Registered number: 05551907

thebigword Group Limited

Annual report and financial statements

For the Year Ended 31 December 2021

thebigword Group Limited

Company information

Directors	J Gould M A Daley A G Lightowler
Company secretary	M A Daley
Registered number	05551907
Registered office	Brainworks Unit 4 - Royds Close Leeds LS12 6LL
Independent auditors	BDO LLP Chartered Accountants and Statutory Auditors 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

thebigword Group Limited

Contents

Group Strategic Report
For the Year Ended 31 December 2021

The directors present their strategic report on thebigword Group Limited ("the Company") and its subsidiaries (together "the Group") 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 future developments

Turnover in the year was £61.9m (2020: £61.9m) resulting in an EBITDA profit of £4.2m (2020: £4.6m) and an operating profit of £1.8m (2020: £2.5m).

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

	2021	2020
	£000	£000
Operating profit	**1,781**	2,481
Depreciation	**402**	447
Amortisation	**2,047**	1,704
EBITDA	**4,230**	4,632

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.

Key developments

Following the acquisition of the Group by SPC, the US operations were sold to a separate part of the wider Group headed by WordSynk LLC.

The change in ownership did not impact significantly on operations in 2021 with the continued investment in WordSynk, the Group's all-in-one language technology platform, and growth in our operations in Pune, India, both enhancing the Group's service offering.

This puts the Group in a strong position to capitalise on the anticipated growth in the market following the continued easing of COVID related restrictions in 2022 through both the established Group's operations and our new relationship with Susquehanna Private Capital.

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 including the current rates of inflation, 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 financial risk management section below.

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 & Third Party Debt Holders
- 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 maintain the Group as a sound investment with a clear strategy for growth whilst ensuring they deliver value to the shareholders. 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.

European Union membership

The Directors continue to monitor the nature and extent of the risks and uncertainty around the United Kingdom's 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 inflation and foreign exchange rates.

Management regularly monitor the Company and Group's exposure to movements in inflation and forecast revenue and cost targets accordingly.

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.

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

Financial key performance indicators

The Directors believe the most important key performance indicators for the group are revenue growth and EBITDA as presented within the financial statements. The Group's revenue has been maintained in line with 2020 with a nominal increase (2020: 29.3% decrease) whilst current period EBITDA is a profit of £4.2m (2020: £4.6m).

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. The Directors feel the Group is in a strong position to capitalise on the anticipated growth in the market following the continued easing of COVID related restrictions in 2022.

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

A G Lightowler
Director

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 activities

The Group's principal activity during the year continued to be the provision of all language services, from translation through to transcription and interpreting via thebigword's all-in-one language technology platform, WordSynk. The Company continued to be a holding company.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 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 the Group 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 £5,001,000 (2020: £1,767,000).

The Directors paid a dividend in the year of £1,741,000 (2020: £nil).

The Directors do not recommend the payment of a final dividend in respect of the year (2020: £nil).

Overseas branches

During the year the Group had overseas branches in Sweden, Belgium, Afghanistan, Iraq 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
M Rice (resigned 4 August 2021)
C A Riches (resigned 4 August 2021)
L A Sangiovanni (resigned 4 August 2021)

Qualifying third party indemnity provision

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

The future developments disclosure can be found in the strategic report.

Engagement with employees

The Group maintains a policy of keeping employees fully informed of matters affecting them as employees and to make them aware of the financial and economic factors influencing Group performance.

This involves regularly providing employees with relevant information; regular consultation with employees or their representatives so that the employees' views may be taken into account in making decisions that are likely to affect their interests and the encouragement of employees' participation in the Group's performance by providing performance related remuneration where considered appropriate.

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.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and by their disability, or perceptions of it. The Group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the Group is offered where appropriate.

Streamline Energy and Carbon Reporting

Quantification, Methodology, Organisational Boundary and Base Year

Our data covers measurements collected for our Head Office in Leeds, UK (see registered office on Company information page).

