

Company Registration No. SC222407 (Scotland)

**LINGO24 LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# LINGO24 LIMITED

## COMPANY INFORMATION

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**Directors** Mr C N Arno  
Mr A A M Campbell

**Secretary** Mr C N Arno

**Company number** SC222407

**Registered office** 21 Young Street  
Edinburgh  
United Kingdom  
EH2 4HU

**Auditor** Azets Audit Services  
Titanium 1  
King's Inch Place  
Renfrew  
Renfrewshire  
United Kingdom  
PA4 8WF

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# LINGO24 LIMITED

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# LINGO24 LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present the strategic report for the year ended 31 December 2020.

#### **Fair review of the business**

Lingo24 has a heritage as a leading Language Service Provider (LSP) with global reach and a trusted brand. The business is one of the few in the Language Service Business, who are successfully evolving as the market evolves and as such are now positioned as a Global Content Service Provider (akin to the Global Content Strategists as categorised by CSA Research when looking at the evolution and optimisation of businesses in the languages market) underpinned by AI based technology. This progression as a business is as a result of its technical excellence in enabling translation at scale, the breadth of its service capability and the strength of its advisory pedigree when it comes to digital content and globalisation.

The impact of Covid-19 on the global economy meant an interruption to the sustained growth and profitability improvements seen in recent years. Lingo24 serves many different industry sectors underpinned by a common theme of the need to successfully take volumes of digital content to new markets. Some sectors were unaffected by Covid-19 with a few where activity increased year-on-year. However those increases were more than counterbalanced by sectors where caution triggered customers to pause initiatives and reduce budgets along with sectors such as the Airline Industry which had to deal with real existential crises.

As anticipated our route to new-named clients in 2020 was hampered by the lack of the type of business focused events where we have successfully presented our proposition to prospective customers. However despite this we were successful in bringing on some exciting new customers and in extending our relationships with established clients.

The Lingo24 business was able to successfully react to the rapidly changing revenue picture in Q2-2020 to ensure that it's operations were able to continue to deliver the same high quality of service whilst ensuring a sustainable outcome in financial performance. This was aided by fantastic teamwork across the whole business and by implementing efficiencies enabled by our AI based platform.

So whilst Lingo24 was not able to avoid the interruption to sustained growth, much was achieved during the year which will put the business in an even stronger position to leverage its competitive position to benefit from the growth in the market and in the recovery in the global economy. These achievement include:

- The winning of a major contract in the second half of the year that will evolve into one of Lingo24's largest customers, proving our ability to compete against even the largest players in the market.
- The proof that our AI enabled platform can deliver real financial benefit and scalability
- Additional use cases established for our leading adaptive neural Machine Translation offering
- Success in preparing to monetise our AI based technology directly
- More and more situations where our trusted advisor position is help deliver business results for customers

A new senior management appointment and role changes for others in the senior team at the end of 2020 are preparing the business for further growth as we leverage our competitive capabilities and take advantage of a digitally fuelled global recovery. We expect to see the impact of this during 2021 and a strong financial performance in Q1-2021 suggest that impact may be coming through even earlier than expected.

The establishment of a new growth profile and revised cost dynamic (as a result of our AI based platform) means that the impact of this growth will generate the financial results during 2021 and 2022 that the Board anticipates will take us successfully into our next investment cycle.

The Board is excited by what the next period will bring for the business.

## **LINGO24 LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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#### **Principal risks and uncertainties**

The key business risks affecting the company are as follows:-

- Turnover growth and customer retention
- Availability of working capital
- Foreign exchange
- Current economic conditions

The directors have in place a risk management system which aims to manage and reduce the above risks to which the company is exposed.

#### **Risks and uncertainties - Global pandemic**

The directors remain confident that the business is in the right shape to weather any residual impact of the covid-19 storm and are now returning (as evidenced in recent quarters) to our longer-term plans for sustainable and profitable growth.

Should the Covid-19 pandemic further impact the businesses of Lingo24's customers in the future, the Board is confident that the positive cash outlook and proven cost management strategies will enable the business to successfully navigate any such challenges and continue on its growth journey.

