

Company Registration No. 05122429 (England and Wales)

**CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY
APPLIED LANGUAGE SOLUTIONS LIMITED)**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

COMPANY INFORMATION

Directors	C Waters on behalf of Capita Corporate Director Limited R J Shearer M McCloskey (Appointed 14 February 2012) S B E Clarkson (Appointed 14 November 2012)
Secretary	Capita Group Secretary Limited
Company number	05122429
Registered office	17 Rochester Row London SW1P 1QT
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

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CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The company is a wholly owned subsidiary (indirectly held) of Capita plc and operates within the group's Justice & Secure Services division

The principal activity of the company continued to be that of translation and interpreting services There have not been any significant changes in the company's principal activities in the year under review The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year

As shown in the company's profit and loss account on page 5, the company's turnover has increased from £6,832,478 to £21,138,244 over the prior period and operating loss has increased from £1,625,538 to £15,004,222 over the same period The increase in turnover and operating loss is due to the onerous courts' interpretation contract which commenced in early 2012 (see note 13)

The balance sheet on page 6 of the financial statements shows the company's financial position at the year end Net liabilities have increased from £2,169,764 in 2011 to £13,537,140 in 2012 Details of amounts owed by/to its parent company and fellow subsidiary undertakings are shown in notes 10 and 11 to the financial statements

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level The performance of the Justice & Secure Services division of Capita plc is discussed in the group's annual report which does not form part of this report

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes The principal risks that the company faces are operational risk, contract pricing, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation and strong supplier and customer relationships

Group risks are discussed in the group's annual report which does not form part of this report

Results and dividends

The results for the year (2011 7 month period) are set out on page 5

During the year the company paid dividends of £Nil (2011 £Nil)

Employees

Details of the number of employees and related costs can be found in note 19 to the financial statements

Directors

The following directors have held office since 1 January 2012

C Waters on behalf of Capita Corporate Director Limited

R J Shearer

M McCloskey

G L Wheeldon

S B E Clarkson

A G Parker

(Appointed 14 February 2012)

(Resigned 5 July 2012)

(Appointed 14 November 2012)

(Resigned 29 April 2013)

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

Auditors

Grant Thornton UK LLP resigned as auditors during the year and KPMG Audit Plc were appointed in their place Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she might reasonably be expected to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Qualifying 3rd party indemnity provisions

Capita plc has granted an indemnity to the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

On behalf of the board



C Waters on behalf of Capita Corporate Director Limited

Director

30/7/13

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

We have audited the financial statements of Capita Translation and Interpreting Limited (formerly Applied Language Solutions Limited) for the year ended 31 December 2012 set out on pages 5 to 17

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) 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 an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

**CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY
APPLIED LANGUAGE SOLUTIONS LIMITED)**

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE MEMBERS OF CAPITA TRANSLATION AND INTERPRETING LIMITED
(FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)**

Matters on which we are required to report by exception

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

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

S. McCallion

Sean McCallion (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

1 August 2013

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Year ended 31 December 2012 £	7 Months ended 31 December 2011 £
Turnover	2	21,138,244	6,832,478
Cost of sales		(20,533,999)	(4,817,866)
Gross profit		604,245	2,014,612
Administrative expenses		(9,337,657)	(2,636,422)
Exceptional items	3	(6,270,810)	(1,003,728)
Operating loss	4	(15,004,222)	(1,625,538)
Other interest receivable and similar income	5	95	-
Interest payable and similar charges excluding exceptional costs	6	-	(181,627)
Exceptional costs	6		(306,543)
Loss on ordinary activities before taxation		(15,004,127)	(2,113,708)
Tax on loss on ordinary activities	7	3,636,751	98,763
Loss for the year	16	(11,367,376)	(2,014,945)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	8	159,770	105,841
Investments	9	-	-
		<u>159,770</u>	<u>105,841</u>
Current assets			
Debtors	10	6,444,568	2,526,280
Cash at bank and in hand		2,974,742	245,128
		<u>9,419,310</u>	<u>2,771,408</u>
Creditors: amounts falling due within one year	11	(16,607,730)	(2,417,723)
		<u>(7,188,420)</u>	<u>353,685</u>
Net current (liabilities)/assets		<u>(7,188,420)</u>	<u>353,685</u>
Total assets less current liabilities		<u>(7,028,650)</u>	<u>459,526</u>
Creditors: amounts falling due after more than one year	12	-	(2,575,030)
Provisions for liabilities	13	(6,508,490)	(54,260)
		<u>(13,537,140)</u>	<u>(2,169,764)</u>
Capital and reserves			
Called up share capital	15	100	100
Share premium account	16	5,910	5,910
Other reserves	16	8	8
Profit and loss account	16	(13,543,158)	(2,175,782)
		<u>(13,537,140)</u>	<u>(2,169,764)</u>
Shareholders' deficit	17	<u>(13,537,140)</u>	<u>(2,169,764)</u>

