

REGISTERED NUMBER: 03541375 (England and Wales)

CLS COMMUNICATION LTD
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2014

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CLS COMMUNICATION LTD (REGISTERED NUMBER: 03541375)

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FOR THE YEAR ENDED 31ST DECEMBER 2014**

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CLS COMMUNICATION LTD

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2014**

DIRECTORS:

M Trümpy
M Boesch
P Navascues
T A Gaugler
M Nyfeler

REGISTERED OFFICE:

14-20 Shand Street,
London
SE1 2ES

REGISTERED NUMBER:

03541375 (England and Wales)

AUDITORS:

Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

The directors present their report with the financial statements of the company for the year ended 31st December 2014.

REVIEW OF BUSINESS

We successfully pursued a two-pronged growth strategy in 2014, giving equal importance to winning new clients and securing more work from existing client base. We attracted this new business by adapting to clients' needs in terms of services (translation, content creation, editing) and of market coverage. Obtaining ISO and EN certifications also helped us succeed when competing for new tenders.

We increased our profitability despite market pressure in a tough competitive environment and also boosted productivity from an already high level. The business was consistently managed in line with a clear vision: to be the leading global language service provider for blue chip organisations.

FUTURE DEVELOPMENTS

We stand to benefit from trends towards greater regulation in the financial sector and the drive to find cost-effective solutions for language needs, as we leverage on enhanced technological capabilities. We will maintain our quality-orientated business model by preserving our in-house linguists and technical experts. We will look to add to our service portfolio in accordance with client needs. We will also continue to closely monitor technology developments and the scope to implement them in the delivery of language services.

We expect the UK office to play a pivotal role in the group strategy thanks to our position in a key market and our operational capabilities.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2014 to the date of this report.

M Trümpy
M Boesch
P Navascues
T A Gaugler
M Nyfeler

GOING CONCERN

The financial statements have been prepared on a going concern basis. The statement headed 'Going Concern' on page 7 sets out certain factors relevant to the directors' consideration in relation to this assessment.

KEY RISKS AND UNCERTAINTIES

The situation in the UK and in Europe remains a matter for concern and the market must be monitored closely. While there is still some uncertainty around the financial sector, we have seen signs of recovery and there is no evidence to suggest a decrease in the use of language services. There are also new opportunities driven by the need to access markets outside the EU. We have addressed the threats posed by language technologies by bringing to the market our own technologies and solutions, and by clearly differentiating these from our other services.

KEY PERFORMANCE INDICATORS

Productivity across the business is still at the forefront of our strategy. Performance is measured across all areas of the business, including non-operational activities. Customer satisfaction continues to be closely monitored through instant feedback ratings provided by customers themselves on completion of each order.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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). 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 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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

ON BEHALF OF THE BOARD:


.....
M Nyfeler - Director

Date: 25.3.15
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CLS COMMUNICATION LTD

We have audited the financial statements of CLS Communication Ltd for the year ended 31st December 2014 on pages five to twelve. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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. 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 (APB'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 FRC's website at www.frc.org.uk/apb/scope/private.cfm.

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 31st December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

David Blacher (Senior Statutory Auditor)
for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 20 APRIL 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2014**

	Notes	31.12.14 £	31.12.13 £
TURNOVER	2	3,213,155	3,112,756
Cost of sales		(1,613,720)	(1,648,709)
GROSS PROFIT		1,599,435	1,464,047
Administrative expenses		(953,061)	(1,030,462)
		646,374	433,585
Other operating income	3	3,600	10,085
OPERATING PROFIT	5	649,974	443,670
Interest receivable and similar income	6	13,522	20,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		663,496	463,670
Tax on profit on ordinary activities	7	(152,970)	(95,728)
PROFIT FOR THE FINANCIAL YEAR		510,526	367,942

CONTINUING OPERATIONS

The company's activities and results arise from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year.

The notes form part of these financial statements

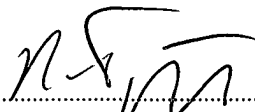
CLS COMMUNICATION LTD (REGISTERED NUMBER: 03541375)


BALANCE SHEET
31ST DECEMBER 2014

	Notes	31.12.14 £	£	31.12.13 £	£
FIXED ASSETS					
Tangible assets	8		45,506		52,857
CURRENT ASSETS					
Debtors	9	2,501,197		2,217,422	
Cash at bank and in hand		270,541		156,465	
		<u>2,771,738</u>		<u>2,373,887</u>	
CREDITORS					
Amounts falling due within one year	10	490,862		610,888	
NET CURRENT ASSETS			<u>2,280,876</u>		<u>1,762,999</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>2,326,382</u></u>		<u><u>1,815,856</u></u>
CAPITAL AND RESERVES					
Called up share capital	12		1,000		1,000
Profit and loss account	13		2,325,382		1,814,856
SHAREHOLDERS' FUNDS	16		<u><u>2,326,382</u></u>		<u><u>1,815,856</u></u>

The financial statements were approved by the Board of Directors on
on its behalf by:

25-3-15 and were signed


M Trümpy - Director


M Nyfeler - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2014**

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and on the going concern basis.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover comprises the invoiced value of services supplied by the company, net of Value Added Tax and trade discounts.

