Investment</b>			
	Payments to acquire intangible fixed assets		(123,327)	
	Payments to acquire tangible fixed assets		(45,445)	
	Net cash (outflow) from investing activities		(168,772)	
	<b>Financing</b>			
	Issue of ordinary share capital		34,999	
	Net cash inflow for financing		34,999	
<b>2</b>	<b>Analysis of Changes in Cash and Cash Equivalents During the Year</b>		<b>2001</b>	
			<b>£</b>	
	Balance at 1st January 2001		65,001	
	Net cash (outflow)		(155,873)	
	Balance at 31st December 2001		(90,872)	
<b>3</b>	<b>Analysis of Changes in Net Cash / (Debt)</b>	<b>2000</b>	<b>Cash Flows</b>	<b>2001</b>
		<b>£</b>	<b>£</b>	<b>£</b>
	Cash at bank and in hand	65,001	(64,658)	343
	Overdraft	-	(91,215)	(91,215)
		65,001	(155,873)	(90,872)

**4 Major Non-Cash Transactions**

The consideration for the purchase of City Business Languages Limited comprised shares. Further details of the acquisition are set out in note 11 to the group financial statements.

*The notes on pages 9 to 16 form part of these financial statements*

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

---

**1 Accounting Policies**

**Basis of Accounting**

The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

**Turnover**

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

**Income from investments**

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

**Depreciation**

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Computer equipment - over three years on a straight line basis.

**Development costs**

Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty. Capitalised development costs are amortised over their estimated useful economic life of three years on a straight line basis. All other development costs are written off in the year of expenditure.

**Investments**

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

**Goodwill**

Goodwill represents the excess of cost of acquisitions over the fair value of the separable net assets of businesses acquired.

Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life of twenty years.

**Deferred Taxation**

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise in the foreseeable future, at the rates of the tax expected to apply when the timing differences reverse.

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

---

**Leased Assets**

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight-line basis over the lease term.

**Foreign Currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

This accounting policy is as prescribed by the Statement of Standard Accounting Practice number 20. It may involve reporting unrealised exchange gains on any unsettled long term monetary items as part of the profit or loss for the year. This policy represents a departure from the statutory accounting principles which only allow profits realised at the balance sheet date to be included in the Profit and Loss Account. The directors consider that this policy is necessary in order that the financial statements may give a true and fair review. Deferral of any exchange gains whilst recognising any exchange losses would inhibit the fair measurement of the performance of the company in the year.

**Going Concern**

The financial statements have been prepared on a going concern basis which is dependent on the continuing support of the directors and the company's bankers. The directors have indicated their intention to continue to provide financial support for a period of not less than twelve months from the date of the signing of the accounts. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of such financial support.

**Basis of Consolidation**

The group financial statements consolidate the financial statements of Total Language Solutions Plc and its subsidiary undertaking made up to 31st December 2001 and its share of the results and post acquisition reserves of associated undertakings. No profit and loss account has been presented for Total Language Solutions Plc as permitted by Section 230 of the Companies Act 1985. The parent company's loss for the financial year was £102,887 (2000 £ nil).

The profits and losses of subsidiary and associated undertakings are consolidated from the date of acquisition to the date of disposal. When the company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the market value of the shares at the date of acquisition. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

**2 Segmental Information**

The total turnover, loss before taxation and net assets for the year have been derived from the group's principal activity. The group operates in the United Kingdom although it does have turnover to overseas markets.

The geographical analysis of turnover is as follows:

	<b>2001</b>
	<b>£</b>
America	49,216
United Kingdom	67,275
Europe	1,600
	<u>118,091</u>

**3 Operating Loss**

The operating loss is arrived at after charging:

	<b>2001</b>
	<b>£</b>
Depreciation of owned assets	15,148
Amortisation of intangible fixed assets	13,489
Hire of equipment	1,496
Rent payable	3,750
Auditors' remuneration	4,000
	<u>47,883</u>

The exceptional item of £18,100 relates to development costs in respect of the Tuition division as the company decided to focus on its translation services.