Approved by the Board and authorised for issue on 30/7/13

C Waters

C Waters on behalf of Capita Corporate Director Limited
Director

Company Registration No. 05122429

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements are prepared on a going concern basis because the ultimate parent undertaking has stated that it will provide continuing financial assistance to the company for the foreseeable future

The company has not produced a cashflow statement on the basis that the ultimate parent undertaking, Capita plc, has prepared a group cashflow statement in accordance with FRS1 (revised)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of translation and interpreting services supplied during the year exclusive of Value Added Tax and trade discounts. The company's revenue is recorded from the provision of services to customers including Translation and proofreading, face to face Interpreting and instant telephone interpreting including British Sign Language

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	over period of lease
Computer equipment	3 - 5 years
Fixtures, fittings & equipment	3 - 5 years

1.6 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

(continued)

1.7 Pensions

The company operates defined contribution pension schemes and contributions are charged to the profit and loss account in the year in which they are due. These pension schemes are funded and the payment of contributions are made to separately administered trust funds. The assets of the pension schemes are held separately from the company.

The company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking of Capita plc, which pays the group liability centrally. Any unpaid pension contributions at the year end have been accrued in the accounts of that company.

1.8 Deferred taxation

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

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

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

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

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

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Capita plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

1.11 Related party transactions

The company has taken advantage of the exemption under FRS 8 Related Party Disclosures not to disclose transactions entered into between two or more members of Capita plc, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

	Year ended 31 December 2012 £	7 Months ended 31 December 2011 £
3 Exceptional items		
Operating loss is stated after charging		
Onerous contract provision (see note 13)	6,270,810	-
Accelerated write-down of software development costs	-	286,022
Additional provisions against potentially irrecoverable debts	-	259,023
Write-down of tangible fixed assets	-	43,986
Accelerated write-down of intangible assets	-	95,803
Provisions against potentially irrecoverable balances due from group undertakings	-	83,181
Loss on disposal of investment	-	21,975
Waiver of amounts receivable on disposal of investment	-	213,738
	<u>6,270,810</u>	<u>1,003,728</u>

	Year ended 31 December 2012 £	7 Months ended 31 December 2011 £
4 Operating loss		
Operating loss is stated after charging		
Amortisation of intangible assets	-	119,992
Depreciation of tangible assets	47,912	392,462
Loss on foreign exchange transactions	330,327	32,836
Operating lease rentals		
- Plant and machinery	37,436	1,955
- Other assets	132,017	-
Auditors' remuneration (including expenses and benefits in kind)	1,500	17,500
	<u>1,500</u>	<u>17,500</u>

After the company was acquired by Capita Holdings Limited on 22 December 2011 audit fees were borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £1,000. The prior years auditors remuneration disclosed above were paid to the company's previous auditors, Grant Thornton UK LLP. The company has taken advantage of the exemption provided by regulation 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the group accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

