



PTW International UK Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 08337264



PTW International UK Limited

Company Information

Directors
Masaru Harada
Deborah Lynn Kirkham
Teppei Tachibana
Sijo Jose

Company secretary
Michihiro Suzuki

Registered number
08337264

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PTW International UK Limited

Contents

	Page
Strategic Report	1 - 2
Directors' Report	3 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 28

PTW International UK Limited

Strategic Report For the Year Ended 31 December 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

Business review and key financial performance indicators

The business has been steady in the UK. The revenue achieved for the year was £19.6m (2020 -£20.1m).

Management views their key financial performance indicators as turnover and profit before tax. Margins have dropped to 20.5% (2020 - 23.5%). This is because of the increased cross charge from India where we have a Centralized Tech Team who are working towards bringing standardisation and innovation to PTW International Group activities (revamped PTW website, HRMS tool, new automated tools for the various Lines of Business (LOB) to cut down costs and bring in efficiencies).

Profit before tax has also dropped to £0.6m (2020: £1.4m).

Principal risks and uncertainties

PTW International UK Limited is a continually growing subsidiary providing outsourcing services specifically to the gaming industry. While we are subject to the general macro risks of any company providing services to the gaming industry, the specific risks as identified by our senior management are as follows:

- i) The gaming industry consists of a variety of large global companies and widely dispersed smaller companies. We are naturally exposed to higher client concentration as we are heavily dependent on a few major clients to sustain our business. Our management continually monitors and actively seeks to mitigate the risk associated.
- ii) Outsourcing services industry as such is labour intensive with profitability highly concentrated to the staffing costs. Our profit margins are subject to our ability to adjust to macro conditions of the labour marketplace regarding availability of talent pool and our ability to effectively shift any cost increases to our clients. Hiring variable resources and retaining adjustable fixed term contracts on an as-needed basis helps us ensure that we stay ahead in business.
- iii) The company is constantly exposed to the risk of attracting the right human capital as needed in this line of business. Our ability to meet the market demand is highly dependent on the availability of a specialised group of multi-lingual staff at competitive rates. The operation of both Glasgow and London offices has maintained the availability of the resource pool. Moreover, management is constantly monitoring the labour market to find the right staff which could further mitigate the associated risk.
- iv) Availability of the talent pool has reduced after Corona virus as people from different countries, residing in the UK, have returned back creating talent crunch. Post Corona virus, PTW is harnessing the concept of *Work from Anywhere*, which enables us to hire workers from anywhere in the world. This reduces our operational costs, compliance costs and eliminates the need of capital infusion in case we had to set up the entities in the respective countries.
- v) Technology-based services are another area to be concentrated, considering the demand for using tech enablers like AI and ML which is also pushing digitalization in the gaming industry. This is the precise reason for hiring the team in India (described above) who are dedicated to this activity among others. Successfully adopting a game plan to make gaming vision a reality requires the right software, hardware, and talent. It's important to access the processors, servers, and game engines to power seamless, immersive video game experiences and virtual reality business platforms. Resources require specialized and powerful technology to support evolving changes.

At the date of signing the accounts, the UK economy is recovering from the effects of the spread of COVID-19, and the measures taken by the government to prevent the continued spread of the virus. The company, in line with businesses in many industries, has been impacted by these measures and subsequent inflationary pressures.

PTW International UK Limited

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

Principal risks and uncertainties (continued)

Operations across the company have been affected but the company has largely been able to continue operations. The company has a small subsidiary in Russia which relates to another group entity. The Russian company is being liquidated post year end. The company has no other trading activity in Russia.

Marked-based demand for the company's services has remained strong given the sectors in which the company operates. The company has continued to work through the pandemic and also ensured that their customers are supported.

The company has a significant cash balance available at the balance sheet date and also the date of signing the financial statements. This is the company's primary source of finance. The company has no external debt and minimal inter-company payables which are all trading balances.

