

Linguamatics Limited

Abbreviated accounts

For the year ended 31 December 2006



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COMPANIES HOUSE

Company No. 4248841

Company information

Registered office

St Johns Innovation Centre
Cowley Road
Cambridge
CB4 0WS

Directors

Dr R W S Hale
Dr S F Knight
Dr J R Thomas
Dr D R Milward
Dr P J Hastings
J M Brimacombe

Secretary

Dr R W S Hale

Accountants

Grant Thornton UK LLP
Chartered Accountants
Grant Thornton House
Kettering Parkway
KETTERING
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NN15 6XR

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Chartered accountants' report to the board of directors on the abbreviated accounts of Linguamatics Limited

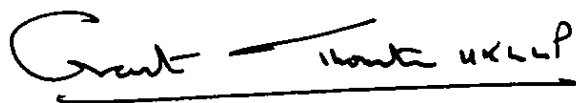
In accordance with the engagement letter dated 1 July 2004, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the abbreviated accounts of the company for the year ended 31 December 2006 which comprise the principal accounting policies, abbreviated balance sheet and the related notes from the unaudited statutory financial statements

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the abbreviated accounts that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the abbreviated balance sheet your duty to ensure that the company has kept proper accounting records and to prepare accounts that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the abbreviated accounts. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the abbreviated accounts.



**GRANT THORNTON UK LLP
CHARTERED ACCOUNTANTS
KETTERING**

4 May 2007

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Fixtures & Fittings	-	4 years straight line
Office Equipment	-	4 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax 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 tax only where the replacement assets are sold

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

Foreign currencies

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Abbreviated balance sheet

	Note	£	2006 £	£	2005 £
Fixed assets	1				
Tangible assets			7,763		8,479
Current assets					
Debtors		319,991		239,367	
Cash at bank and in hand		188,803		99,085	
		<u>508,794</u>		<u>338,452</u>	
Creditors: amounts falling due within one year		<u>426,503</u>		<u>288,612</u>	
Net current assets			<u>82,291</u>		<u>49,840</u>
Total assets less current liabilities			<u>90,054</u>		<u>58,319</u>
Capital and reserves					
Called-up equity share capital	2		527		520
Share premium account			1,393		-
Profit and loss account			88,134		57,799
Shareholders' funds			<u>90,054</u>		<u>58,319</u>

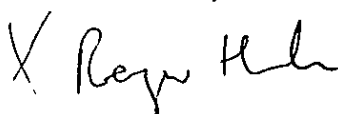
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors on 4 May 2007 and are signed on their behalf by

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R.W.S. Hale
Director

Notes to the abbreviated accounts

1 Fixed assets

	Tangible Assets £
Cost	
At 1 January 2006	16,963
Additions	4,250
At 31 December 2006	<u>21,213</u>
Depreciation	
At 1 January 2006	8,484
Charge for year	4,966
At 31 December 2006	<u>13,450</u>
Net book value	
At 31 December 2006	<u>7,763</u>
At 31 December 2005	<u>8,479</u>

2 Share capital

Authorised share capital

	2006 £	2005 £
10,000,000 Ordinary shares of £0.0001 each	1,000	-
1,000 Ordinary shares of £1 each	-	1,000
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	2006 No	£	2005 No	£
Ordinary shares of £0.0001 each	5,270,000	527	-	-
Ordinary shares of £1 each	-	-	520	520
	<u>5,270,000</u>	<u>527</u>	<u>520</u>	<u>520</u>

2 Share capital (continued)

On 5 May 2006, the 1,000 ordinary shares of £1 of the company were sub-divided into 10,000,000 ordinary shares of 0.01p

On 7 July 2006, the company made an allotment of 60,000 ordinary shares of 0.01p at 2p per share. The difference between the total consideration of £1,200 and the total nominal value of £1,194 has been credited to the share premium account.

On 13 October 2006, the company made a further allotment of 10,000 ordinary shares of 0.01p at 2p per share. The difference between the total consideration of £200 and the total nominal value of £199 has been credited to the share premium account.