

Company registration number SC222407 (Scotland)

UNBABEL UK SERVICES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

UNBABEL UK SERVICES LTD

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UNBABEL UK SERVICES LTD

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	4		800,952		1,782,262
Tangible assets	5		317,255		9,064
			<u>1,118,207</u>		<u>1,791,326</u>
Current assets					
Debtors	8	4,026,728		3,077,736	
Cash at bank and in hand		2,380,788		1,171,737	
		<u>6,407,516</u>		<u>4,249,473</u>	
Creditors: amounts falling due within one year	9	(10,011,664)		(6,469,190)	
Net current liabilities			<u>(3,604,148)</u>		<u>(2,219,717)</u>
Total assets less current liabilities			<u>(2,485,941)</u>		<u>(428,391)</u>
Creditors: amounts falling due after more than one year	10		-		(34,280)
Net liabilities			<u>(2,485,941)</u>		<u>(462,671)</u>
Capital and reserves					
Called up share capital			99,060		99,060
Other reserves			4,175,492		4,175,492
Profit and loss reserves			(6,760,493)		(4,737,223)
Total equity			<u>(2,485,941)</u>		<u>(462,671)</u>

The directors of the group have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 20 June 2023 and are signed on its behalf by:

Mr J H Palmer
Director

UNBABEL UK SERVICES LTD

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	4	800,952		1,782,262	
Tangible assets	5	77,279		2,182	
Investments	6	26,112		-	
			904,343		1,784,444
Current assets					
Debtors	8	4,101,028		3,257,913	
Cash at bank and in hand		2,119,912		1,029,276	
		6,220,940		4,287,189	
Creditors: amounts falling due within one year	9	(10,139,115)		(6,849,261)	
Net current liabilities			(3,918,175)		(2,562,072)
Total assets less current liabilities			(3,013,832)		(777,628)
Creditors: amounts falling due after more than one year	10		-		(34,280)
Net liabilities			(3,013,832)		(811,908)
Capital and reserves					
Called up share capital		99,060		99,060	
Other reserves		4,175,492		4,175,492	
Profit and loss reserves		(7,288,384)		(5,086,460)	
Total equity			(3,013,832)		(811,908)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £2,201,924 (2021 - £202,210 profit).

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

The financial statements were approved by the board of directors and authorised for issue on 20 June 2023 and are signed on its behalf by:

Mr J H Palmer
Director

Company Registration No. SC222407

UNBABEL UK SERVICES LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	99,060	4,175,492	(5,019,096)	(744,544)
Year ended 31 December 2021:				
Profit for the year	-	-	288,163	288,163
Other comprehensive income:				
Currency translation differences	-	-	(6,290)	(6,290)
Total comprehensive income for the year	-	-	281,873	281,873
Balance at 31 December 2021	99,060	4,175,492	(4,737,223)	(462,671)
Year ended 31 December 2022:				
Loss for the year	-	-	(2,050,715)	(2,050,715)
Other comprehensive income:				
Currency translation differences	-	-	27,445	27,445
Total comprehensive income for the year	-	-	(2,023,270)	(2,023,270)
Balance at 31 December 2022	99,060	4,175,492	(6,760,493)	(2,485,941)

UNBABEL UK SERVICES LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	99,060	4,175,492	(5,288,670)	(1,014,118)
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	202,210	202,210
Balance at 31 December 2021	99,060	4,175,492	(5,086,460)	(811,908)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(2,201,924)	(2,201,924)
Balance at 31 December 2022	99,060	4,175,492	(7,288,384)	(3,013,832)

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Unbabel UK Services Ltd ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 39 George Street, Edinburgh, EH2 2HN.

The group consists of Unbabel UK Services Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Unbabel UK Services Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Unbabel UK Services Ltd is included in the consolidated financial statements of Unbabel Inc. a company incorporated in the United States of America.

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Going concern

The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the directors consider the group's ability to meet its liabilities as they fall due.

Management information tools including budgets and cashflow forecasts are used to monitor and manage current and future liquidity. The current and future financial position of the group, its cash flows and liquidity position have been reviewed by the directors. Management have tested the robustness of the projections by testing the sensitivity of the forecasts by performing scenario analysis around projected revenue levels.

Despite having net liabilities the directors believe the group continues to be in a position to meet its liabilities as they fall due. Working capital of the business is available through the intercompany loans. The directors have obtained assurances that the parent company will continue to provide financial support for at least 12 months from date of approval of the financial statements. Specifically, the directors have received confirmation that there will be no demand for the current loans to be repaid until the group has the funds available to repay these.

Based on the projections and support of its parent company the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Internally generated intangible assets in relation to information systems are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Information systems	20% straight line
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UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	33% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

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

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

If there is a 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 profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Share-based payments

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments. The fair value determined at the grant date is expensed on a straightline basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Judgements and Key Estimates - Intangible assets

Intangible assets comprise the technology platforms and translation software that form the business infrastructure which underlies the group's business model and its ability to generate revenue. The directors review the revenue and cash inflows which these assets generate for indicators of impairment. Profit and loss and cash flow projections are prepared for a period of 12 months from the date of signing the accounts, and the directors are satisfied that these assets will generate cash inflows for the business in the forthcoming year. On this basis, the directors are satisfied that carrying these assets at amortised cost is appropriate.