The company has completed a range of forecasts including stress testing to assess the impact of inflationary pressures on the company liquidity and ability to continue as a going concern. The stress test shows the company can continue to operate for at least the next 12 months following sales reductions. Management deem the assumptions of the stress scenario as unrealistic however note that the ability of the company to remain liquid after mitigating actions demonstrates the company's strength. Management have considered different scenarios. A reverse stress test is not considered appropriate given the significant cash balance and demand is holding up for the company's services and the company has no external debt. Management have also considered a range of more realistic scenarios which again do not show an issue with liquidity. There is of course a credit risk associated with the company's debtor book but the directors have assessed that their customers are also in good financial health and the risk is diversified.

The Company is also exploring ways and means to plan the business to improve margins and reduce costs with various strategic plans in place and finding ways to also bring in technology that can improve customer experiences and outcomes.

Based on the above, the directors are confident that the actions and strategies in place, results in the company being able to mitigate business threats as they arise. The directors consider that the COVID-19 or inflationary unknowns do not at present represent material uncertainty to company's ability to continue as a going concern.

In terms of macro economic risks the company continues to monitor Brexit and any associated risk affecting the industry and wider economy.

This report was approved by the board on 7 March 2023 and signed on its behalf.



Masaru Harada
Director

PTW International UK Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the UK company continues to be the Translation, Localisation QA, and Player Support services for mainly the gaming industry.

Business review

A review of the business and its principal risks and certainties is set out in the strategic report on page 1 of these financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £215,427 (2020 - £1,153,295).

A dividend of £Nil has been paid in the year to PTW International Holdings Limited (2020 - £Nil).

Directors

The directors who served during the year were:

Masaru Harada
Deborah Lynn Kirkham
Teppei Tachibana
Sijo Jose (appointed 28 February 2022)
Andrew Simon Emery (resigned 28 February 2022)
Stephen Moseley (resigned 6 January 2022)

Going concern

The directors have assessed, based on current projections, that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

As detailed in the strategic report, the directors have also completed a thorough assessment of the impact of inflationary pressures, including scenario forecasting and stress testing. The directors have assessed that the funds available and the actions and strategies available to them to mitigate the business threats under stress testing and under other scenarios reviewed, the forecasts demonstrated that the company could operate within its available funding. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Thus, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

PTW International UK Limited

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

Future developments

The company will continue to expand its revenues from the existing customer basis and further expand its customer base in such as in mobile phone games. The company will also seek to expand its services into new technology areas to such as virtual reality and augmented reality gaming. Management will focus on the improvement of margin by seeking efficiencies.

Specific to Translation services, the Company is focusing on bringing in technology to perform Machine Translation and expanding the services by providing support with many more languages.

The Company is also looking to build its own platform, Enterprise Resource Planning (ERP) to support the internal stakeholders in using and simplifying the processes and bring in more efficiency within the organization. This will help the company to cater to and provide better support to its customers

One of the positive impact of the Corona virus has been the exploration of the benefit of working remote. We are harnessing this potential to reduce our facilities cost by vacating rental premises in London from 2023.

As mentioned in the Strategic report, post the Corona virus, PTW is gaining from implementing the concept of Work from Anywhere, which enables us to hire workers from anywhere in the world.

We also did a restructuring exercise in the first quarter of 2022 by trimming our employee strength to make our organization more agile and reduce costs.

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with an acceptable rating are accepted.

Foreign exchange risk

Foreign exchange risk arises when individual company enters into transactions denominated in a currency other than their functional currency. The group's policy is to monitor the company's exposure within the context of the wider group on a regular basis. No hedging products are deemed necessary.

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through discussion in formal and informal meetings, and information cascaded through a range of media including email and notice boards.

Disabled employees

The company 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 promotion of disabled employees to ensure that their career development is not unfairly restricted 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 company is offered where appropriate.

PTW International UK Limited

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

Disclosure of information to auditor

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

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

Post balance sheet events

There are no balance sheet events to disclose.

Auditor

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

This report was approved by the board on 7 March 2023 and signed on its behalf.