We've used utility bills for energy, gas and water; supplier reports for waste, A4 paper and travel data; and our Accounts' Department for remaining transport data.

Our data covers relevant aspects of scopes described in the 2019 UK Government Environmental Reporting Guidelines.

We've used the 2020 and 2021 UK Government GHG Conversion Factors and suggested template to calculate our emissions. We've used the financial control approach with our previous year as our base year.

We have measured our data against scopes 1 and 2 and certain scope 3 emissions. We've explained any relevant aspects of our data within the table below.

	2021	**2020**	**Movement**
Energy consumption used to calculate emissions	350,816 KWh	425,820 KWh	(75,004) KWh
Emissions from combustion of gas tCO2e (Scope 1)	21.38 tCO2e	26.36 tCO2e	(4.98) tCO2e
Emissions from combustion of fuel for transport purposes (Scope 1)	8.06 tCO2e	3.27 tCO2e	4.79 tCO2e
Emissions from business travel in employee-owned vehicles (Scope 3)	0.32 tCO2e	7.12 tCO2e	(6.80) tCO2e
Emissions from purchased electricity (Scope 2, location-based)	148.98 tCO2e	198.55 tCO2e	(49.57) tCO2e
Total gross CO2e based on above	**178.74 tCO2e**	**235.30 tCO2e**	**(56.56) tCO2e**
Intensity ratio: tCO2e gross figure based from mandatory fields above	Average employee: 295	Average employee: 386	Average employee: (91)
Emissions from employee business travel (Scope 3) / tCO2e	Taxi: 0.00 Train: 0.32 Air: 11.05	Taxi: 0.05 Train: 0.58 Air: 121.01	Taxi: (0.05) Train: (0.26) Air: (109.96)
Emissions from disposal of waste generated in operations (Scope 3) / tCO2e	0.11 tCO2e	0.51 tCO2e	(0.40) tCO2e
Carbon offsets / tCO2e	360 tCO2e	345 tCO2e	15 tCO2e
Total annual emissions / tCO2e based on above	**190.22 tCO2e**	**357.44 tCO2e**	**(167.22) tCO2e**

Following the Group moving to a primarily home based working model, significant reductions have been seen in CO2 emissions. As this model was in place throughout 2021 the levels shown in the year are expected to be maintained going forwards.

The only measure that has shown an increase in the above is in relation to emissions from combustion of fuel for transport purposes. This increase reflects the return in part to normal levels of travel following the Coronovirus pandemic that impacted greater on 2021. Travel would be expected to increase in the future but not to those seen before the pandemic, with a greater use of technology for meetings to be utilised going forwards.

Monitoring of our environmental impacts

Our targets are set in line with our environmental aspects and reviewed once a year.

We monitor, and where possible try to reduce, the amount of A4 paper consumed. We encourage our staff to use digital documents for internal and external meetings. Where printing is essential IT have set up a standard double sided black and white printing option. Our paper consumption translated into 3.66 trees in 2020 and 0.48 trees in 2021.

We continue to monitor our water consumption, this allow us to identify peaks in usage and investigate causes, such as leaks or malfunctioning taps/flushes.

We continue to monitor our waste generation, we separate our waste into general and dry recycling, the majority of our waste is recycled. We encourage our staff to use both bins appropriately and share with them the data collected.

Carbon Offsets

Using the total CO_2 emissions for UK and our global staff numbers we estimated a global CO_2 emissions for 2021 and used this as a basis to offset the amount of 343 tonnes of CO_2 via Carbon Footprint. We then added 5% to the final amount to this estimate and have used this as a base to offset 2022 emissions.

In total we have offset 703 tCO_2e through Verified Carbon Standard (VCS) reduction project VCS 981 Pacajai REDD+ Project and planting 703 trees in the UK.