Judgements and Key Estimates - Deferred tax

The group has a recognised deferred tax asset of £2,044,556 (20 21 - £1,227,295) which has arisen from unutilised tax losses of £11,844,637 (2021 - £6,634,365) and other timing differences. The directors have reviewed the group's profit and loss and cash flow projections for the next 12 months and believe it is appropriate to recognise this asset on the basis it can be offset against expected future profits.

3 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Total	135	122	40	33
	==	==	==	==

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Intangible fixed assets

Group	Other £
Cost	
At 1 January 2022 and 31 December 2022	6,465,652
Amortisation and impairment	
At 1 January 2022	4,683,390
Amortisation charged for the year	981,310
At 31 December 2022	5,664,700
Carrying amount	
At 31 December 2022	800,952
At 31 December 2021	1,782,262
Company	Other £
Cost	
At 1 January 2022 and 31 December 2022	6,465,652
Amortisation and impairment	
At 1 January 2022	4,683,390
Amortisation charged for the year	981,310
At 31 December 2022	5,664,700
Carrying amount	
At 31 December 2022	800,952
At 31 December 2021	1,782,262

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Tangible fixed assets

Group	Plant and machinery etc
	£
Cost	
At 1 January 2022	66,404
Additions	343,839
Disposals	(13,619)
Other changes	2,076
At 31 December 2022	398,700
Depreciation and impairment	
At 1 January 2022	57,340
Depreciation charged in the year	35,445
Eliminated in respect of disposals	(13,163)
Other changes	1,823
At 31 December 2022	81,445
Carrying amount	
At 31 December 2022	317,255
At 31 December 2021	9,064
Company	Plant and machinery etc
	£
Cost	
At 1 January 2022	16,370
Additions	91,574
Disposals	(7,763)
At 31 December 2022	100,181
Depreciation and impairment	
At 1 January 2022	14,188
Depreciation charged in the year	16,214
Eliminated in respect of disposals	(7,500)
At 31 December 2022	22,902
Carrying amount	
At 31 December 2022	77,279
At 31 December 2021	2,182

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Fixed asset investments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Shares in group undertakings and participating interests	-	-	26,122	-
Movements in fixed asset investments				
Company				Shares in subsidiaries £
Cost or valuation				
At 1 January 2022				-
Valuation changes				26,112
At 31 December 2022				26,112
Carrying amount				
At 31 December 2022				26,112
At 31 December 2021				-

7 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Unbabel SRL	Romania	Ordinary	100.00
Unbabel Inc	Philippines	Ordinary	100.00
Lingo24 Pty	Panama	Ordinary	100.00

8 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	1,375,787	1,289,265	1,375,788	1,289,265
Corporation tax recoverable	86,083	86,372	86,208	86,372
Amounts owed by group undertakings	-	-	206,841	292,404
Other debtors	402,894	298,827	280,517	202,686
Prepayments and accrued income	117,408	175,977	107,118	159,891
	1,982,172	1,850,441	2,056,472	2,030,618
Deferred tax asset	2,044,556	1,227,295	2,044,556	1,227,295
	4,026,728	3,077,736	4,101,028	3,257,913

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Debtors (Continued)

The group has a recognised deferred tax asset of £2,044,556 (2021 - £1,227,295) which has arisen from unutilised tax losses of £11,844,637 (2021 - £6,634,365) and other timing differences. These losses will be used against future profits within the group.

9 Creditors: amounts falling due within one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	-	10,000	-	10,000
Trade creditors	698,737	825,774	695,046	808,174
Amounts owed to group undertakings	7,841,841	4,117,425	8,075,645	4,828,266
Corporation tax payable	-	9,698	-	-
Other taxation and social security	191,588	277,627	200,098	194,980
Other creditors	1,279,498	1,228,666	1,168,326	1,007,841
	<u>10,011,664</u>	<u>6,469,190</u>	<u>10,139,115</u>	<u>6,849,261</u>

10 Creditors: amounts falling due after more than one year

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	11	-	34,280	-
	<u>-</u>	<u>34,280</u>	<u>-</u>	<u>34,280</u>

11 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	-	44,280	-	44,280
	<u>-</u>	<u>44,280</u>	<u>-</u>	<u>44,280</u>
Payable within one year	-	10,000	-	10,000
Payable after one year	-	34,280	-	34,280
	<u>-</u>	<u>44,280</u>	<u>-</u>	<u>44,280</u>

Included within other borrowings is a bank loan of £nil (2021: £44,280). The amount due in one year is £nil (2021: £10,000) with the balance of £nil (2021: £34,280) being due after one year. The loan bears a 2.5% rate of interest.

UNBABEL UK SERVICES LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Jennifer Alexander and the auditor was Azets Audit Services

13 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

Group		Company	
2022	2021	2022	2021
£	£	£	£
303,694	394,998	303,694	394,998

14 Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

At the year end, a loan due to Unbabel Inc. amounted to £7,841,841 (2021- £850,000), this loan is interest free and there are no fixed terms for repayment.

15 Controlling party

The ultimate controlling party is Unbabel Inc a company incorporated in the United States of America.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.