Masaru Harada
Director

PTW International UK Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2021

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PTW International UK Limited

Independent Auditor's Report to the Members of PTW International UK Limited

Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of PTW International UK Limited ("the company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

PTW International UK Limited

Independent Auditor's Report to the Members of PTW International UK Limited (continued)

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

PTW International UK Limited

Independent Auditor's Report to the Members of PTW International UK Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatements due to fraud. Areas of identified risk were then tested substantively;
- determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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);
- identifying whether there are instances of potential bias in areas with significant degrees of judgement and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- identifying the fraud risk within each revenue stream, assessing the design and implementation of controls in relation to revenue and where possible testing the operating effectiveness of those controls. Performing detailed substantive testing procedures to verify the completeness, existence and accuracy of revenue recognised within the financial statements and address the fraud risk identified;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2021; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

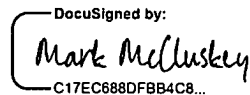
Use of our report

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

PTW International UK Limited

Independent Auditor's Report to the Members of PTW International UK Limited (continued)

those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Mark McCluskey (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom
08 March 2023

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

PTW International UK Limited

Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	19,616,048	20,124,238
Cost of sales		(15,807,628)	(15,388,498)
Gross profit		3,808,420	4,735,740
Administrative expenses		(3,528,855)	(3,329,492)
Operating profit	5	279,565	1,406,248
Interest receivable and similar charges	8	5	2,165
Other finance income		23,455	-
Profit before tax		303,025	1,408,413
Tax on profit	9	(87,598)	(255,118)
Profit for the financial year		215,427	1,153,295

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 28 form part of these financial statements.

PTW International UK Limited

Registered number: 08337264

Balance Sheet As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	10		716,120		537,287
Investments	11		36,275		-
			<u>752,395</u>		<u>537,287</u>
Current assets					
Debtors	12	6,176,243		5,428,107	
Cash at bank and in hand		1,890,940		2,144,219	
		<u>8,067,183</u>		<u>7,572,326</u>	
Creditors: amounts falling due within one year	13	(3,628,185)		(3,066,914)	
Net current assets		<u>4,438,998</u>		<u>4,505,412</u>	
Total assets less current liabilities			5,191,393		5,042,699
Creditors: amounts falling due after more than one year	14		(62,164)		(196,110)
Provisions for liabilities					
Deferred tax	16		(67,213)		-
Other provisions			(108,517)		(108,517)
			<u>(175,730)</u>		<u>(108,517)</u>
Net assets			<u>4,953,499</u>		<u>4,738,072</u>
Capital and reserves					
Called up share capital	18		2,122,046		2,122,046
Profit and loss account	19		2,831,453		2,616,026
			<u>4,953,499</u>		<u>4,738,072</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 March 2023.


Masaru Harada
Director

The notes on pages 14 to 28 form part of these financial statements.

PTW International UK Limited

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	2,122,046	2,616,026	4,738,072
Comprehensive income for the year			
Profit for the year	-	215,427	215,427
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	215,427	215,427
Total transactions with owners	-	-	-
At 31 December 2021	2,122,046	2,831,453	4,953,499

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2020	2,122,046	1,462,731	3,584,777
Comprehensive income for the year			
Profit for the year	-	1,153,295	1,153,295
Total comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,153,295	1,153,295
Total transactions with owners	-	-	-
At 31 December 2020	2,122,046	2,616,026	4,738,072

The notes on pages 14 to 28 form part of these financial statements.

PTW International UK Limited

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

1. General information

PTW International UK Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have assessed, based on current projections, that the company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

As detailed in the strategic report, the directors have also completed a thorough assessment of the impact of inflationary pressures, including scenario forecasting and stress testing. The directors have assessed that the funds available and the actions and strategies available to them to mitigate the business threats under stress testing and under other scenarios reviewed, the forecasts demonstrated that the company could operate within its available funding. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Thus, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

2.3 Preparation of consolidated financial statements

The financial statements contain information about PTW International UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Poletowin Pitcrew Holdings Inc.