	Year ended 31 December 2012 £	7 Months ended 31 December 2011 £
7 Taxation		
Domestic current year tax		
U K corporation tax	(3,564,842)	-
Adjustment for prior years	44,284	53,677
Total current tax	<u>(3,520,558)</u>	<u>53,677</u>
Deferred tax		
Deferred tax charge/credit current year	(86,626)	(152,440)
Deferred tax adjust re previous year	(29,567)	-
	<u>(116,193)</u>	<u>(152,440)</u>
	<u>(3,636,751)</u>	<u>(98,763)</u>
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	<u>(15,004,127)</u>	<u>(2,113,708)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.00%)	<u>(3,676,011)</u>	<u>(549,564)</u>
Effects of		
Non deductible expenses	5,096	127,673
Depreciation in excess of capital allowances	31	102,052
Unrelieved tax losses	-	211,674
Adjustments to previous periods	44,284	53,677
Other timing differences	106,042	108,165
	<u>155,453</u>	<u>603,241</u>
Current tax charge for the period	<u>(3,520,558)</u>	<u>53,677</u>

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013. The deferred tax balance has been adjusted in the current year to reflect the reduction to 23% (as this change was enacted at the balance sheet date) resulting in a charge to the profit and loss account of £21,612 included in the current year deferred tax credit. Proposed changes to tax laws and rates that will have an effect on the deferred tax assets and liabilities of the Company have also been announced but not substantively enacted at the balance sheet date. The impact of these changes on the Company is not considered to be material.

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

8 Tangible fixed assets

	Land and buildings Leasehold	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2012	12,539	94,750	27,153	134,442
Additions	32,805	39,776	29,260	101,841
At 31 December 2012	45,344	134,526	56,413	236,283
Depreciation				
At 1 January 2012	8,342	6,010	14,249	28,601
Charge for the year	2,936	35,477	9,499	47,912
At 31 December 2012	11,278	41,487	23,748	76,513
Net book value				
At 31 December 2012	34,066	93,039	32,665	159,770
At 31 December 2011	4,197	88,740	12,904	105,841

9 Fixed asset investments

	Shares in subsidiary undertakings £
At 31 December 2011 & at 31 December 2012	-

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%	Principal activity
Subsidiary undertakings				
Capita Translation and Interpreting LLC	USA	Ordinary	100 00	Translation Services
Applied Language Solutions BG EOOD BGL	Bulgaria	Ordinary	100 00	Dormant
Applied Language Solutions PTY Limited	Australia	Ordinary	100 00	Dormant
Traslan Teoranta	Ireland	Ordinary	100 00	Dormant

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

10 Debtors	2012	2011
	£	£
Trade debtors	2,115,573	1,775,068
Amounts owed by parent and fellow subsidiary undertakings	1,744	-
Corporation tax	3,466,881	-
Other debtors	51,043	105,503
Prepayments and accrued income	560,794	513,369
Deferred tax asset (see note 13)	248,533	132,340
	<u>6,444,568</u>	<u>2,526,280</u>
	<u><u>6,444,568</u></u>	<u><u>2,526,280</u></u>
11 Creditors: amounts falling due within one year	2012	2011
	£	£
Net obligations under finance leases	-	1,571
Trade creditors	1,278,219	1,065,724
Amounts owed to parent and fellow subsidiary undertakings	12,102,384	50,626
Taxes and social security costs	794,004	164,290
Other creditors	73,785	8,367
Accruals and deferred income	2,359,338	1,127,145
	<u>16,607,730</u>	<u>2,417,723</u>
	<u><u>16,607,730</u></u>	<u><u>2,417,723</u></u>
Net obligations under finance leases		
Repayable within one year	-	1,571
	<u>-</u>	<u>1,571</u>
	<u><u>-</u></u>	<u><u>1,571</u></u>
12 Creditors: amounts falling due after more than one year	2012	2011
	£	£
Amounts due to group undertaking	-	2,575,030
	<u>-</u>	<u>2,575,030</u>
	<u><u>-</u></u>	<u><u>2,575,030</u></u>

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

13 Provisions for liabilities

	Dilapidations	Onerous contract	Total
	£	£	£
Balance at 1 January 2012	54,260	-	54,260
Profit and loss account	183,420	6,270,810	6,454,230
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2012	<u>237,680</u>	<u>6,270,810</u>	<u>6,508,490</u>

Other provisions are made up of dilapidation and onerous contract provisions

Dilapidation provisions are made where a legal obligation is identified and the liability can be reasonably quantified

The onerous contract provision is in relation to the courts' interpretation contract and is likely to unwind over a period of 1 to 3 years

The deferred tax asset (included in debtors, note 10) is made up as follows.