# LINGO24 LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **Development and performance**

Technology is key to the current and future success of the business. The business is now benefiting from the impact of end to end efficiency that its AI based platform provides. AI allows a number of core, resource heavy, business processes to flow with no hands-on, freeing our team to focus more on the customer and supplier engagements and further cement long term success. The impact of this enabled the business to reduce headcount in 2020. The business had been expecting to use the capacity to support growth in 2020 which was not forthcoming as a result of the pandemic.

The efficiency and speed at which we can turnaround the translation of content is important to our customers too. The streamlining of our interactions with our customers, through our portal and through technical integrations delivers part of the solution here. Our investment in our in-house AI-driven adaptive neural machine translation (MT) capability is also key to finding the right solution that meets our customers' business needs for speed. Our MT solutions have been predominantly Neural based for 2 years and we are now looking to push further on the opportunities that this combined with our industry leading File Engineering capability bring when our customers are working at scale with sophisticated content types that need to be appropriately reconstructed and protected.

Our network of thousands of suppliers play a vital role in us successfully delivering for our customers. They have now been working successfully in our platform and engaging with us through our portal for some time. Having this established is a building block towards the higher levels of automation and scalability, identified above. They ensure that as we automate significant parts of our workflow, the depth of relationship with the supplier can be maintained. We thank our suppliers for their ongoing commitment as we migrate to new ways of working.

The progress achieved in 2020 was only possible due to the efforts of our staff, located across the globe, operating as a team 24 hours/day. Our teams in all locations deserve our thanks as they have taken the business forward during the challenges of the Covid-19 pandemic. The importance we attach to motivating and retaining our staff made it particularly hard to say goodbye to colleagues as we followed the on driving the efficiencies mentioned above..

Despite the lower revenues in 2020, the business retained cash independence during the pandemic and ended 2020 with access to considerable cash levels. This was in part due to flexibility shown by tax authorities in a number of jurisdictions but was mainly due to the recovery in business levels during the second half of the year. The business is well and truly in a cash generative phase which contrasts with the losses reported prior to 2019 as we made the investments required to re-shape the business for future success. We are grateful for the commitment shown by our investors to get us to this point and appreciative of the success of the relationship with Lloyds Banking Group in providing working capital secured on our Debtors book.

We have reported progress with initiatives for a number of years and highlighted how those initiatives were improving the future opportunities for the business. We can now see these producing more positive financial results. There is more to run with these initiatives, which expect to more fully leverage ensuring further improvements in financial results in 2021 and 2022.

### **Key performance indicators**

During the year the company's ongoing growth was impacted by COVID-19, this was reflected in the businesses KPIs. Turnover decreased by 27% to £8.0m (2019 - £11.0m), gross profit margin remained steady at 57% (2019 - 58%) and EBITDA decreased to £0.3m from £0.8m in 2019.

On behalf of the board

Mr A A M Campbell

**Director**

31 May 2021

# LINGO24 LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their annual report and financial statements for the year ended 31 December 2020.

#### Principal activities

Lingo24 is a leading Language Service Provider (LSP) with global reach and a trusted brand.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C N Arno

Mr A A M Campbell

#### Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Post reporting date events

Subsequent to the year end the company's trading has been impacted by the COVID-19 pandemic. Disclosure with regard to this can be seen in note 1.2 to the financial statements.

#### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A A M Campbell

**Director**

31 May 2021

## **LINGO24 LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2020***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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;
- 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.



# LINGO24 LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINGO24 LIMITED

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### Opinion

We have audited the financial statements of Lingo24 Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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.

### 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

## **LINGO24 LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF LINGO24 LIMITED**

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##### **Matters on which we are required to report by exception**

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 and the directors' report.

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

- adequate accounting records have not been kept, 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.

##### **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.

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.