PTW International UK Limited

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

2. Accounting policies (continued)

2.4 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Poletowin Pitcrew Holdings, Inc. as at 31 January 2022 and these financial statements may be obtained from the company's website.

2.5 Revenue

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

PTW International UK Limited

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

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

The estimated useful lives range as follows:

Leasehold improvements	- Over lease term
Fixtures and fittings	- 3 years straight line
Office equipment	- 2 - 3 years straight line
Computer equipment	- 3 years straight line

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 in the statement of comprehensive income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

PTW International UK Limited

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

2. Accounting policies (continued)

2.10 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PTW International UK Limited

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

2. Accounting policies (continued)

2.14 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.15 Operating and finance leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the statement of comprehensive income over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

2.16 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

PTW International UK Limited

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

2. Accounting policies (continued)

2.18 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 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.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

PTW International UK Limited

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

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

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements the directors have made the following judgements:

The useful economic life of the fixed assets and the depreciation rates applied.

Whether any bad debt provision is required, with debts provided for on a specific basis. Factors considered include customer payment history and agreed payment terms.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Turnover for principal activity	<u>19,616,048</u>	<u>20,124,238</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,943,258	4,741,849
Rest of Europe	8,060,824	4,341,184
Rest of the World	6,611,966	11,041,205
	<u>19,616,048</u>	<u>20,124,238</u>

PTW International UK Limited

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

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	470,062	249,412
Exchange differences	88,140	190,089
Other operating lease rentals	407,736	448,258
Defined contribution pension cost	192,592	175,178
Fees payable to the company's auditor for the audit of the company's annual financial statements	18,500	16,500
Fees payable to the company's auditor for non-audit fees	3,950	2,950
	<u>1,181,980</u>	<u>1,182,497</u>

6. Employees

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

	2021 £	2020 £
Wages and salaries	11,965,800	11,017,213
Social security costs	1,056,239	898,474
Cost of defined contribution scheme	192,592	175,178
	<u>13,214,631</u>	<u>12,090,865</u>

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

	2021 No.	2020 No.
Expatriate	2	2
Operation management	3	4
Operation employees	911	575
Administration	41	31
	<u>957</u>	<u>612</u>

PTW International UK Limited

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

7. Directors' remuneration

Directors' emoluments	121,201	147,990
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One director is remunerated directly through the company. The remaining directors are remunerated through other group entities. Total directors' salaries paid through the company was £121,201 with £314,029 being recharged to other group companies (includes £51,566 employers NIC). Certain directors are remunerated by other group entities and it is not possible to allocate their salary between entities.

8. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	5	2,165

9. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	242,813
Adjustments in respect of previous periods	(9,427)	(2,372)
Total current tax	(9,427)	240,441
Deferred tax		
Origination and reversal of timing differences	78,308	13,869
Adjustment in respect of prior periods	18,717	808
Total deferred tax	97,025	14,677
Taxation on profit on ordinary activities	87,598	255,118

PTW International UK Limited

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

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £	2020 £
Profit on ordinary activities before tax	303,025	1,408,413
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	57,575	267,598
Effects of:		
Expenses not deductible for tax purposes	1,023	4,528
Fixed asset differences	(16,039)	5,189
Adjustments to tax charge in respect of previous periods	9,291	(1,564)
Adjust closing deferred tax rate	16,131	(5,140)
Group relief	19,795	(15,493)
Other	(178)	-
Total tax charge for the year	87,598	255,118

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly. The value of the deferred tax liability at the balance sheet date has been calculated using the applicable rate when the liability is expected to be realised.

