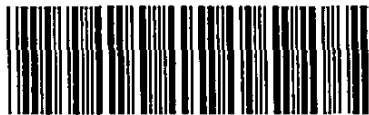


Registered Number 5551907

thebigword Holdings Limited
Annual report and financial statements
for the year ended 31 May 2011

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thebigword Holdings Limited

Annual report and financial statements for the year ended 31 May 2011

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thebigword Holdings Limited

Directors and advisers

Directors

L J Gould

M Gould

J Gould

D Myers (resigned 30/08/2011)

D Cheesebrough (appointed 30/08/2011)

Secretary

D Myers (resigned 31/08/2011)

D Cheesebrough (appointed 31/08/2011)

Registered Office

Link Up House

Ring Road

Lower Wortley

Leeds

LS12 6AB

Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

Solicitors

DLA Piper UK LLP

Princes Exchange

Princes Square

Leeds

LS1 4BY

Bankers

Lloyds TSB Bank plc

31/32 Park Row

Leeds

LS1 5JD

HSBC Bank plc

29 King Street

Leeds

LS1 2HL

thebigword Holdings Limited

Directors' report for the year ended 31 May 2011

The directors present their report and the audited financial statements of the company for the year ended 31 May 2011

Principal activities

The group's principal activity during the year continued to be the provision of language translation and interpreting services and the development of technology solutions. The company did not trade during the year.

Review of business and future developments

thebigword has reported another impressive year in 2011, with a 22% increase in EBITDA to £2.7m (2010 £2.2m). Turnover has stabilised after 3 years of intense growth but a positive focus on costs has seen an improvement in margins and profitability, despite the challenging market conditions.

The directors are pleased to report a 4% increase in turnover to £40.1m (2010 £38.4m), which represents an outstanding compound annual growth rate of 30% from the £14.1m turnover achieved in 2007. The group has continued to improve automation and expand the capacity of its systems to enable it to continue to capitalise on opportunities in both the translation and interpreting businesses. After allowing for exceptional items, depreciation and amortisation, operating profit is £1.7m (2010 £0.7m).

Growth continues to be derived from increased customer penetration and market consolidation in both the translation and interpreting businesses in both public and private sectors across all the group's major geographical markets. The directors were particularly pleased to become the leading provider of face-to-face language interpreting for all UK Government departments – the biggest single piece of business in thebigword's 30-year history.

The directors remain confident that the group has managed carefully through the recent global economic downturn and that it remains well-positioned to continue as one of the leading full-service providers of cost-effective language solutions to meet the increasingly global requirements of our customers. thebigword's Translation Management System was recently ranked joint 1st by the Common Sense Advisory (industry advisors to the language services sector) and the group intends to remain at the forefront through its continued investment in people, systems and technology.

Through its Technology Division, thebigword currently has under development exciting new technology platforms, including a successor to LanguageDirector 2.0, to improve efficiency in the delivery of both translation and interpreting services.

The directors continue to see positive and growing trading in almost all of the group's global markets and key client sectors. Organisations of all sizes are expected to continue to invest in using language services to manage customer markets and services using both the spoken and written word.

thebigword Holdings Limited

Principal risks and uncertainties

The group's borrowings are limited to working capital facilities and long term mortgage funding in respect of the group's new head office premises. Management regularly monitor the group's exposure to movements in interest rates on such facilities to ensure that appropriate hedging instruments are utilised. Overall, however, the modest scale of such facilities means the group is not particularly exposed to movements in interest rates.

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 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.

Results and dividends

The Group's profit for the year is £1.0m (2010: £0.3m). A final dividend of £1.1m was authorised and declared on 1 September 2011 (2010: £nil).

Employees

As an Equal Opportunities employer, the Group wishes to ensure that no employee or applicant for employment with the Group suffers unjustifiable discrimination because of their disability. The Group will therefore follow procedures designed to provide that all employees are treated on the basis of their relative merits and abilities.