## LINGO24 LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF LINGO24 LIMITED

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##### **Extent to which the audit was considered 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

##### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Fraser Campbell (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

11 June 2021

**Chartered Accountants**  
**Statutory Auditor**

Titanium 1  
King's Inch Place  
Renfrew  
Renfrewshire  
United Kingdom  
PA4 8WF

## LINGO24 LIMITED

### PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 31 DECEMBER 2020*

		2020 £	2019 £
<b>Turnover</b>	<b>3</b>	7,966,752	11,081,255
Cost of sales		(3,463,874)	(4,615,231)
<b>Gross profit</b>		4,502,878	6,466,024
Administrative expenses		(5,466,875)	(6,690,043)
Other operating income		170,121	134,788
<b>Operating loss</b>	<b>4</b>	(793,876)	(89,231)
Interest payable and similar expenses	<b>7</b>	(286,570)	(248,195)
<b>Loss before taxation</b>		(1,080,446)	(337,426)
Tax on loss	<b>8</b>	311,920	138,957
<b>Loss for the financial year</b>		(768,526)	(198,469)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## LINGO24 LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

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	2020	2019
	£	£
Loss for the year	(768,526)	(198,469)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(768,526)</u>	<u>(198,469)</u>

# LINGO24 LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	9	1,851,603		2,239,055	
Tangible assets	10	2,269		4,394	
		<u>1,853,872</u>		<u>2,243,449</u>	
<b>Current assets</b>					
Debtors	11	2,221,010		2,922,961	
Investments	12	-		241	
Cash at bank and in hand		330,759		64,738	
		<u>2,551,769</u>		<u>2,987,940</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,209,244)</u>		<u>(2,929,293)</u>	
<b>Net current assets</b>			<u>342,525</u>		<u>58,647</u>
<b>Total assets less current liabilities</b>			<u>2,196,397</u>		<u>2,302,096</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(3,210,515)</u>		<u>(2,547,688)</u>
<b>Net liabilities</b>			<u>(1,014,118)</u>		<u>(245,592)</u>
<b>Capital and reserves</b>					
Called up share capital	18	99,060		99,060	
Other reserves		4,175,492		4,175,492	
Profit and loss reserves		<u>(5,288,670)</u>		<u>(4,520,144)</u>	
<b>Total equity</b>			<u>(1,014,118)</u>		<u>(245,592)</u>

The financial statements were approved by the board of directors and authorised for issue on 31 May 2021 and are signed on its behalf by:

Mr A A M Campbell  
Director

Company Registration No. SC222407

## LINGO24 LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2019</b>	99,060	4,175,492	(4,321,675)	(47,123)
<b>Year ended 31 December 2019:</b>				
Loss and total comprehensive income for the year	-	-	(198,469)	(198,469)
<b>Balance at 31 December 2019</b>	99,060	4,175,492	(4,520,144)	(245,592)
<b>Year ended 31 December 2020:</b>				
Loss and total comprehensive income for the year	-	-	(768,526)	(768,526)
<b>Balance at 31 December 2020</b>	99,060	4,175,492	(5,288,670)	(1,014,118)

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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### **1 Accounting policies**

#### **Company information**

Lingo24 Limited is a private company limited by shares incorporated in Scotland. The registered office is 21 Young Street, Edinburgh, United Kingdom, EH2 4HU.

#### **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.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Lingo24 Holdings Limited. These consolidated financial statements are available from its registered office, 21 Young Street, Edinburgh, EH2 4HU.



# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.2 Going concern

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

The company meet its day to day working capital requirements through existing invoice discounting facilities and equity investor loans. Management information tools including budgets and cashflow forecasts are used to monitor and manage current and future liquidity.

The company pays special attention to the COVID-19 pandemic and the associated impact on the business, which is detailed within Risks and Uncertainties within the Strategic Report. The key risk affecting the company as a result of the pandemic is the fall in revenue and impact on cash flow as a result of the general economic downturn throughout the globe.

The current and future financial position of the company, 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 company continues to be in a position to meet its liabilities as they fall due. Working capital of the business is available through the invoice discounting facility and equity investor loans. The directors have obtained assurances that the equity investors 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 and interest to be repaid until the company has the funds available to repay these.

Based on the revised projections, scope to reduce costs further, availability of the invoice discounting facility and support of its equity investor the directors consider it appropriate to prepare the financial statements on a going concern basis.

#### 1.3 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.

#### 1.4 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.

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

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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#### 1.5 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	20% - 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 credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company 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.

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.

#### 1.7 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.

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **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 company 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 company after deducting all of its liabilities.

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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### 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.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

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

### 1.9 Equity instruments

Equity instruments issued by the company 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 company.

### 1.10 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### **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 when the company has 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.

