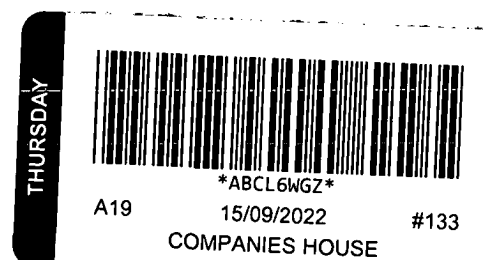


Registered number: 01789968

Link Up Mitaka Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2021



Link Up Mitaka Limited

Company Information

Directors	J Gould M A Daley A G Lightowler
Company secretary	M A Daley
Registered number	01789968
Registered office	Brainworks Unit 4 - Royds Close Leeds LS12 6LL
Independent auditor	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL
Bankers	HSBC Bank Plc Bond Court Leeds LS1 2JZ
Solicitors	DLA Piper UK LLP Princes Exchange Princes Square Leeds LS1 4BY

Link Up Mitaka Limited

Contents

	Page
Strategic Report	1 - 4
Directors' Report	5 - 6
Independent Auditor's Report	7 - 10
Profit and Loss Account	11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 - 31

Link Up Mitaka Limited

Strategic Report For the Year Ended 31 December 2021

The Directors present their Strategic Report on the Company for the year ended 31 December 2021.

Group mission and objectives

thebigword's WordSynk technology looks to break down language barriers for our clients - connecting them with the world, fostering growth and universal understanding.

Business review and key future developments

Turnover in the period was £11,489,000 (2020: £11,794,000) resulting in an EBITDA of £898,000 (2020: profit of £832,000) and an operating profit of £456,000 (2020: £285,000).

EBITDA is defined as Earnings before Interest, Tax, Depreciation, and Amortisation:

£'000	2021	2020
Operating profit	456	285
Depreciation	366	449
Amortisation	76	98
EBITDA	898	832

On the 4th of August 2021 thebigword Group announced a partnership with Susquehanna Private Capital ('SPC'). SPC will help thebigword Group achieve their vision of becoming the world's de facto multilingual localization tool with WordSynk. Through this partnership there will continue to be investment in the WordSynk platform to grow its already significant user base and expand the Group's geographic and end market reach.

The Group headed by thebigword Group Holdings Limited (the 'Group') encountered a challenging year as a result of the Coronavirus pandemic but saw a return to growth and improved profitability in the latter part of the year.

The Directors remain confident that the Group is well positioned to continue as one of the leading full-service providers of cost effective language solutions to meet the ever-increasing global requirements of our clients.

The Group's WordSynk technology focused upon enhancing the client experience, accessibility, security and driving efficiency. Our investment in the development of WordSynk is expected to deliver ongoing strong returns and means that the Group is well placed for future expansion.

For a greater understanding of the current performance and potential future developments impacting on the Company then please refer to the consolidated financial statements of its parent company, thebigword Group Holdings Limited. These are available as disclosed in note 24 to these financial statements.

Corporate and social responsibility successes

The Group pursues various projects with the aim of positively contributing to our stakeholders in the wider community. Over the last year we have supported local, national and international charities with donations and fundraising activities, including those supporting Ukrainian refugees and also partnered with a local school to help educate children from low-income households in nutrition. We are continuing to develop the relationships with orphanages in Pune and this year ensured that children who are living with AIDS were able to participate in Holi festival. Staff are encouraged to use volunteering days to support cases which have ranged from sorting presents for children at Christmas to the helping the Royal British Legion during their poppy appeal.

Principal risks and uncertainties

The Group monitors risks formally through a risk committee, whose membership is drawn from all areas of the business. The key business risks affecting the group, beyond the challenging macro-economic climate, are retaining our talented pool of linguists and employees and the Group's exposure to foreign exchange risk and credit risk. The Company's approach to mitigation of all these risks is explained within the Directors' report under financial risk management.