In particular the Group will not discriminate in the recruitment of employees, terms and conditions afforded to employees, promotion, training or any other benefit afforded to employees or disciplining of employees in a way that does or may discriminate against disabled employees.

When employees become disabled during their employment, steps will be taken, through re-training or re-development if necessary, to enable employees to remain in employment with the Group whenever possible.

Overseas branches

The group has overseas branches in Germany and Denmark, as well as subsidiary operations in the United States of America, Japan and China.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below.

L J Gould

M Gould

J Gould

D Cheesebrough (appointed 30/08/2011)

thebigword Holdings Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and parent company 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 group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

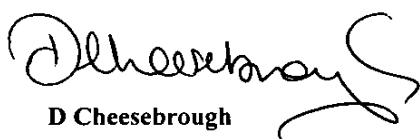
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



D Cheesebrough

Director

October 2011

thebigword Holdings Limited

Independent auditors' report to the members of thebigword Holdings Limited

We have audited the group and parent company financial statements of thebigword Holdings Limited for the year ended 31 May 2011 which comprise the Consolidated profit and loss account, the Statement of recognised gains and losses, the Group and Company balance sheets, the Consolidated cash flow statement, the Reconciliation of operating profit to net cashflow from operating activities, the accounting policies and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2011 and of the group's profit and cash flows 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

thebigword Holdings Limited

Independent auditors' report to the members of thebigword Holdings Limited (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Michael Thornton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
31 October 2011

thebigword Holdings Limited

Consolidated profit and loss account for the year ended 31 May 2011

	Note	2011 £'000	2010 £'000
Turnover	1	40,143	38,448
Cost of sales		(21,341)	(21,930)
Gross profit		18,802	16,518
Administrative expenses (including depreciation, amortisation and exceptional items)		(17,078)	(15,803)
EBITDA *		2,673	2,186
Exceptional items	2	(31)	(1,049)
Depreciation and amortisation		(918)	(422)
Operating profit	2	1,724	715
Interest receivable	5	1	-
Interest payable and similar charges	5	(90)	(56)
Profit on ordinary activities before taxation		1,635	659
Tax on profit on ordinary activities	6	(644)	(335)
Retained profit for the year	16	991	324

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

All items dealt with in arriving at operating profit above relate to continuing operations

* "EBITDA" means earnings before exceptional items, interest, tax, depreciation and amortisation

Statement of total recognised gains and losses for the year ended 31 May 2011

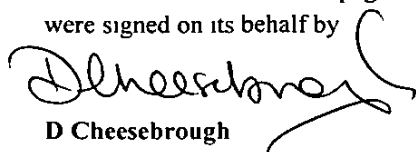
	2011 £'000	2010 £'000
Profit for the financial year	991	324
Foreign exchange movement	12	(54)
Total recognised gains for the year	1,003	270

thebigword Holdings Limited

Balance sheets as at 31 May 2011

	Note	Group		Company	
		2011	2010	2011	2010
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7	3,672	3,032	-	-
Intangible fixed assets	8	-	-	-	-
Investments	9	9	18	1,700	1,700
		3,681	3,050	1,700	1,700
Current assets					
Debtors	10	8,832	7,662	-	-
Cash at bank and in hand		3,069	2,053	4	12
		11,901	9,715	4	12
Creditors - amounts falling due within one year	11	(11,193)	(9,229)	(1,491)	(1,499)
Net current assets/(liabilities)		708	486	(1,487)	(1,487)
Total assets less current liabilities		4,389	3,536	213	213
Creditors - amounts falling due after more than one year	12	(1,272)	(1,302)	-	-
Provisions for liabilities and charges	13	(333)	(453)	-	-
Net assets		2,784	1,781	213	213
Capital and reserves					
Called up share capital	14	113	113	113	113
Share premium account	15	6	6	6	6
Capital redemption reserve	15	1	1	1	1
Merger reserve	15	(408)	(408)	-	-
Profit and loss account	16	3,072	2,069	93	93
Total shareholders' funds		2,784	1,781	213	213

The financial statements on pages 7 to 25 were approved by the board of directors on 31 October 2011 and were signed on its behalf by