#### **1.11 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.

#### **1.12 Retirement benefits**

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

#### **1.13 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 leases asset are consumed.

#### **1.14 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.

#### **1.15 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.

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

#### *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 company has a recognised deferred tax asset of £567,227 (2018 - £543,642) which has arisen from unutilised tax losses of £5,374,647 (2018 - £5,155,539) and other timing differences. The directors have reviewed the company'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 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Translation revenue	7,392,712	10,420,724
DTP revenue	181,115	207,880
File engineering revenue	145,550	192,954
LocStrat/consulting revenue	65,363	53,572
PM Account revenue	182,012	206,125
	<u>7,966,752</u>	<u>11,081,255</u>
	2020 £	2019 £
<b>Other significant revenue</b>		
Grants received	<u>60,471</u>	<u>13,500</u>

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue (Continued)

	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	1,683,208	2,214,342
Europe	1,472,791	1,681,753
Rest of World	4,810,753	7,185,160
	<u>7,966,752</u>	<u>11,081,255</u>

### 4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	30,555	23,221
Government grants	(60,471)	(13,500)
Fees payable to the company's auditor for the audit of the company's financial statements	13,200	10,950
Depreciation of owned tangible fixed assets	2,330	3,504
Amortisation of intangible assets	1,053,054	889,155
Operating lease charges	45,793	76,508
	<u></u>	<u></u>

### 5 Employees

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

	2020 Number	2019 Number
Direct	2	2
Sales & marketing	12	11
Technology	10	10
Operations and support	9	9
	<u></u>	<u></u>
Total	<u>33</u>	<u>32</u>

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Employees (Continued)

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,728,647	2,159,687
Social security costs	187,838	223,428
Pension costs	74,356	74,474
	<u>1,990,841</u>	<u>2,457,589</u>

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	137,831	231,188
Company pension contributions to defined contribution schemes	18,871	23,433
	<u>156,702</u>	<u>254,621</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	n/a	131,117
Company pension contributions to defined contribution schemes	n/a	12,100
	<u></u>	<u></u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

### 7 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	5,868	30,699
Other interest on financial liabilities	280,702	217,496
	<u>286,570</u>	<u>248,195</u>



# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	(104,073)	(115,372)
Adjustments in respect of prior periods	(36,982)	-
Total current tax	<u>(141,055)</u>	<u>(115,372)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(170,865)</u>	<u>(23,585)</u>
Total tax credit	<u>(311,920)</u>	<u>(138,957)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	<u>(1,080,446)</u>	<u>(337,426)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(205,285)	(64,111)
Tax effect of expenses that are not deductible in determining taxable profit	519	1,294
Effect of change in corporation tax rate	(62,858)	-
Research and development tax credit	(76,703)	(119,589)
Other permanent differences	-	963
Under/(over) provided in prior years	(36,982)	-
Deferred tax adjustments in respect of prior years	37,248	-
Adjustments in deferred tax to average rate	-	2,775
Surrender of tax losses for R&D credit refund	32,141	39,711
Taxation credit for the year	<u>(311,920)</u>	<u>(138,957)</u>

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Intangible fixed assets

	Information systems £
<b>Cost</b>	
At 1 January 2020	5,035,387
Additions - internally developed	665,602
	<hr/>
At 31 December 2020	5,700,989
	<hr/>
<b>Amortisation and impairment</b>	
At 1 January 2020	2,796,332
Amortisation charged for the year	1,053,054
	<hr/>
At 31 December 2020	3,849,386
	<hr/>
<b>Carrying amount</b>	
At 31 December 2020	1,851,603
	<hr/>
At 31 December 2019	2,239,055
	<hr/>

### 10 Tangible fixed assets

	Computer equipment £
<b>Cost</b>	
At 1 January 2020	56,142
Additions	205
Disposals	(41,829)
	<hr/>
At 31 December 2020	14,518
	<hr/>
<b>Depreciation and impairment</b>	
At 1 January 2020	51,748
Depreciation charged in the year	2,330
Eliminated in respect of disposals	(41,829)
	<hr/>
At 31 December 2020	12,249
	<hr/>
<b>Carrying amount</b>	
At 31 December 2020	2,269
	<hr/>
At 31 December 2019	4,394
	<hr/>

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	1,107,884	1,481,442
Corporation tax recoverable	103,565	115,917
Amounts owed by group undertakings	-	547,276
Other debtors	146,075	116,815
Prepayments and accrued income	125,394	94,284
	<u>1,482,918</u>	<u>2,355,734</u>
Deferred tax asset (note 16)	738,092	567,227
	<u>2,221,010</u>	<u>2,922,961</u>

The company has a recognised deferred tax asset of £738,092 (2019 - £567,227 ) which has arisen from unutilised tax losses of £5,527,987 (2019 - £5,374,647) and other timing differences. These losses will be used against future profits within the company.