European Union membership

The Directors continue to monitor the nature and extent of the risks and uncertainty around the United Kingdom's current and future relationship with the European Union. The Group trades across many borders and has subsidiary offices within and outside of the European Union. This structure provides the Group with supply chain flexibility going forward should the trade agreements with the European Union change. The Directors continue to monitor the developments in this area to ensure that any changes impacting the Group are understood and incorporated into our risk management process.

Financial risk management

The Group's financial risk management objectives are to ensure sufficient working capital and to protect the Group against bad debts and adverse movements in interest rates and foreign exchange rates.

Management regularly monitor the Company and Group's exposure to movements in interest rates on loan facilities held to ensure that appropriate hedging instruments are utilised.

The Group both buys and sells in foreign currencies, providing exposure to movements in exchange rates where there are inflows and outflows in individual currencies. For significant net exposures, particularly in respect of the US Dollar and the Euro, the Directors pursue a hedging strategy where necessary to minimise exchange gains and losses.

The Group transacts with its clients on credit terms and so has exposure to the risk of defaulted debts. However, a large proportion of the client base comprises of blue chip private sector and public sector clients, which significantly reduces this exposure. The Group also follows proactive and robust credit management policies, designed to minimise overdue accounts and the corresponding risk of bad debts.

Financial key performance indicators

The Directors believe the most important key performance indicators for the Company are revenue growth and EBITDA as presented within the financial statements. The Company's revenue decreased in the period by 2.6% when compared to the prior year (2020: decrease 23.0%) whilst current year EBITDA is a profit of £898,000 (2020: £832,000). Overall performance being in line with the previous year illustrates a level of stability not seen since before the pandemic. This is also in the context of the wider group improving performance as noted in the consolidated financial statements of the immediate parent, thebigword Group Limited.

The Group has encountered a challenging 2 year period as a result of the ongoing Coronavirus pandemic, but through a reduction in cost base and the further roll out of the Wordsynk technology platform profits have been maintained and the Directors feel the Group is well placed to improve profitability and return to revenue growth in 2022.

**Strategic Report (continued)
For the Year Ended 31 December 2021**

Section 172

This section describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 in exercising their duty to promote the success of the Group for the benefits of its stakeholders as a whole.

Our Stakeholders

The Directors consider that the following groups are the Group's key stakeholders:

- Employees
- Clients
- Shareholders
- Suppliers

The Directors seek to understand the respective interest of such stakeholder groups so that they can be properly considered in their decisions.

Employees

thebigword aims to be an exhilarating business where colleagues can reach their full potential - building meaningful careers in an innovative, growing industry.

The continued development of our business is dependent on the contribution of all of our employees. We recognise the benefits of having a committed and well trained workforce. This is achieved through regular meetings at all levels within the workforce and feedback via management to the Director group.

Clients

The Group utilises its WordSynk technology to breakdown language barriers for our clients - connecting them with the world, fostering growth and universal understanding.

Our clients are key to the continued existence and growth of the business, and the Directors recognise that acting promptly upon customer feedback is essential. The Directors are continually aware of our customer opinions of our services either through direct contact with the customer or via feedback from our sales and operations teams. We are very proud that we continue to have very high retention of clients.

Shareholders

The Directors look to deliver value to the shareholders and maintain the Group as a sound investment with a clear strategy for growth. The Directors are in regular contact with the shareholders and keep them appraised on the ongoing development of the Group both operationally and financially.

Suppliers

We rely on linguists, freelancers and partners to provide the services we sell. The Directors are actively involved in discussions with key suppliers, not only to ensure value for money for our shareholders, but also to ensure high quality services are delivered to our clients.

The Group aims to become the language technology of choice by providing a home for linguists, where they can use their skills to connect the world, supporting trade, diplomacy and justice for those we serve.

The change in ownership of the Group and investment in developing our technology platform have been key strategic decisions that have been continuously communicated to all of our stakeholders throughout the period.

Link Up Mitaka Limited

**Strategic Report (continued)
For the Year Ended 31 December 2021**

This report was approved by the board on 8 July 2022 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'A G Lightowler', with a stylized flourish at the end.