D Cheesebrough

Director

Registered Number 5551907

thebigword Holdings Limited

Consolidated cash flow statement for the year ended 31 May 2011

	Note	2011 £'000	2010 £'000
Net cash inflow from operating activities		2,195	3,247
Returns on investment and servicing of finance			
Interest received		1	-
Interest paid		(90)	(56)
Taxation		(652)	(379)
Capital expenditure			
Payments to acquire tangible fixed assets		(1,548)	(2,836)
Financing			
New Loans		1,250	1,242
Repayment of loans		(1,457)	(279)
(Decrease)/ increase in net cash	19	(301)	939

Reconciliation of operating profit to net cash flow from operating activities

	2011 £'000	2010 £'000
Operating profit	1,724	715
Depreciation charge	918	422
Increase in debtors	(1,244)	(419)
Increase in creditors	917	2,099
(Decrease)/ increase in provisions	(120)	430
Net cash inflow from operating activities	2,195	3,247

thebigword Holdings Limited

Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom, on a going concern basis and under the historical cost convention, and in line with the Companies Act 2006

Turnover

Turnover represents the invoiced value of services supplied, excluding value added tax. Turnover is recognised on the date services are provided to customers.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The estimated economic lives used for this purpose are

Freehold property	15 years
Leasehold property	shorter of lease term and 5 years
Motor vehicles	4 years
Fixtures and fittings and computer equipment	3 to 5 years
Website development costs	5 years

Land is not depreciated

Goodwill and intangible assets

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over a period of 3-20 years, as determined by the directors.

Investments

Investments held as fixed assets are stated at cost less amounts written off for any permanent diminution in value.

The cost of investments in subsidiary undertakings is recorded at the aggregate of the market value of shares issued in connection with the acquisition, cash paid and any further costs connected with the acquisition, less amounts written off.

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Foreign currencies

Transactions in overseas currencies are translated at the rate ruling at the date of the transaction or, where applicable, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Exchange differences arising on foreign currency net investments are taken to reserves.

thebigword Holdings Limited

Accounting policies (continued)

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred

Vacant properties

When a leasehold property ceases to be used in the business or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease

Pensions

The company operates a defined contribution pension scheme for the benefit of the directors and certain senior management. The costs relating to this scheme are charged to the profit and loss account as they fall due.

Post-retirement benefits

The company provides no other post-retirement benefits to its employees.

Classification of financial instruments issued by the group

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Share based payments

The share option programme allows employees to acquire shares of the company subject to the satisfaction of certain performance criteria designed to enhance the value of the Group. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

thebigword Holdings Limited

Accounting policies (continued)

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences, to the extent that it is probable that a liability or asset will crystallise. Deferred tax assets are recognised only to the extent that they are considered recoverable.

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011

1 Segmental reporting

The Group's turnover and operating profit relate entirely to its principal activity. The geographical analysis of turnover by origin and destination is

	Origin		Destination	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
United Kingdom	32,061	31,099	22,016	19,215
Rest of Europe	1,559	1,291	8,104	10,112
North America	4,756	4,423	6,935	6,264
Far East	1,767	1,635	2,439	2,221
Rest of the World	-	-	649	636
	40,143	38,448	40,143	38,448

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

2 Operating profit

	2011	2010
	£'000	£'000
Operating profit is stated after charging		
Auditors' remuneration:		
Audit of these financial statements	9	9
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	16	16
Other services relating to taxation	49	18
Other services relating to finance system replacement	19	-
Depreciation of tangible fixed assets:		
Owned	908	406
Amortisation against trade investment	9	16
(Loss)/ profit on foreign exchange	70	(147)
Operating lease rentals – plant and machinery	17	2
Operating lease rentals – land and buildings	779	694
Exceptional items		
Vacant properties (note 13)	31	483
Exceptional shareholder bonus (note 3)	-	566

3 Directors' emoluments

	2011	2010
	£'000	£'000
Aggregate emoluments	920	1,226

The emoluments of the highest paid director were £327,332 (2010 £881,135). All emoluments are paid through the subsidiaries Link Up Mitaka Limited and thebigword, Inc. Retirement benefits are accruing to 2 directors (2010 2 directors) under money purchase schemes. The amount paid on behalf of the highest paid director into money purchase schemes was £18,000 (2010 £18,000). The emoluments of the highest paid director in the prior year include a shareholder bonus of £500,000 which, together with the Employer's National Insurance thereon, has been recorded as an exceptional item (note 2).