**4 Directors and Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2001</b>
	<b>£</b>
Wages and salaries	36,887
Social security costs	2,959
	<u>39,846</u>

The average monthly number of employees, including directors, during the year was as follows:

	<b>2001</b>
	<b>Number</b>
Management and administration	9
	<u>9</u>
Directors emoluments	<b>2001</b>
	<b>£</b>
Emoluments	<u>1,736</u>

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

---

<b>5</b>	<b>Interest receivable</b>	<b>2001</b>
		<b>£</b>
	Bank interest	<u>613</u>

<b>6</b>	<b>Interest Payable and Similar Charges</b>	<b>2001</b>
		<b>£</b>
	Bank overdrafts and loans	4,262
	Interest payable on loans other than bank loans and overdrafts	<u>19</u>
		<u>4,281</u>

**7 Taxation**

No provision in respect of corporation tax has been made because the company has tax losses.

**8 Intangible Fixed Assets**

	<b>Group</b>			<b>Company</b>		
	<b>Development</b>	<b>Goodwill</b>	<b>Total</b>	<b>Development</b>	<b>Goodwill</b>	<b>Total</b>
	<b>Costs</b>			<b>Costs</b>		
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>						
Additions	<u>29,806</u>	<u>93,521</u>	<u>123,327</u>	<u>29,806</u>	<u>71,056</u>	<u>100,862</u>
<b>At 31st December 2001</b>	<u>29,806</u>	<u>93,521</u>	<u>123,327</u>	<u>29,806</u>	<u>71,056</u>	<u>100,862</u>
<b>Amortisation</b>						
Provided during the year	<u>9,936</u>	<u>4,676</u>	<u>14,612</u>	<u>9,936</u>	<u>3,553</u>	<u>13,489</u>
<b>At 31st December 2001</b>	<u>9,936</u>	<u>4,676</u>	<u>14,612</u>	<u>9,936</u>	<u>3,553</u>	<u>13,489</u>
<b>Net Book Values</b>						
At 31st December 2001	<u>19,870</u>	<u>88,845</u>	<u>108,715</u>	<u>19,870</u>	<u>67,503</u>	<u>87,373</u>
At 31st December 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Development costs represents expenditure on individual projects which is carried forward when its future recoverability can be foreseen with reasonable assurance and is being amortised over three years.

Goodwill arose on the purchase of City Business Languages Limited and is being amortised over twenty years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

9	Tangible Fixed Assets	Group and Company	
		Computer Equipment	Total
		£	£
	<b>Cost</b>		
	Additions	45,445	45,445
	<b>At 31st December 2001</b>	45,445	45,445
	<b>Depreciation</b>		
	Charge for the year	15,148	15,148
	<b>At 31st December 2001</b>	15,148	15,148
	<b>Net Book Value</b>		
	<b>At 31st December 2001</b>	30,297	30,297
	At 31st December 2000	-	-
<hr/>			
10	Fixed Assets Investments	Shares In Group Undertakings	Total
		£	£
	<b>Cost</b>		
	Additions	22,565	22,565
	<b>At 31st December 2001</b>	22,565	22,565
	At 31st December 2000	-	-
<hr/>			

The unlisted investment above represents a 100% interest in the issued share capital of City Business Languages Limited, a company registered in England and Wales.

**Subsidiary Undertakings**

	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
City Business Languages Limited	England and Wales	100 ordinary shares of £1 each	100%	Specialist Language Services

The company transferred its trading activities and assets effective 1st January 2001 to its parent. The company was dormant during the year and at 31st December 2001 the aggregate amount of capital and reserves was £100.



**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

**11 Acquisition of Subsidiary Company**

On 1st January 2001, the company acquired 100% of the issued share capital of City Business Languages Limited for a consideration of £35,000 £1 shares. This acquisition was accounted for by the acquisition method of accounting. The goodwill arising on the purchase amounted to £25,850. The book value and fair value of assets and liabilities acquired were as follows:

	Book Value	Accounting Policy Alignment and other Significant Adjustments	Revaluation	Fair Value
	£	£	£	£
<b>Fixed Assets</b>				
Intangible fixed assets	10,000	-	76,409	86,409
Tangible fixed assets	48,040	-	-	48,040
<b>Current Assets</b>				
Stock and work in progress	35,310	-	(35,310)	-
Debtors and prepayments	90,316	-	(90,316)	-
<b>Current Liabilities</b>				
Trade creditors	(32,572)	-	32,572	-
Bank overdraft	(45,036)	-	(4,964)	(50,000)
<b>Creditors falling due after more than one year</b>				
Directors' loan	(93,523)	-	18,224	(75,299)
	12,535	-	(3,385)	9,150
Goodwill	-	-	-	25,850
Total Consideration				35,000

City Business Languages Limited was a company controlled by C. Kirkham-Sandy, a director of Total Language Solutions plc.