### 12 Current asset investments

	2020	2019
	£	£
Other investments	-	241
	<u>-</u>	<u>241</u>

### 13 Creditors: amounts falling due within one year

	Notes	2020	2019
		£	£
Bank loans and overdrafts	15	118,594	511,357
Other borrowings	15	18,781	17,650
Trade creditors		822,374	805,313
Amounts owed to group undertakings		12,392	447,933
Taxation and social security		254,026	126,932
Other creditors		12,260	5,878
Accruals and deferred income		970,817	1,014,230
		<u>2,209,244</u>	<u>2,929,293</u>

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

	Notes	2020	2019
		£	£
Bank loans and overdrafts	15	44,167	-
Other borrowings	15	3,166,348	2,547,688
		<u>3,210,515</u>	<u>2,547,688</u>

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 15 Loans and overdrafts

	2020 £	2019 £
Bank loans	50,000	-
Bank overdrafts	112,761	511,357
Other loans	3,185,129	2,565,338
	<u>3,347,890</u>	<u>3,076,695</u>
Payable within one year	137,375	529,007
Payable after one year	<u>3,210,515</u>	<u>2,547,688</u>

Included in bank overdrafts is £112,761 (2019 - £511,357) relating to the invoice discounting facility, secured over the trade debtors held.

Included within other borrowings is a bank loan of £50,000. The amount due in one year is £5,833 (2019 - £nil) with the balance of £44,167 (2019: £nil) being due after one year. The loan bears a 2.5% rate of interest.

Included within other borrowings are shareholders loans of £3,185,129. The amount due within one year is £18,781 with the remaining balance of £3,166,348 due after one year. These loans bear interest of 5% to 6.25% over LIBOR. The loans are not secured.

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2020 £	Assets 2019 £
<b>Balances:</b>		
Accelerated capital allowances	(352,235)	(381,234)
Tax losses	1,050,317	913,690
Short term timing differences	40,010	34,771
	<u>738,092</u>	<u>567,227</u>
<b>Movements in the year:</b>		2020 £
Asset at 1 January 2020		(567,227)
Credit to profit or loss		(170,865)
Asset at 31 December 2020		<u>(738,092)</u>

# LINGO24 LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

### 16 Deferred taxation (Continued)

#### 17 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	74,356	74,474

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 18 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of 1p each	9,906,000	9,906,000	99,060	99,060

The company has one class of ordinary shares which carry no right to fixed income.

#### 19 Operating lease commitments

##### Lessee

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

	2020	2019
	£	£
Within one year	10,420	40,279
Between two and five years	4,433	12,368
	14,853	52,647

#### 20 Events after the reporting date

Disclosure with regards to the impact of the COVID-19 pandemic subsequent to the year end can be seen in note 1.2 to these financial statements.

Subsequent to the year end the company repaid other borrowings of £461,000. A loan of £800,000 was advanced to the company in March 2020.

#### 21 Related party transactions

## LINGO24 LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **21 Related party transactions**

**(Continued)**

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.

During the year loans were received from shareholders of Lingo24 Holdings Limited of £800,000 with repayments being made of £460,910.

At the year end, loans due to shareholders include a loan of £18,781 (2019 - £17,650) due to Jack Waley-Cohen of which £18,781 (2019 - £17,650) is due within one year and £nil (2019 - £nil) is due after one year, and a loan of £3,166,348 (2019 - £2,547,688) due to Paul Gregory of which £3,166,348 (2019 - £2,547,688) is due after one year.

A market rate of interest is applied to the loans.

#### **22 Ultimate controlling party**

The parent company of Lingo24 Limited is Lingo24 Holdings Limited.

The ultimate controlling party is Mr C N Arno by virtue of his majority shareholding in Lingo24 Holdings Limited.

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.