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

4 Employee costs and information

	2011	2010
	£'000	£'000
Wages and salaries	10,007	8,132
Social security costs	959	706
Other pensions costs	151	124
Staff costs	11,117	8,963

The average monthly number of persons (excluding executive directors) employed by the group during the year was

By activity	2011	2010
Administration	441	349

5 Interest and similar items

	2011	2010
	£'000	£'000
Interest receivable	(1)	-
Interest payable on bank loans and overdrafts	79	45
Finance costs on preference shares classified as debt	11	11
	89	56

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

6 Tax on profit on ordinary activities

	2011 £'000	2010 £'000
UK corporation tax		
Current tax on income for the period	545	159
Adjustments in respect of prior periods	2	(45)
Foreign tax		
Current tax on income for the period	62	95
Total current tax	609	209
Deferred tax		
Origination/reversal of timing differences	35	126
Total deferred tax	35	126
Tax on profit on ordinary activities	644	335

The current tax charge for the period is higher (2010 higher) than the standard rate of corporation tax in the UK of 27.67% (2010 28%). The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	1,635	659
Current tax at 27.67% (2010 28%)	452	185
Effects of:		
Expenses not deductible for tax purposes	135	81
Accelerated Capital Allowances	(32)	(77)
Short term timing differences	(26)	11
Tax at marginal rates	(2)	-
Tax rate differences in foreign subsidiaries	80	54
Adjustments to tax charge in respect of previous period	2	(45)
Total current tax charge (see above)	609	209

During the year, the Finance (No 2) Act 2010 was enacted. As a result the UK main rate of corporation tax has reduced from 28% to 26% from 1 April 2011.

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 has been included in the Finance Act 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

7 Tangible fixed assets

	Freehold property	Motor vehicles	Fixtures and fittings and computer equipment	Leasehold improvements	Total
Group	£'000	£'000	£'000	£'000	£'000
<i>Cost</i>					
At 1 June 2010	1,334	15	3,153	34	4,536
Additions	-	-	1,548	-	1,548
At 31 May 2011	1,334	15	4,701	34	6,084
<i>Depreciation</i>					
At 1 June 2010	(15)	(15)	(1,466)	(8)	(1,504)
Charge for year	(89)	-	(816)	(3)	(908)
At 31 May 2011	(104)	(15)	(2,282)	(11)	(2,412)
<i>Net book value</i>					
At 31 May 2011	1,230	-	2,419	23	3,672
At 31 May 2010	1,319	-	1,687	26	3,032

The Company had no fixed assets in either year

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

8 Intangible fixed assets

Group	Goodwill £'000
<i>Cost</i>	
At 1 June 2010 and 31 May 2011	508
<i>Amortisation</i>	
At 1 June 2010 and 31 May 2011	(508)
<i>Net book value</i>	
At 31 May 2010 and 31 May 2011	-

Goodwill, which is now fully amortised, arose in respect of historic acquisitions

The Company had no intangible fixed assets in either year

9 Investments

Group	Trade investment in Strontium plc £'000
<i>Cost</i>	
At 1 June 2010 and 31 May 2011	75
<i>Provisions for permanent diminution in value</i>	
At 1 June 2010	(57)
Charge in year	(9)
At 31 May 2011	(66)
<i>Net book value</i>	
At 31 May 2011	9
At 31 May 2010	18

Company	Interest in subsidiary undertaking £'000
Investment in Link Up Mitaka Limited at cost	1,700

