HotDocs Limited

ABBREVIATED ACCOUNTS

for the year ended

31 July 2012

Company Registration No. SC166375

HotDocs Limited
INDEPENDENT AUDITOR'S REPORT TO HOTDOCS LIMITED
Under Section 449 Of The Companies Act 2006

We have examined the abbreviated accounts set out on pages 2 to 6, together with the financial statements of HotDocs Limited for the year ended 31 July 2012 prepared under section 396 of the Companies Act 2006.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR
The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the company for the purpose of section 449 of the Companies Act 2006 and for no other purpose. To the fullest extent permitted by law, we do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

BASIS OF OPINION
We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

Baker Tilly UK Audit LLP

ALAN AITCHISON (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
GLASGOW
G2 3EH

20/12/12

Company Registration No. SC166375

HotDocs Limited
ABBREVIATED BALANCE SHEET
As at 31 July 2012

	Notes	2012 £	2012 £	2011 £	2011 £
FIXED ASSETS					
Intangible assets	1		711,669		1,036,550
Tangible assets	1		16,548		13,651
Investments	1		6		6
			728,223		1,050,207
CURRENT ASSETS					
Debtors		501,968		466,898	
Cash at bank and in hand		386,220		624,844	
		888,188		1,091,742	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		(387,776)		(500,842)	
NET CURRENT ASSETS			500,412		590,900
TOTAL ASSETS LESS CURRENT LIABILITIES			1,228,635		1,641,107
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2		(261,704)		(464,113)
PROVISIONS FOR LIABILITIES			(2,108)		(1,124)
ACCRUALS AND DEFERRED INCOME			(537,577)		(678,988)
			427,246		496,882
CAPITAL AND RESERVES					
Called up share capital	3		20,710		20,710
Share premium account			115,989		115,989
Profit and loss account			290,547		360,183
SHAREHOLDERS' FUNDS			427,246		496,882

These abbreviated financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The abbreviated financial statements on pages 2 to 6 were approved by the board of directors and authorised for issue on ...20/12/12.... and are signed on its behalf by:

Mr R Shepherd
Director

ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The financial statements are prepared under the historical cost convention and the Financial Reporting Standard for Smaller Entities (effective April 2008).

GOING CONCERN
No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

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).

TURNOVER
The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, as adjusted for movements in the opening and closing deferred income creditor for income not yet earned on maintenance contracts invoiced in advance.

GOODWILL
Amortisation 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:

HotDocs Software - 5 years Straight Line

RESEARCH AND DEVELOPMENT
All research costs which consist predominantly of salaries are charged to profit or loss as incurred, however costs are capitalised as an intangible asset when recognition criteria are met such as the technical feasibility and, in particular, it is clear that the development expenditure will generate future economic benefit.

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:

Plant and machinery	3 years Straight Line
Fixtures, fittings & equipment	25% Reducing Balance

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

INVESTMENTS
Long term investments are classified as fixed assets.

Fixed asset investments are stated at cost in the company balance sheet. Other investments listed on a recognised stock exchange are valued at the lower of cost and mid-market value at the balance sheet date. Unlisted investments are stated at cost.

Provision is made for any impairment in the value of fixed asset investments.

RETIREMENT BENEFITS
The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

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 recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

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 tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate 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 the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

GOVERNMENT GRANTS

Government grants on capital expenditure are credited to a deferral account and are released to revenue by equal annual amounts over the expected useful life of the asset to which they relate.

Grants of a revenue nature are credited to income in the period to which they relate.

GROUP ACCOUNTS

In the opinion of the Directors, the company and the subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided under section 398 of the Companies Act 2006 not to prepare group accounts.

1 FIXED ASSETS

	Intangible assets	Tangible assets	Investments	Total
	£	£	£	£
COST				
At 1 August 2011	1,571,901	30,134	6	1,602,041
Additions	-	10,703	-	10,703
At 31 July 2012	1,571,901	40,837	6	1,612,744
DEPRECIATION				
At 1 August 2011	535,351	16,483	-	551,834
Charge for the year	324,881	7,806	-	332,687
At 31 July 2012	860,232	24,289	-	884,521
NET BOOK VALUE				
At 31 July 2012	711,669	16,548	6	728,223
At 31 July 2011	1,036,550	13,651	6	1,050,207

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	%
SUBSIDIARY UNDERTAKINGS			
HotDocs Corporation	USA	Common	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	PRINCIPAL ACTIVITY	Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
HotDocs Corporation	Software production	306,278	132,167

2 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012	2011
	£	£
Bank loans	200,000	350,000
Other creditors	61,704	114,113
	261,704	464,113

ANALYSIS OF LOANS

	2012	2011
Wholly repayable within five years	350,000	500,000
Included in current liabilities	(150,000)	(150,000)
	200,000	350,000

The bank holds a bond and floating charge over the assets of the company.

3 SHARE CAPITAL

	2012	2011
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
20,240 Ordinary A shares of £1 each	20,240	20,240
470 Ordinary B shares of £1 each	470	470
	20,710	20,710

4 TRANSACTIONS WITH DIRECTORS

At 31 July 2012, Mr R Shepherd's current account was overdrawn by £297. No interest was charged on this balance.

5 ULTIMATE PARENT COMPANY

The ultimate controlling party of the group is Mr R Shepherd.