**12 Debtors**

	Group and Company 2001 £
Trade debtors	55,510
Prepayments and accrued income	2,565
	<u>58,075</u>

**TOTAL LANGUAGE SOLUTIONS PLC**  
**NOTES TO THE GROUP FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**

**13 Creditors: Amounts Falling Due Within One Year**

	<b>Group 2001 £</b>	<b>Company 2001 £</b>
Bank loans and overdrafts	91,215	41,215
Trade creditors	21,237	21,237
Amounts owed to group undertakings	-	125,399
Other taxes and social security	4,565	4,565
Directors' loan accounts	491	491
Accruals and deferred income	8,633	8,633
	<u>126,141</u>	<u>201,540</u>

Amounts owed to group undertakings relates to City Business Languages Limited. The directors' loan account relates to M. A. Clayton-Gale.

**14 Creditors: Amounts Falling Due After More Than One Year**

	<b>Group 2001 £</b>
Directors' loan accounts	<u>75,299</u>

Directors' loan accounts relates to C. Kirkham-Sandy

**15 Share Capital**

	<b>2001 £</b>	<b>2000 £</b>
<b>Authorised Equity Shares</b>		
100,000 ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted Equity Shares</b>		
100,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>100,000</u>	<u>65,001</u>

On 15 January 2001 the company issued a further 34,999 ordinary shares of £1 each at their nominal value of £34,999 in exchange for the entire issued share capital of City Business Languages Limited.

**16 Reserves**

	<b>Group Profit and Loss Account £</b>	<b>Company Profit and Loss Account £</b>
Loss for the year	<u>(104,010)</u>	<u>(102,887)</u>
<b>At 31st December 2001</b>	<u>(104,010)</u>	<u>(102,887)</u>

# TOTAL LANGUAGE SOLUTIONS PLC

## NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

17	Reconciliation of Shareholders' Funds	Group	Company
		2001 £	2001 £
			2000 £
	Loss for the financial year	(104,010)	(102,887)
	Issue of share capital	34,999	34,999
		<u>(69,011)</u>	<u>65,001</u>
	(Decrease)/Increase in shareholders' funds	(69,011)	(67,888)
	Opening shareholders' funds	65,001	65,001
		<u>(4,010)</u>	<u>65,001</u>

### 18 Related Parties

During the year the company acquired the entire issued share capital of 100 ordinary shares of £1 each in City Business Languages Limited. The purchase consideration consisted of the issue of 35,000 ordinary shares of £1 each in Total Language Solutions Limited. Prior to the acquisition, C. Kirkham-Sandy and Mrs J. M Kirkham-Sandy owned 1 and 49 ordinary shares respectively in City Business Languages Limited.

The company granted share options to 4 directors as follows:

	Share option of £1 ordinary shares
	Number
J. B. McGrath	15,000
M. H. Powell	15,000
J. Ibbotson	15,000
Mrs J. M. Kirkham-Sandy	15,000

The above options were granted in recognition of the above directors undertaking to personally guarantee overdraft facilities effected 24 August 2001. The options are exercisable at £1.

Further options of 12,500 £1 ordinary shares have been granted to each of the above directors after date. The options are exercisable at £1 and are in recognition of personal guarantees given in respect of loan facilities. Both sets of options are subject to ratification by the Shareholders at the Annual General Meeting.

The bank borrowings of £50,000 relating to the company's wholly owned subsidiary undertaking, City Business Languages Limited has been guaranteed by a director, Mrs J. M. Kirkham-Sandy.

### 19 Operating Lease Commitments

At 31st December 2001 the group and company had annual commitments under non-cancellable operating leases as set out below:

	Group and Company
	Land and Buildings
	2001 £
Operating leases which expire:	
Between two and five years	<u>3,750</u>
Leases are subject to periodic rent review.	