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

The companies in which the company's interest is more than 10% are as follows

Subsidiary undertakings	Country of incorporation	Proportion held	Principal activity
Link Up Mitaka Limited	England and Wales	100%	Translation Services
thebigword Interpreting Services Limited	England and Wales	100%	Interpreting Services
Multilingual Services Limited*	England and Wales	100%	Trustee Services
Mitaka Limited*	England and Wales	100%	Dormant
Gould Tech Solutions Limited*	England and Wales	100%	Technological Services
Carmona UK Limited*	England and Wales	100%	Dormant
thebigword Limited*	England and Wales	100%	Dormant
thebigword INC*	USA	100%	Translation Services
thebigword (Beijing) Technology Co	China	100%	Translation Services
Mitaka thebigword KK*	Japan	100%	Translation Services

* investment held by Link Up Mitaka Limited

The directors believe that the company value of the investments is supported by their underlying net assets

10 Debtors

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	6,739	5,135	-	-
Prepayments and accrued income	2,083	2,444	-	-
Corporation tax recoverable	10	83	-	-
	8,832	7,662	-	-

thebigword Holdings Limited

Notes to the financial statements for the year ended 31 May 2011 (continued)

11 Creditors: amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank overdraft (note 12)	3,286	1,969	-	-
Bank loans (note 12)	83	260	-	-
Trade creditors	3,050	2,321	-	-
Corporation tax payable	-	81	-	-
Taxation and social security	957	831	-	-
Other creditors	356	515	-	-
Accruals and deferred income	3,461	3,252	-	-
Amounts owing to group companies	-	-	1,491	1,499
	11,193	9,229	1,491	1,499

12 Creditors: amounts falling due after more than one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans	1,135	1,165	-	-
Shares classified as debt (note 15)	137	137	-	-
	1,272	1,302	-	-
Maturity of bank loans and overdrafts				
Expiring within one year	3,369	2,229	-	-
Expiring between one and two years	83	84	-	-
Expiring between two and five years	250	252	-	-
Expiring in more than five years	802	829	-	-
	4,504	3,394	-	-

The bank loans and overdraft are secured by way of a fixed and floating charge over the assets of the group and are subject to commercial interest rates. The bank loan is repayable by instalments over 15 years.

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Notes to the financial statements for the year ended 31 May 2011 (continued)

13 Provisions for liabilities and charges

Group	Vacant properties £'000	Deferred taxation £'000	Total £'000
At 1 June 2010	430	23	453
Charged to the profit and loss account	31	35	66
Utilised in the year	(186)	-	(186)
At 31 May 2011	275	58	333

Vacant properties

On 12 April 2010 the group relocated its Head Office premises from Belmont Park to Link Up House. Provision has therefore been made for the residual lease commitments, together with other outgoings, after taking into account sub-tenant arrangements, for the remaining period of the leases, which at 31 May 2011 is approximately six years.

Deferred taxation

The liability arises as follows

	2011 £'000	2010 £'000
Difference between accumulated depreciation and capital allowances	60	31
Other timing differences	(2)	(8)
	58	23

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Notes to the financial statements for the year ended 31 May 2011 (continued)

14 Called up share capital

Group and Company	2011 £'000	2010 £'000
<i>Authorised</i>		
13,000,000 ordinary shares of 1p each	130	130
<i>Allotted, called up and fully paid</i>		
11,297,000 ordinary shares of 1p each	113	113
Preference share capital		
Group	2011 £'000	2010 £'000
<i>Authorised, issued and fully paid</i>		
137,025 8% cumulative preference shares of £1 each	137	137

The preference shares are redeemable only on the sale of the ordinary share capital and are entitled to receive a yield of 8% per annum which is rolled up and is only payable on redemption

15 Other reserves

	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000
Group			
At 1 June 2010 and 31 May 2011	6	1	(408)
Company			
At 1 June 2010 and 31 May 2011	6	1	-

None of these reserves are distributable

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Notes to the financial statements for the year ended 31 May 2011 (continued)