**A G Lightowler
Director**

Link Up Mitaka Limited

Directors' Report For the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The Company's principal activity during the year continued to be the provision of language translation services.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 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; 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £423,000 (2020 - £77,000).

The Directors do not recommend payment of a dividend in respect of the period ended 31 December 2021 (2020: £nil).

Overseas branches

During the period the Company had overseas branches in Sweden, Belgium and Finland.

The Swedish branch was closed in February 2021.

Directors

The Directors who served during the year were:

L J Gould (resigned 4 August 2021)
M Gould (resigned 4 August 2021)
J Gould
M A Daley
L Gregg (resigned 4 August 2021)
A G Lightowler
L A Sangiovanni (resigned 4 August 2021)

**Directors' Report (continued)
For the Year Ended 31 December 2021**

Qualifying third party indemnity provisions

A qualifying indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the Directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Future developments

Consideration of future developments of the Group and Company can be found in the Strategic Report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 July 2022 and signed on its behalf.



**A G Lightowler
Director**

Link Up Mitaka Limited

Independent Auditor's Report to the Members of Link Up Mitaka Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

We have audited the financial statements of Link Up Mitaka Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Link Up Mitaka Limited

Independent Auditor's Report to the Members of Link Up Mitaka Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Link Up Mitaka Limited (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Link Up Mitaka Limited

Independent Auditor's Report to the Members of Link Up Mitaka Limited (continued)

Use of our report

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.

DocuSigned by:

Mark Langford

FD4C63A61681495...

Mark Langford (Senior Statutory Auditor)
for and on behalf of
BDO LLP

8 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Link Up Mitaka Limited

Profit and Loss Account For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	5	11,489	11,794
Cost of sales		(6,214)	(6,858)
Gross profit		5,275	4,936
Administrative expenses		(4,831)	(5,385)
Other operating income	6	12	734
Operating profit		456	285
Interest payable and similar charges	10	(64)	(183)
Profit on ordinary activities before taxation		392	102
Taxation on profit/(loss) on ordinary activities	11	31	(25)
Profit for the year		423	77

The notes on pages 15 to 31 form part of these financial statements.

Link Up Mitaka Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 £000	2020 £000
Profit for the financial year		423	77
Other comprehensive income			
Currency translation differences		(4)	(65)
Other comprehensive loss for the year		(4)	(65)
Total comprehensive income for the year		419	12

The notes on pages 15 to 31 form part of these financial statements.

Link Up Mitaka Limited
Registered number: 01789968

Balance Sheet
As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	12	104	107
Tangible assets	13	450	1,005
Investments	14	160	160
		<u>714</u>	<u>1,272</u>
Current assets			
Debtors: amounts falling due within one year	15	52,035	52,106
Bank and cash balances		496	2,143
		<u>52,531</u>	<u>54,249</u>
Creditors: amounts falling due within one year	16	(51,180)	(53,538)
Net current assets		<u>1,351</u>	<u>711</u>
Total assets less current liabilities		<u>2,065</u>	<u>1,983</u>
Creditors: amounts falling due after more than one year	17	-	(337)
Net assets		<u><u>2,065</u></u>	<u><u>1,646</u></u>
Capital and reserves			
Called up share capital		1	1
Share premium account		1,291	1,291
Profit and loss account		773	354
		<u>2,065</u>	<u>1,646</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 July 2022.



A G Lightowler
 Director

The notes on pages 15 to 31 form part of these financial statements.

Link Up Mitaka Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	1	1,291	354	1,646
Comprehensive profit for the year				
Profit for the financial period	-	-	423	423
Currency translation differences	-	-	(4)	(4)
Other comprehensive loss for the year	-	-	(4)	(4)
Total comprehensive income for the year	-	-	419	419
At 31 December 2021	1	1,291	773	2,065

The notes on pages 15 to 31 form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	1	1,291	342	1,634
Comprehensive income for the year				
Loss for the financial period	-	-	77	77
Currency translation differences	-	-	(65)	(65)
Other comprehensive loss for the year	-	-	(65)	(65)
Total comprehensive income for the year	-	-	12	12
At 31 December 2020	1	1,291	354	1,646

The notes on pages 15 to 31 form part of these financial statements.