	2012	
	£	
Balance at 1 January 2012	(132,340)	
Profit and loss account	(116,193)	
	<u> </u>	
Balance at 31 December 2012	<u>(248,533)</u>	
		2011
		£
Decelerated capital allowances	(13,703)	(28,335)
Other timing differences	(234,830)	(104,005)
	<u> </u>	<u> </u>
	<u>(248,533)</u>	<u>(132,340)</u>

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

14 Pension and other post-retirement benefit commitments Defined contribution

	2012 £	2011 £
Contributions payable by the company for the year	20,823	18,596

15 Share capital

	2012 £	2011 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	100	100

16 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2012	5,910	8	(2,175,782)
Loss for the period	-	-	(11,367,376)
Balance at 31 December 2012	5,910	8	(13,543,158)

Other reserves

Capital redemption reserve

Balance at 1 January 2012 & at 31 December 2012

8

17 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(11,367,376)	(2,014,945)
Contribution in respect of share based payment charge	10,240	-
Settlement of share based payment charge by intercompany	(10,240)	-
Proceeds from issue of shares	-	5,236
Net depletion in shareholders' funds	(11,367,376)	(2,009,709)
Opening shareholders' funds	(2,169,764)	(160,055)
Closing shareholders' funds	(13,537,140)	(2,169,764)

CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

18 Contingent liabilities

The company is aware of the risk of historic payments to certain overseas translators being investigated by tax authorities, which may result in additional liabilities crystallising on the company. The Directors believe that there is a possibility of such liabilities crystallising but are unable to accurately quantify the expected amount to be paid.

19 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within one year	26,403	-
Between two and five years	110,000	110,000
	<u>136,403</u>	<u>110,000</u>

	Year ended	7 Months ended
	31 December	31 December
	2012	2011
	£	£
20 Directors' remuneration		
Remuneration for qualifying services	298,129	149,244
Company pension contributions to defined contribution schemes	5,417	-
	<u>303,546</u>	<u>149,244</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2011 - 2)

Remuneration disclosed above include the following amounts paid to the highest paid director

Remuneration for qualifying services	<u>184,386</u>	<u>56,537</u>
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CAPITA TRANSLATION AND INTERPRETING LIMITED (FORMERLY APPLIED LANGUAGE SOLUTIONS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2012

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	Year ended 31 December 2012 Number	7 Months ended 31 December 2011 Number
Sales	21	15
Operations	71	51
Administration	26	9
	118	75

	Year ended 31 December 2012 £	7 Months ended 31 December 2011 £
Employment costs		
Wages and salaries	3,508,784	1,324,168
Social security costs	327,251	145,279
Other pension costs	20,823	18,596
Share based payments	10,240	-
	3,867,098	1,488,043

22 Control

The company's immediate parent is Capita Holdings Limited, a company incorporated in England & Wales. The company's ultimate parent is Capita plc. The financial statements of Capita plc are available from the registered office at 61-71 Victoria Street, London SW1H 0XA.

23 Related party relationships and transactions

During the year the company sold goods and services to the value of £15,592 (2011: £nil) in the normal course of business to Service Birmingham Limited. In addition, the company purchased goods and services to the value of £134,119 (2011: £nil) from Service Birmingham Limited. All transactions were undertaken at normal market prices. At the balance sheet date, the amount due to Service Birmingham Limited was £7,256 (2011: £nil). Capita Business Services Limited, a fellow subsidiary undertaking of Capita Group Plc, owns 68% of the share capital in Service Birmingham Limited.