Disclosure of information to auditors

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 and the Group's auditors are 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 and the Group's auditors are aware of that information.

Independent auditors

The auditors, 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

Independent Auditors' Report to the Members of thebigword Group Limited

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of thebigword Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account and Statement of Other Comprehensive Income, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows 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 Auditors' 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 Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Group's or the parent 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.

Independent Auditors' Report to the Members of thebigword Group 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 Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 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.

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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group 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 Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We considered the Group'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 Group 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 Auditors' Report.

Independent Auditors' Report to the Members of thebigword Group 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 Auditors' 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
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Mark Langford (Senior Statutory Auditor)

for and on behalf of
BDO LLP

Statutory Auditors

Central Square
29 Wellington Street
Leeds
LS1 4DL

8 July 2022

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

thebigword Group Limited

Consolidated Profit and Loss Account
For the Year Ended 31 December 2021

	Note	**Continuing operations 2021 £000**	**Discontinued operations 2021 £000**	**Total 2021 £000**	Continuing operations 2020 £000	Discontinued operations 2020 £000	Total 2020 £000
Turnover	5	**57,275**	**4,582**	**61,857**	51,885	9,982	61,867
Cost of sales		**(35,113)**	**(2,672)**	**(37,785)**	(30,660)	(5,983)	(36,643)
Gross profit		**22,162**	**1,910**	**24,072**	21,225	3,999	25,224
Administrative expenses		**(18,520)**	**(2,222)**	**(20,742)**	(20,375)	(3,835)	(24,210)
Other operating income	6	**35**	**-**	**35**	1,467	-	1,467
Profit on disposal of subsidiary undertakings	23	**-**	**2,677**	**2,677**	-	-	-
Operating profit	7	**3,677**	**2,365**	**6,042**	2,317	164	2,481
Interest receivable and similar income		**2**	**-**	**2**	2	-	2
Interest payable and similar charges	10	**(80)**	**-**	**(80)**	(191)	-	(191)
Profit on ordinary activities before taxation		**3,599**	**2,365**	**5,964**	2,128	164	2,292
Taxation on profit on ordinary activities		**(958)**	**(5)**	**(963)**	(520)	(5)	(525)
Profit for the year		**2,641**	**2,360**	**5,001**	1,608	159	1,767

The notes on pages 24 to 46 form part of these financial statements.

thebigword Group Limited

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

	2021 £000	2020 £000
Profit for the financial year	**5,001**	1,767
Other comprehensive loss		
Currency translation differences	**60**	(315)
Other comprehensive loss for the year	**60**	(315)
Total comprehensive income for the year	**5,061**	1,452

The notes on pages 24 to 46 form part of these financial statements.

thebigword Group Limited
Registered number: 05551907

Consolidated Balance Sheet
As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Intangible assets	13		**3,841**		4,194
Tangible assets	14		**499**		1,072
			4,340		5,266
Current assets					
Debtors: amounts falling due within one year	16	**20,410**		11,657	
Cash at bank and in hand		**1,911**		6,169	
		22,321		17,826	
Creditors: amounts falling due within one year	17	**(17,343)**		(16,979)	
Net current assets			**4,978**		847
Total assets less current liabilities			**9,318**		6,113
Creditors: amounts falling due after more than one year	18		**-**		(337)
Provisions for liabilities					
Deferred taxation	21	**(734)**		(512)	
			(734)		(512)
Net assets excluding pension asset			**8,584**		5,264
Net assets			**8,584**		5,264
Capital and reserves					
Called up share capital	22		**113**		113
Share premium account			**6**		6
Capital redemption reserve			**1**		1
Merger reserve			**(408)**		(408)
Profit and loss account			**8,872**		5,552
			8,584		5,264

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 24 to 46 form part of these financial statements.