16 Profit and loss account

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 June	2,069	1,799	93	93
Profit for the year	991	324	-	-
Foreign exchange movement	12	(54)	-	-
At 31 May	3,072	2,069	93	93

17 Reconciliation of movement in shareholders' funds

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Retained profit	991	324	-	-
Foreign exchange adjustment	12	(54)	-	-
Net addition to shareholders' funds	1,003	270	-	-
Opening shareholders' funds	1,781	1,511	213	213
Closing shareholders' funds	2,784	1,781	213	213

18 Commitments

	2011		2010	
Annual commitments under non-cancellable operating leases which expire:	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	306	-	140	1
In the second to fifth years inclusive	255	17	391	12
Over five years	105	-	105	-
	666	17	636	13

There are no operating lease commitments in the Company

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Notes to the financial statements for the year ended 31 May 2011 (continued)

19 Notes to the consolidated cash flow statement

Reconciliation of net cash flow to movement in net debt			
	2011 £'000	2010 £'000	
(Decrease)/increase in cash	(301)	939	
Changes in loans	206	(963)	
Movement in net debt in year	(95)	(24)	
Net debt at 1 June	(1,341)	(1,317)	
Net debt at 31 May	(1,436)	(1,341)	

Analysis of net debt			
	At start of year £'000	Cash flow £'000	At end of year £'000
Cash	84	(301)	(217)
Debt due within one year	(260)	177	(83)
Debt due after one year	(1,165)	29	(1,136)
	(1,341)	(95)	(1,436)

20 Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £151,256 (2010 £124,317).

Contributions amounting to £nil (2010 £nil) were payable to the scheme and are included in accruals at year end. Contributions amounting to £1,484 (2010 £1,500) were prepaid to the scheme and are included in prepayments at year end.

21 Employee share schemes

In December 2005, the group established an EMI option scheme to incentivise directors and key employees. The options granted are exercisable only upon a change of control.

No share based payment charge will be recognised in the profit and loss account until such time as it becomes probable that this vesting condition will be met, at which time a catch-up charge will be incurred.

At 31 May 2011 there were 80,000 options outstanding (2010 90,000) with a weighted average exercise price of 5p (2010 5p). No options were exercisable at the end of the year.

The number and weighted average exercise prices of share options in existence are as follows:

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Notes to the financial statements for the year ended 31 May 2011 (continued)

	2011 Weighted average exercise price £	2011 Number of options	2010 Weighted average exercise price £	2010 Number of options
Outstanding at 1 June	0.05	90,000	0.05	160,000
Lapsed during the period	0.05	(10,000)	0.05	(70,000)
Outstanding at 31 May	0.05	80,000	0.05	90,000

22 Ultimate controlling party

The directors regard Mr L Gould as the ultimate controlling party, by virtue of his family's 100% interest in the issued share capital of the company

23 Related party transactions

Rent and service charges of £99,382 (2010 £72,412) have been charged to Link Up Mitaka Limited in the year by MW Properties No 35 Limited, of which the Gould family are members and trustees. There was £nil prepaid at the end of the year (2010 £7,597)

Rent of £174,926 (2010 £175,837) has been charged to Link Up Mitaka Limited in the year through Link-Up Services FURB Scheme, of which the Gould family are trustees and members. There was £12,917 prepaid at the end of the year (2010 nil)

Rent of £707 (2010 £1,950) has been charged to Link Up Mitaka Limited in the year by the LJ Gould 1997 Accumulation & Maintenance Settlement, of which the Gould family are members and trustees. There were no prepaid or accrued amounts outstanding at the end of the year (2010 £nil)

During the prior year the company made a loan of \$800,000 to Multilingual Services Limited, as trustee of the Link Up Mitaka Employee Benefit Trust, of which Mr L J Gould is a beneficiary. There was an amount of \$800,000 (2010 \$800,000) outstanding at the year end and included in amounts owed by other group companies

Advantage has been taken of the exemption under FRS 8, Related Party Transactions, not to disclose transactions with entities that are part of thebigword Holdings Limited group