PTW International UK Limited

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

10. Tangible fixed assets

	Long-term leasehold improvements £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2021	284,524	338,495	379,864	1,890,117	2,893,000
Additions	-	-	3,291	473,804	477,095
At 31 December 2021	<u>284,524</u>	<u>338,495</u>	<u>383,155</u>	<u>2,363,921</u>	<u>3,370,095</u>
Depreciation					
At 1 January 2021	152,656	233,513	306,019	1,663,525	2,355,713
Charge for the year	35,500	45,931	17,661	199,170	298,262
At 31 December 2021	<u>188,156</u>	<u>279,444</u>	<u>323,680</u>	<u>1,862,695</u>	<u>2,653,975</u>
Net book value					
At 31 December 2021	<u>96,368</u>	<u>59,051</u>	<u>59,475</u>	<u>501,226</u>	<u>716,120</u>
At 31 December 2020	<u>131,868</u>	<u>104,982</u>	<u>73,845</u>	<u>226,592</u>	<u>537,287</u>

PTW International UK Limited

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

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	-
Additions	36,275
	<hr/>
At 31 December 2021	36,275
Net book value	
At 31 December 2021	36,275
	<hr/> <hr/>
At 31 December 2020	-
	<hr/> <hr/>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding
1518 Studio Rus LLC	ordinary	100%

The principal activity of 1518 Studio Rus LLC was to undertake the activity of its trading parent 1518 another group company. Further to the year end, the company is in the process of being liquidated.

12. Debtors: amounts falling due within one year

	2021 £	2020 £
Deferred tax asset	-	44,490
Trade debtors	1,594,793	1,563,488
Amounts owed by group undertakings	3,708,675	2,984,416
Other debtors	487,854	118,801
Prepayments and accrued income	384,921	731,589
Deferred taxation (note 16)	-	(14,677)
	<hr/>	<hr/>
	6,176,243	5,428,107
	<hr/> <hr/>	<hr/> <hr/>

PTW International UK Limited

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

13. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	284,144	261,374
Amounts owed to group undertakings	511,624	225,306
Corporation tax	140,556	200,007
Other taxation and social security	995,597	810,726
Obligations under finance lease and hire purchase contracts	-	3,469
Other creditors	124,869	35,556
Accruals and deferred income	1,571,395	1,530,476
	<u>3,628,185</u>	<u>3,066,914</u>

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

	2021 £	2020 £
Net obligations under finance leases and hire purchase contracts	-	9,077
Accruals	62,164	187,033
	<u>62,164</u>	<u>196,110</u>

15. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	-	3,469
Later than 1 year and not later than 5 years	-	9,077
	<u>-</u>	<u>12,546</u>

PTW International UK Limited

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

16. Deferred taxation

	2021 £
At beginning of year	29,813
Charged to profit or loss	(97,026)
At end of year	(67,213)

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(81,155)	17,370
Short term timing differences	13,942	12,443
	<u>(67,213)</u>	<u>29,813</u>

17. Provisions

	£
At 1 January 2021	108,517
At 31 December 2021	108,517

Of the brought forward provision, £39,967 relates to a dilapidations provision over the offices that are being rented in Glasgow. The expected payment will take place on the shorter of the lease being terminated or the end of the lease being 19 October 2023.

Of the brought forward provision, £68,550 relates to a dilapidations provision over the offices that are being rented in London. The expected payment will take place on the shorter of the lease being terminated or the end of the lease being 30 April 2028.

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2,122,046 ordinary shares of £1 each	<u>2,122,046</u>	<u>2,122,046</u>

PTW International UK Limited

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

19. Reserves

The company's capital and reserves are as follows:

Called up share capital

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

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £192,592 (2020 - £175,178). Contributions totaling £38,313 (2020 - £32,755) were payable to the fund at the balance sheet date.

21. Commitments under operating leases

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

	2021 £	2020 £
Not later than 1 year	847,589	865,649
Later than 1 year and not later than 5 years	1,372,065	2,219,663
	<u>2,219,654</u>	<u>3,085,312</u>

22. Related party transactions

The company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

23. Controlling party

The directors consider the ultimate controlling party to be Poletowin Pitcrew Holdings Inc., a listed company incorporated in Japan.

The immediate parent company is PTW International Holdings Limited, a company incorporated in England under the Companies Act 2006, limited by shares.