thebigword Group Limited
Registered number: 05551907

Company Balance Sheet
As at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Investments	15		**1,706**		1,706
			1,706		1,706
Current assets					
Debtors: amounts falling due within one year	16	**2,250**		2,250	
Cash at bank and in hand		**1**		6	
		2,251		2,256	
Creditors: amounts falling due within one year	17	**(3,531)**		(3,518)	
Net current liabilities			**(1,280)**		(1,262)
Total assets less current liabilities			**426**		444
Net assets excluding pension asset			**426**		444
Net assets			**426**		444
Capital and reserves					
Called up share capital	22		**113**		113
Share premium account			**6**		6
Capital redemption reserve			**1**		1
Profit and loss account			**306**		324
			426		444

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 24 to 46 form part of these financial statements.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit of the company for the year was £1,723,000 (2020: £Nil).

thebigword Group Limited

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

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	113	6	1	(408)	5,552	5,264
Comprehensive income for the year						
Profit for the year	-	-	-	-	5,001	5,001
Currency translation differences	-	-	-	-	60	60
Other comprehensive loss for the year	-	-	-	-	60	60
Total comprehensive income for the year	-	-	-	-	5,061	5,061
Dividends paid	-	-	-	-	(1,741)	(1,741)
At 31 December 2021	113	6	1	(408)	8,872	8,584

The notes on pages 24 to 46 form part of these financial statements.

thebigword Group Limited

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

	Called up share capital	Share premium account	Capital redemption reserve	Merger reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2020	113	6	1	(408)	4,100	3,812
Comprehensive income for the year						
Profit for the year	-	-	-	-	1,767	1,767
Currency translation differences	-	-	-	-	(315)	(315)
Other comprehensive loss for the year	-	-	-	-	(315)	(315)
Total comprehensive income for the year	-	-	-	-	1,452	1,452
At 31 December 2020	113	6	1	(408)	5,552	5,264

The notes on pages 24 to 46 form part of these financial statements.

thebigword Group Limited

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	113	6	1	324	444
Comprehensive income for the year					
Profit for the year	-	-	-	1,723	1,723
Total comprehensive income for the year	-	-	-	1,723	1,723
Dividends paid	-	-	-	(1,741)	(1,741)
At 31 December 2021	113	6	1	306	426

The notes on pages 24 to 46 form part of these financial statements.

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	113	6	1	324	444
At 31 December 2020	**113**	**6**	**1**	**324**	**444**

The notes on pages 24 to 46 form part of these financial statements.

thebigword Group Limited

Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	2021 **£000**	2020 £000
Cash flows from operating activities		
Profit for the financial year	**5,001**	1,767
Adjustments for:		
Amortisation of intangible assets	**2,047**	1,704
Depreciation of tangible assets	**402**	447
Impairments of fixed assets	**176**	100
Loss on disposal of tangible assets	**376**	3
Interest paid	**80**	191
Interest received	**(2)**	(2)
Taxation charge	**963**	525
(Increase)/decrease in debtors	**(2,848)**	6,004
Decrease in amounts owed by group undertakings	**(7,289)**	-
(Decrease) in creditors	**(1,725)**	(2,539)
(Decrease)/increase in amounts owed to group undertakings	**9,304**	-
Corporation tax (paid)	**(807)**	(398)
Foreign exchange	**336**	67
Profit from disposal of subsidiaries	**(2,677)**	-
Net cash generated from operating activities	**3,337**	7,869
Cash flows from investing activities		
Purchase of intangible fixed assets	**(1,870)**	(1,998)
Purchase of tangible fixed assets	**(205)**	(107)
Interest received	**2**	2
HP interest paid	**(5)**	(11)
Net cash outflow from disposal of subsidiaries	**(725)**	-
Net cash used in investing activities	**(2,803)**	(2,114)

Consolidated Statement of Cash Flows (continued)
For the Year Ended 31 December 2021

	2021 £000	2020 £000
Cash flows from financing activities		
New secured loans	**-**	2,000
Repayment of loans	**(2,420)**	(2,083)
Repayment of/new finance leases	**(459)**	(454)
Dividends paid	**(1,741)**	-
Interest paid	**(75)**	(156)
Net cash used in financing activities	**(4,695)**	(693)
Net (decrease)/increase in cash and cash equivalents	**(4,161)**	5,062
Cash and cash equivalents at beginning of year	**6,169**	1,400
Foreign exchange gains and losses	**(97)**	(293)
Cash and cash equivalents at the end of year	**1,911**	6,169
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,911**	6,169

The notes on pages 24 to 46 form part of these financial statements.

Consolidated Analysis of Net Debt
For the Year Ended 31 December 2021

	At 1 January 2021 £000	Cash flows £000	Acquisition and disposal of subsidiaries £000	Other non-cash changes £000	At 31 December 2021 £000
Cash at bank and in hand	6,169	(3,354)	(725)	(179)	1,911
Debt due after 1 year	(337)	337	-	-	-
Debt due within 1 year	(2,083)	2,083	-	-	-
Finance leases	(459)	459	-	-	-
	3,290	(475)	(725)	(179)	1,911

The notes on pages 24 to 46 form part of these financial statements.

Other non-cash changes are in relation to foreign exchange differences and interest accrued on debts held during the year.

1. General information

thebigword Group Limited ('the company') is a holding company investing in subsidiaries whose principal activities are that of the provision of language translation and interpreting services and the development of technology solutions.

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

2. Statement of compliance

The group and individual financial statements of thebigword Group 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 consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Group has adopted FRS 102 in these financial statements.

3.1 Basis of preparation of financial statements

These consolidated and separate 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 group and 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 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2021.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3.3 Foreign currency

The group financial statements are presented in pound sterling and rounded to thousands.

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

3. Accounting policies (continued)

3.4 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 group and value added taxes.

The Group 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 entity from the services provided.

The Group provides language translation and interpreting services to customers. Turnover is recognised in the accounting period in which the services are rendered.

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

3.5 Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(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 plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 group in independently administered funds.

3.6 Interest payable and similar charges

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

3.7 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.

3. Accounting policies (continued)

3.8 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 Group'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 Group 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.

3.9 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 development	-	3 to 5 years

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 group 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.

3. Accounting policies (continued)

3.10 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

The estimated useful lives range as follows:

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.

3.11 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. Accounting policies (continued)

3.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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.

3.15 Financial instruments

The Group 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.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

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.

3. Accounting policies (continued)

3.15 Financial instruments (continued)

(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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Hedging arrangements

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

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 Consolidated Profit and Loss Account in the same period as the related expenditure.

3.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.18 Leased assets

At inception the Group 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.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 June 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

3.19 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.

3.20 Distributions to equity holders

Dividends and other distributions to the Group'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. Accounting policies (continued)

3.21 Reserves

The Group's reserves are as follows:

Share capital
Called up share capital reserve represents the nominal value of the shares issued.

Share premium
Share premium represents the premium on issue of equity shares, net of any issue costs.

Capital redemption reserve
The capital redemption reserve is debited upon the purchase of the Company's own shares which reduces share capital.

Merger reserve
The balance on the merger reserve represents the fair value of the consideration given in excess of the nominal value of the ordinary shares issued in an acquisition made by the issue of shares.

Retained earnings
Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

3.22 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. 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 Group financial statements.

Advantage has been taken of the exemption under FRS 8, Related Party Transactions, not to disclose transactions with entities that are part of the group headed by WordSynk, LLC.

3.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

3.24 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 group's accounting policies

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

(b) Key accounting estimates and assumptions

The Group 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) Intangible fixed assets

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs. See note 13 for the carrying amount of intangible fixed assets

(ii) Tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of tangible fixed assets.

(iii) Impairment of debtors

The Group 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 16 for the net carrying amount of the debtors and associated impairment provision.

(iv) Taxes

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 21 for details of deferred tax recognised.

5. Turnover

The total turnover of the Company for the current and previous financial years has been derived from its principal activity.

The geographical analysis of turnover by origin and destination is:

	Origin 2021 £000	**Destination 2021 £000**	Origin 2020 £000	Destination 2020 £000
United Kingdom	**53,249**	**50,959**	48,791	45,259
Rest of Europe	**-**	**2,803**	-	3,532
North America	**4,582**	**3,920**	9,336	8,474
Asia	**4,049**	**4,112**	3,764	4,203
Rest of the World	**-**	**86**	-	423
	61,880	**61,880**	61,891	61,891

6. Other operating income

	2021 £000	2020 £000
Other operating income	**35**	1,467
Profit on disposal of subsidiary undertakings (Note 23)	**2,677**	-
	2,712	1,467

Other operating income arising in the current and prior 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
Operating lease rentals	**824**	864
Exchange differences	**33**	(2)
Depreciation of tangible fixed assets	**402**	447
Amortisation of intangible assets, including goodwill	**2,047**	1,704
Impairment of intangible assets	**176**	100
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	**21**	21
Fees payable to the Group's auditors and its associates for other services to the group:		
The audit of the Group's subsidiaries pursuant to legislation	**48**	50
Other services	**118**	57

8. Employees

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

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Wages and salaries	**12,041**	14,916	**-**	-
Social security costs	**1,211**	1,148	**-**	-
Cost of defined contribution scheme	**296**	336	**-**	-
	13,548	16,400	**-**	-

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

	2021 No.	2020 No.
Administration	**440**	491
Sales	**35**	44
	475	535

The Company has no employees other than the Directors, who did not receive any remuneration (2020: £Nil).

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	**2,212**	2,357
Directors pension costs	**57**	45
Directors compensation for loss of office	**-**	15
	2,269	2,417

During the year retirement benefits were accruing to 8 Directors (2020 - 9) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £1,248,000 (2020 - £1,361,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £21,000 (2020 - £8,000).

In addition to the above, a recharge of £152,000 (2020: £nil) was made to the Group from thebigword Inc, for director services provided in the year. This company is within the same group as thebigword Group Limited but is not within the consolidated group shown in these financial statements.

10. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	**75**	167
Finance leases and hire purchase contracts	**5**	24
	80	191

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**274**	325
Adjustments in respect of previous periods	**142**	(120)
	416	205
Foreign tax		
Foreign tax on income for the year	**325**	128
	325	128
Total current tax	**741**	333
Deferred tax		
Origination and reversal of timing differences	**21**	192
Changes to tax rates	**206**	-
Adjustments in respect of prior periods	**(5)**	-
Total deferred tax	**222**	192
Taxation on profit on ordinary activities	**963**	525

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit on ordinary activities before tax	**5,964**	2,292
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**1,133**	435
Effects of:		
Expenses not deductible for tax purposes	**478**	8
Capital allowances for year in excess of depreciation	**42**	23
Fixed asset differences	**(254)**	-
Tax rate differences in foreign branches and subsidiaries	**249**	73
Adjustments to tax charge in respect of prior periods	**136**	(124)
Short term timing difference leading to an increase (decrease) in taxation	**-**	(13)
Non-taxable income	**(813)**	-
Adjustment in research and development tax credit leading to an increase in the tax charge	**12**	7
Unrelieved tax losses carried forward	**-**	79
Deferred tax adjustment for changes in tax rates	**(20)**	37
Total tax charge for the year	**963**	525

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. Dividends

	2021	2020
	£000	£000
Interim dividend at 15.4p per share	**1,741**	-

13. Intangible assets

Group

	Development expenditure £000	Goodwill £000	Total £000
Cost			
At 1 January 2021	11,186	508	11,694
Additions	1,870	-	1,870
At 31 December 2021	13,056	508	13,564
Amortisation			
At 1 January 2021	6,992	508	7,500
Charge for the year on owned assets	2,047	-	2,047
Impairment charge	176	-	176
At 31 December 2021	9,215	508	9,723
Net book value			
At 31 December 2021	3,841	-	3,841
At 31 December 2020	4,194	-	4,194

14. Tangible fixed assets

Group

	Freehold property £000	Long-term leasehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 January 2021	1,334	49	3,090	4,473
Additions	-	-	205	205
Disposals	(1,334)	-	(936)	(2,270)
At 31 December 2021	-	49	2,359	2,408
Depreciation				
At 1 January 2021	956	49	2,396	3,401
Charge for the year on owned assets	52	-	350	402
Disposals	(1,008)	-	(886)	(1,894)
At 31 December 2021	-	49	1,860	1,909
Net book value				
At 31 December 2021	-	-	499	499
At 31 December 2020	378	-	694	1,072

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	1,706
At 31 December 2021	1,706
Net book value	
At 31 December 2021	1,706
At 31 December 2020	1,706

15. Fixed asset investments (continued)

The directors believe that the carrying value of the investments are supported by their underlying net assets.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Link Up Mitaka Limited	England & Wales	Translation Services	Ordinary	100%
TBW Global Limited	England & Wales	Interpreting Services	Ordinary	100%
thebigword Interpreting Services Limited	England & Wales	Interpreting Services	Ordinary	100%
thebigword Overseas Interpreting Limited*	England & Wales	Interpreting Services	Ordinary	100%
Wordsynk Limited	England & Wales	Technological Services	Ordinary	100%
thebigword Asia Limited*	England & Wales	Holding Company	Ordinary	100%
thebigword International Limited	England & Wales	Holding Company	Ordinary	100%
Carmona UK Limited*	England & Wales	Dormant	Ordinary	100%
Mitaka Limited*	England & Wales	Dormant	Ordinary	100%
Multilingual Services Limited*	England & Wales	Dormant	Ordinary	100%
thebigword Europe Limited*	England & Wales	Dormant	Ordinary	100%
thebigword International Management Services Limited*	England & Wales	Dormant	Ordinary	100%
thebigword Limited*	England & Wales	Dormant	Ordinary	100%
thebigword Transcription Services Limited*	England & Wales	Dormant	Ordinary	100%
Word Pie Limited*	England & Wales	Dormant	Ordinary	100%
thebigword (Beijing) Technology Co Ltd*	China	Translation Services	Ordinary	100%
thebigword Deutschland GmbH*	Germany	Translation Services	Ordinary	100%
thebigword India Pvt Ltd*	India	Business Support Services	Ordinary	100%
Mitaka thebigword KK*	Japan	Translation Services	Ordinary	100%
thebigword B.V.	The Netherlands	Interpreting Services	Ordinary	100%

* investment held indirectly through subsidiary undertakings. 0.01% of thebigword India Pvt Ltd is owned directly.

16. Debtors

	Group 2021 £000	Group 2020 £000	**Company 2021 £000**	Company 2020 £000
Trade debtors	**7,583**	8,164	**-**	-
Amounts owed by group undertakings	**7,289**	-	**2,250**	2,250
Other debtors	**2,415**	235	**-**	-
Prepayments and accrued income	**3,123**	3,258	**-**	-
	20,410	11,657	**2,250**	2,250

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

Trade debtors above are presented net of a provision of £46,000 (2020: £221,000).

17. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	**Company 2021 £000**	Company 2020 £000
Bank loans	**-**	2,083	**-**	-
Trade creditors	**2,328**	3,379	**-**	-
Amounts owed to group undertakings	**5,094**	-	**3,531**	3,518
Other taxation and social security	**1,735**	4,121	**-**	-
Obligations under finance lease and hire purchase contracts	**-**	459	**-**	-
Other creditors	**2,456**	1,822	**-**	-
Accruals and deferred income	**5,730**	5,115	**-**	-
	17,343	16,979	**3,531**	3,518

Other creditors in the prior year comprised mainly of the Group's invoice discounting facility which was secured by a fixed and floating charge over all assets of certain companies within the Group under a group facility agreement. This facility was closed during the year meaning no balance was held within the Group at the year end (2020: £533,000).

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

18. Creditors: Amounts falling due after more than one year

	Group 2021 £000	Group 2020 £000
Bank loans	**-**	337
	-	337

19. Loans

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

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 the 31st of 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.

The finance lease commitment shown in the prior year expired in December 2021.

20. Financial instruments

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Financial assets				
Cash at bank and in hand	**1,911**	6,169	**-**	-
Trade debtors	**7,583**	8,164	**-**	-
Amounts owed by group companies	**7,289**	-	**2,250**	2,250
Other debtors	**1,157**	235	**-**	-
Accrued income	**2,686**	2,528	**-**	-
	20,626	17,096	**2,250**	2,250
Financial liabilities				
Loans	**-**	2,420	**-**	-
Obligations under finance lease and hire purchased contracts	**-**	459	**-**	-
Trade creditors	**2,328**	3,379	**-**	-
Amounts owed to group companies	**5,094**	-	**3,518**	3,518
Other taxation and social security	**1,735**	4,121	**-**	-
Other creditors	**2,456**	1,822	**-**	-
Accruals	**5,457**	3,969	**-**	-
	17,070	16,170	**3,518**	3,518

21. Deferred taxation

Group

	2021 £000
At beginning of year	**(512)**
Charged to profit or loss	**(222)**
At end of year	**(734)**

	Group 2021 £000	Group 2020 £000
Accelerated capital allowances	**(827)**	-
Tax losses carried forward	**67**	-
Short term timing differences	**26**	(512)
	(734)	(512)

The Company had no deferred tax asset or liability in either financial year.

22. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
11,297,000 (2020 - 11,297,000) ordinary shares of £0.01 each	**113**	113

Rights, preferences and restrictions:

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

23. Discontinued operations

On the 4th of August 2021 the subsidiary entity, thebigword Inc, was sold by the Group to fellow group company WordSynk Intermediate Holdings Inc. This sale included all subsidiaries of thebigword Inc held on this date.

		£000
Cash proceeds		**500**
Net assets disposed of:		
Tangible fixed assets	**20**	
Debtors	**1,397**	
Amounts owed from group undertakings	**6,474**	
Cash at bank and in hand	**1,225**	
Creditors	**(609)**	
Amounts owed to group undertakings	**(10,684)**	
		(2,177)
Profit on disposal before tax		**2,677**

The net outflow of cash in respect of the sale of thebigword Inc is as follows:

	£000
Cash consideration	**500**
Cash transferred on disposal	**(1,225)**
Net outflow of cash	**(725)**

24. Pension commitments

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £296,000 (2020: £336,000).

Contributions amounting to £54,000 (2020: £55,000) were payable to the scheme at the year end.

25. Commitments under operating leases

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

	Group 2021 £000	Group 2020 £000
Not later than 1 year	**400**	819
Later than 1 year and not later than 5 years	**380**	1,620
Later than 5 years	**-**	307
	780	2,746

The Company had no commitments under non-cancellable operating leases as at the balance sheet date.

26. Related party transactions

Rent and service charges of £107,000 (2020: £177,000) have been charged to the Group in the period up to the change in ownership through JDI Properties Limited. Charges were raised to Connect Earth Inc amounting to £31,000 (2020: £59,000) during the same period. JDI Properties Limited and Connect Earth Inc were related parties through common control by the Gould Family.

Up to the date of the change in ownership remuneration to close family members totalled £86,000 (2020: £146,000).

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 £3,094,000 (2020: £2,417,000).

27. Controlling party

The Company is a subsidiary undertaking of thebigword Group BidCo 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.