Tangible fixed assets

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

Short leasehold	- Over the period of 5 years
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate, in accordance with notes of the scheme.

Operating lease commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Going concern

The directors have received an undertaking from CLS Communication AG, the company's parent undertaking, that it will provide any necessary financial support to enable the company to meet its ongoing liabilities as they fall due for at least one year from the date of approval of these financial statements. On the basis of this undertaking and having prepared and considered trading forecasts and cash flow requirements for a period of 12 months from the date of approval of these financial statements, the directors have concluded that it is appropriate to prepare these financial statements on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 20142. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.14	31.12.13
	£	£
United Kingdom	1,428,116	1,461,143
Overseas	1,785,039	1,651,613
	<u>3,213,155</u>	<u>3,112,756</u>

3. **OTHER OPERATING INCOME**

	31.12.14	31.12.13
	£	£
Income - Conference fees received	<u>3,600</u>	<u>10,085</u>

4. **STAFF COSTS**

	31.12.14	31.12.13
	£	£
Wages and salaries	784,611	871,932
Social security costs	102,740	105,065
Other pension costs	91,870	55,701
	<u>979,221</u>	<u>1,032,698</u>

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

	31.12.14	31.12.13
Translators and copywriters	13	15
Management and service teams	9	8
Account managers	12	10
Client management and sales	5	3
	<u>39</u>	<u>36</u>

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	31.12.14	31.12.13
	£	£
Depreciation - owned assets	15,833	12,472
Auditor's remuneration	18,500	19,100
Foreign exchange differences	<u>(7,553)</u>	<u>27,714</u>
Directors' remuneration	79,925	4,778
Directors' pension contributions to money purchase schemes	<u>4,406</u>	<u>346</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.14	31.12.13
	£	£
Bank interest receivable	522	-
Loan interest receivable	13,000	20,000
	<u>13,522</u>	<u>20,000</u>

7. TAXATION

Analysis of the tax charge

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

	31.12.14	31.12.13
	£	£
Current tax:		
UK corporation tax	144,435	95,738
Corporation Tax - (over)/under provision in prior year	8,535	(10)
	<u>152,970</u>	<u>95,728</u>

Factors affecting the tax charge

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

	31.12.14	31.12.13
	£	£
Profit on ordinary activities before tax	<u>663,496</u>	<u>463,670</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.493% (2013 - 21.344%)	142,605	98,966
Effects of:		
Administration expenses disallowed	616	637
Depreciation for period in excess of/(less than) capital allowances	1,324	(3,865)
Sundry receipts disallowed	(110)	-
Prior years provision	8,535	(10)
	<u>152,970</u>	<u>95,728</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

8. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1st January 2014	4,149	46,755	43,495	128,827	223,226
Additions	-	-	138	8,344	8,482
At 31st December 2014	4,149	46,755	43,633	137,171	231,708
DEPRECIATION					
At 1st January 2014	2,829	41,949	25,823	99,768	170,369
Charge for year	828	1,202	4,452	9,351	15,833
At 31st December 2014	3,657	43,151	30,275	109,119	186,202
NET BOOK VALUE					
At 31st December 2014	492	3,604	13,358	28,052	45,506
At 31st December 2013	1,320	4,806	17,672	29,059	52,857

9. DEBTORS

	31.12.14 £	31.12.13 £
Amounts falling due within one year:		
Trade debtors	662,513	551,565
Amounts owed by group undertakings	1,712,660	1,062,781
Other debtors	83,920	86,263
Prepayments and accrued income	42,104	116,813
	<u>2,501,197</u>	<u>1,817,422</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	400,000
Aggregate amounts	<u>2,501,197</u>	<u>2,217,422</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.14 £	31.12.13 £
Trade creditors	75,004	164,248
Amounts owed to group undertakings	18,796	85,846
Corporation tax	56,436	36,738
Other tax and social security	35,179	97,571
VAT	57,327	4,961
Accruals and deferred income	248,120	221,524
	<u>490,862</u>	<u>610,888</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

11. OPERATING LEASE COMMITMENTS

At 31st December 2014 the company had annual commitments under non-cancellable operating lease as set out below:

	Land and buildings	
	31.12.14	31.12.13
	£	£
Expiring:		
Between one and five years	<u>168,700</u>	<u>67,480</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.14	31.12.13
		value:	£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

13. RESERVES

	Profit and loss account
	£
At 1st January 2014	1,814,856
Profit for the year	510,526
At 31st December 2014	<u>2,325,382</u>

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of one of its directors and of its employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £91,871 (2013: £55,701).

15. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption from disclosure offered by Financial Reporting Standard 8 - Related Party Transactions, as the company is wholly owned and consolidated accounts are available in Switzerland.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2014

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.14	31.12.13
	£	£
Profit for the financial year	510,526	367,942
Net addition to shareholders' funds	510,526	367,942
Opening shareholders' funds	1,815,856	1,447,914
Closing shareholders' funds	2,326,382	1,815,856

17. IMMEDIATE PARENT UNDERTAKING

The company's immediate parent undertaking is CLS Communication AG based and incorporated in Zurich, Switzerland.

18. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Tuscany Holdings AG. incorporated in Switzerland.