Link Up Mitaka Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Link Up Mitaka Limited ('the Company') provides language translation services.

The Company is a private company limited by shares and is incorporated in England and Wales under the Companies Act 2006. The address of its registered office is Brainworks, Unit 4 - Royds Close, Leeds, LS12 6LL.

2. Statement of compliance

The individual financial statements of Link Up Mitaka Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- preparing a statement of cash flows;
- preparing certain financial instrument disclosures

The Company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its parent undertaking, thebigword Group Holdings Limited, includes the related disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 24.

Other than the exemptions taken above, the Company has applied the recognition, measurement and disclosure requirements of FRS 102.

3.3 Consolidated financial statements

The Company is indirectly a wholly owned subsidiary of thebigword Group Holdings Limited, a company incorporated in the United Kingdom and is included within its consolidated financial statements which are publicly available. Therefore the Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the Company's separate financial statements.

3.4 Foreign currency

The Company's functional and presentation currency is the pound sterling.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

3. Accounting policies (continued)

3.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of discounts and rebates allowed by the Company and value added taxes.

The Company provides language translation services to customers. The Company recognises turnover when the service has been provided to the customer; the amount of turnover can be measured reliably and it is probable that future economic benefits will flow to the Company from the services provided. Turnover is recognised in the accounting period in which the services are rendered with future revenue included within accruals and deferred income.

Where the Company enters into a rebate agreement with customers, the rebate value is accrued against turnover once the turnover relating to the specific customer reaches the agreed threshold. Where the rebate period is not coterminous to the year end, the Company estimates whether or not the threshold will be met and accrues for the rebate value accordingly.

3.6 Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in creditors in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3.7 Interest payable and similar charges

All borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

3.8 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

3. Accounting policies (continued)

3.9 Goodwill

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised to nil by equal instalments over its expected useful life, as determined by the Directors. Where the Company is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

3.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

The estimated useful lives range as follows:

Software	-	3 to 5 years
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Amortisation is charged to administrative expenses in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

3. Accounting policies (continued)

3.11 Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is provided on the following basis:

Freehold property	- 15 years
Long-term leasehold property	- shorter of lease term and 5 years
Fixtures and fittings	- 3 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the profit and loss account.

3.12 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

3.13 Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

3.14 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

3. Accounting policies (continued)

3.15 Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Assets constituting a finance transaction are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

3. Accounting policies (continued)

3.16 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

3.17 Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

3.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.19 Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

3.20 Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group, being that owned by WordSynk, LLC. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company financial statements.

The Company does not disclose transactions with members of the same Group that are wholly owned.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

3. Accounting policies (continued)

3.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

4. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

At 31 December 2021, other than the assumptions below, the Company did not make any critical judgements in applying its accounting policies.

(b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors and associated impairment provisions.

Link Up Mitaka Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

5. Turnover

The total turnover of the company for the current and previous financial years has been derived from its principal activity and is analysed as follows:

	2021 £000	2020 £000
United Kingdom	8,848	8,606
Rest of Europe	2,479	2,381
North America	114	404
Asia	10	395
Rest of the World	38	8
	<u>11,489</u>	<u>11,794</u>

6. Other operating income

	2021 £000	2020 £000
Other operating income	<u>12</u>	<u>734</u>

Other operating income arising in the year is in relation to government support in the form of the Coronavirus Job Retention Scheme.

7. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	366	449
Amortisation of intangible fixed assets	76	98
Profit on disposal of tangible fixed assets	(1,424)	-
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	15	13
Exchange differences	4	(23)
Operating lease charges	165	247
Defined-contribution-pension-cost	<u>155</u>	<u>165</u>

In accordance with SI2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'other services' as this information is included in the consolidated financial statements of thebigword Group Limited.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

8. Employees

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

	2021	2020
	£000	£000
Wages and salaries	5,658	5,656
Social security costs	631	568
Cost of defined contribution scheme	155	165
	6,444	6,389

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

	2021	2020
	No.	No.
Administration	143	187
Sales	19	27
	162	214

9. Directors' remuneration

	2021	2020
	£000	£000
Directors' emoluments	911	507
Company contributions to defined contribution pension schemes	23	25
Compensation for loss of office	-	15
	934	547

During the year retirement benefits were accruing to 4 Directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £340,000 (2020 - £187,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,000 (2020 - £9,000).

10. Interest payable and similar expenses

	2021	2020
	£000	£000
Bank interest payable	64	183
	64	183

Notes to the Financial Statements
For the Year Ended 31 December 2021

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	-	21
Adjustments in respect of previous periods	(6)	-
Total current tax	<u>(6)</u>	<u>21</u>
Deferred tax		
Origination and reversal of timing differences	23	4
Changes to tax rates	(48)	-
Total deferred tax	<u>(25)</u>	<u>4</u>
Taxation on (loss)/profit on ordinary activities	<u>(31)</u>	<u>25</u>

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2020 - higher than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	<u>392</u>	<u>102</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	74	19
Effects of:		
Expenses not deductible for tax purposes	96	2
Capital allowances for year in excess of depreciation	(255)	23
Adjustments to tax charge in respect of prior periods	(6)	-
Capital gains	42	-
Changes in tax rates	(42)	(19)
Group relief	60	-
Total tax charge for the year	<u>(31)</u>	<u>25</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

11. Taxation (continued)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at December 2021 has been calculated based on the tax rate as at the Balance Sheet date.

12. Intangible assets

	Software £000	Goodwill £000	Total £000
Cost			
At 1 January 2021	729	339	1,068
Additions	73	-	73
At 31 December 2021	<u>802</u>	<u>339</u>	<u>1,141</u>
Amortisation			
At 1 January 2021	622	339	961
Charge for the year on owned assets	76	-	76
At 31 December 2021	<u>698</u>	<u>339</u>	<u>1,037</u>
Net book value			
At 31 December 2021	<u>104</u>	<u>-</u>	<u>104</u>
At 31 December 2020	<u>107</u>	<u>-</u>	<u>107</u>

Notes to the Financial Statements
For the Year Ended 31 December 2021

13. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2021	1,334	34	1,893	3,261
Additions	-	-	138	138
Disposals	(1,334)	-	(321)	(1,655)
At 31 December 2021	-	34	1,710	1,744
Depreciation				
At 1 January 2021	956	34	1,266	2,256
Charge for the year on owned assets	52	-	314	366
Disposals	(1,008)	-	(320)	(1,328)
At 31 December 2021	-	34	1,260	1,294
Net book value				
At 31 December 2021	-	-	450	450
At 31 December 2020	378	-	627	1,005

Link Up Mitaka Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	723
At 31 December 2021	<u>723</u>
Impairment	
At 1 January 2021	563
At 31 December 2021	<u>563</u>
Net book value	
At 31 December 2021	<u>160</u>
At 31 December 2020	<u>160</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Multilingual Services Limited	England and Wales	Ordinary	100%
Mitaka Limited	England and Wales	Ordinary	100%
Carmona UK Limited	England and Wales	Ordinary	100%
thebigword Deutschland GmbH	Germany	Ordinary	100%
thebigword Limited	England and Wales	Ordinary	100%
thebigword Transcription Services Limited	England and Wales	Ordinary	100%

The registered office of all UK companies listed above is Brainworks, Unit 4 - Royds Close, Leeds, England, LS12 6LL.

Link Up Mitaka Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Debtors

	2021 £000	2020 £000
Trade debtors	2,472	2,836
Amounts owed by group undertakings	48,726	48,490
Other debtors	123	153
Prepayments and accrued income	540	478
Deferred taxation - Note 19	174	149
	<u>52,035</u>	<u>52,106</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors above are presented net of a provision of £26,000 (2020: £24,000) and other debtors above presented net of a provision of £nil (2020: £1,454,000).

16. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	-	3
Bank loans	-	2,083
Trade creditors	570	1,120
Amounts owed to group undertakings	48,268	47,185
Corporation tax	11	6
Other taxation and social security	154	107
Other creditors	360	973
Accruals and deferred income	1,817	2,061
	<u>51,180</u>	<u>53,538</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Other creditors in the prior year comprise mainly of the Company's share of the group invoice discounting facility which was secured by a fixed and floating charge over all assets of certain companies within the group in which the Company is a subsidiary under a group facility agreement. This facility was closed during the year meaning no balance was held within the Company at the year end (2020: £870,000 creditor).

17. Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Bank loans	-	337

Notes to the Financial Statements
For the Year Ended 31 December 2021

18. Loans and other borrowings

Analysis of the maturity of loans is given below:

	2021 £000	2020 £000
Amounts falling due within one year		
Bank loans	-	2,083
	<u>-</u>	<u>2,083</u>
Amounts falling due 1-2 years		
Bank loans	-	83
	<u>-</u>	<u>83</u>
Amounts falling due 2-5 years		
Bank loans	-	250
	<u>-</u>	<u>250</u>
Amounts falling due after more than 5 years		
Bank loans	-	4
	<u>-</u>	<u>4</u>
	<u>-</u>	<u>2,420</u>
	<u><u>-</u></u>	<u><u>2,420</u></u>

During the year ended 31 December 2021, the Group headed by the parent company thebigword Group Holdings Limited refinanced resulting in the repayment of loans held in the prior year.

On 31 December 2020 the Company held two loans of £1,000,000 with interest rates of 2.84% and 2.99%. A further loan of £2,000,000 with an interest rate of 2.64% was taken out in 2020 and a final loan with a balance of £420,000 with interest charge at LIBOR + 2.25% was held. All of these loans were entered into with HSBC Bank Plc.

Notes to the Financial Statements
For the Year Ended 31 December 2021

19. Deferred taxation

	2021 £000
At beginning of year	149
Charged to the profit and loss account	25
At end of year	174

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Difference between accumulated depreciation and capital allowances	174	149
	174	149

20. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
16,329,000 (2020 - Nil) ordinary shares of £0.00001 each	-	-
Nil (2020 - 11,430,000) 'A' ordinary shares of £0.00001 each	-	-
Nil (2020 - 4,899,000) 'B' ordinary shares of £0.00001 each	-	-
500 (2020 - 500) preference shares of £1 each	1	1
	1	1

During the year, 'A' and 'B' Ordinary shares with nominal value of £0.0001 each were both reclassified into Ordinary shares with the same nominal value. This combined 11,430,000 and 4,899,000 'A' and 'B' shares respectively into 16,329,000 Ordinary shares.

Rights preferences and restrictions:

Each of the shares carry a voting right and equal rights to participate in any discretionary dividends.

Company reserves:

- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

21. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £155,000 (2020: £165,000).

Contributions amounting to £54,000 (2020: £54,000) were payable to the scheme at the year end.

22. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Not later than 1 year	109	199
Later than 1 year and not later than 5 years	380	121
	489	320

23. Related party transactions

Rent and service charges of £107,000 (2020: £177,000) have been charged to the Company in the period up to the change in ownership of the Group in August 2021. JDI Properties Limited was a related party through common control by the Gould Family. This entity is no longer considered a related party following the change in ownership.

Key Management Personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,320,000 (2020: £547,000).

24. Controlling party

The Company is a subsidiary undertaking of thebigword Group Limited, a company incorporated in Great Britain and registered in England and Wales.

thebigword Group Holdings Limited is the parent company of the largest group for which consolidated financial statements are drawn up.

The Directors do not regard there to be any ultimate controlling party due to the ownership structure of the Group.

Copies of the consolidated financial statements of thebigword Group Holdings Limited may be obtained from, 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT.