



RWS GROUP

**RWS TRANSLATIONS LIMITED**

Report and Financial Statements

Year ended

31 March 2001



# **RWS TRANSLATIONS LIMITED**

## **Annual report and financial statements for the year ended 31 March 2001**

---

<b>Contents</b>	<b>Page</b>
Report of the directors	1
Report of the independent auditors	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5

---

### **Directors**

A S Brode (Chairman)  
S J Lodge  
E A Lucas  
M A McCarthy  
S Potts

### **Secretary and registered office**

S Potts, 8 Baker Street, London, W1U 3LL.

### **Company number**

1080416

### **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL

## RWS TRANSLATIONS LIMITED

### Report of the directors for the year ended 31 March 2001

---

The directors present their report together with the audited financial statements for the year ended 31 March 2001.

#### Results and dividends

The profit and loss account is set out on page 3 and shows the result for the year. The directors do not recommend the payment of a dividend.

#### Principal activities, trading review and future developments

The Company's principal activity is the translation of technical and legal documents.

The directors consider the result for the year to be satisfactory and anticipate continued growth in turnover and profit in the future.

There have been no events since the balance sheet date that materially affect the position of the Company.

#### Charitable contributions

During the year the Company made charitable donations of £955 (2000 - £1,069).

#### European Monetary Union

The directors are actively involved in assessing the potential impact of European Monetary Union on the Company. The providers of all the Company's main business processing and financial systems have confirmed that their products will be able to process Euro transactions. The directors are confident that the business risk and opportunities that might face the Company are covered by action plans in place. In the opinion of the directors the cost to the business is not significant.

#### Directors

The directors of the Company during the year were:

A S Brode	
T J Jones	(resigned 25 July 2000)
S J Lodge	
E A Lucas	
M A McCarthy	(appointed 2 May 2000)
S Potts	

#### Directors' interests

No director held any interest in the share capital of the Company during the year. A S Brode's interest in the share capital of the parent company is disclosed in the financial statements of that company.

#### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent; and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

#### Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

S Potts

Secretary

12 September 2001

# RWS TRANSLATIONS LIMITED

## Report of the independent auditors

---

### To the shareholders of RWS Translations Limited

We have audited the financial statements of RWS Translations Limited on pages 3 to 10 which have been prepared under the accounting policies set out on page 5.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### *Basis of opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### *Opinion*

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2001, and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**BDO STOY HAYWARD**  
Chartered Accountants  
and Registered Auditors  
London

12 September 2001

# RWS TRANSLATIONS LIMITED

## Profit and loss account for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover	2	13,482,243	13,385,579
Cost of sales		7,959,427	7,666,604
<b>Gross profit</b>		<b>5,522,816</b>	<b>5,718,975</b>
Administrative expenses		4,003,028	3,854,070
<b>Operating profit</b>		<b>1,519,788</b>	<b>1,864,905</b>
Interest receivable		25,521	45,848
<b>Profit on ordinary activities before taxation</b>	4	<b>1,545,309</b>	<b>1,910,753</b>
Taxation	6	592,766	637,889
<b>Profit for the year</b>	14	<b>952,543</b>	<b>1,272,864</b>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 5 to 10 form part of these financial statements

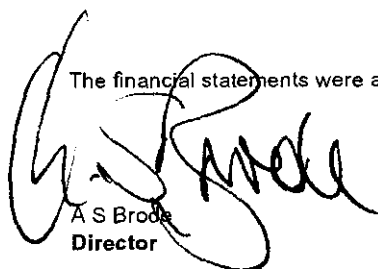
# RWS TRANSLATIONS LIMITED

## Balance sheet at 31 March 2001

	Note	£	2001 £	£	2000 £
<b>Fixed assets</b>					
Intangible assets	7		502,436		530,349
Tangible assets	8		462,830		443,909
Investments	9		250,201		282,307
			<hr/>		<hr/>
			1,215,467		1,256,565
<b>Current assets</b>					
Work in progress		99,269		42,187	
Debtors	10	15,883,733		11,145,030	
Cash at bank and in hand		-		1,051,620	
			<hr/>	<hr/>	
			15,983,002	12,238,837	
<b>Creditors: amounts falling due within one year</b>	11	9,888,949		7,138,425	
			<hr/>	<hr/>	
<b>Net current assets</b>			6,094,053		5,100,412
			<hr/>		<hr/>
			7,309,520		6,356,977
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	13		200		200
Profit and loss account	14		7,309,320		6,356,777
			<hr/>		<hr/>
<b>Shareholders' funds</b>	14		7,309,520		6,356,977
			<hr/>		<hr/>

The notes on pages 5 to 10 form part of these financial statements

The financial statements were approved by the Board on 12 September 2001

  
A S Brooks  
Director

## RWS TRANSLATIONS LIMITED

### Notes to the financial statements for the year ended 31 March 2001

---

#### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

##### *Group financial statements*

Group financial statements have not been prepared as the Company has taken advantage of the exemption conferred by section 228 of the Companies Act 1985. The financial statements of the Company and its subsidiary undertakings are incorporated in the consolidated financial statements of the ultimate parent company, Bybrook Limited.

##### *Turnover*

Turnover represents sales to customers at invoiced amounts less value added tax.

##### *Intangible fixed assets and amortization*

Purchased goodwill on acquisition of a subsidiary is capitalised and amortized through the profit and loss account over the directors' estimate of its useful economic life that does not exceed 20 years.

Other purchased goodwill is capitalised and amortized through the profit and loss account over the directors' estimate of the useful economic life. The economic life for each asset within this category is considered individually.

##### *Tangible fixed assets and depreciation*

All tangible fixed assets are stated at cost less depreciation and any impairment recognised.

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets over their expected useful lives. It is calculated at the following rates on a straight line basis:

Leasehold improvements	-	over the term of the lease
Furniture and equipment	-	3 to 10 years

##### *Fixed asset investments*

Investments held as fixed assets are stated at cost less any provision for impairment in value.

##### *Work in progress*

Work in progress is valued at the lower of cost and net realisable value, except where it is substantially complete, in which case profit is included subject to any provisions for costs to completion.

##### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purpose, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

##### *Foreign currencies*

Foreign currency transactions are translated into sterling at the rates of exchange ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the year end. Any differences are taken to the profit and loss account.

##### *Operating leases*

Annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

# RWS TRANSLATIONS LIMITED

## Notes to the financial statements for the year ended 31 March 2001 (continued)

### 2 Turnover analysed by markets

	2001 £	2000 £
United Kingdom	2,295,038	3,043,709
The Rest of Europe	9,579,793	8,550,117
United States of America	1,256,932	1,742,859
Japan	326,221	28,337
Other	24,259	20,557
	<u>13,482,243</u>	<u>13,385,579</u>

All turnover resulted from continuing activities

### 3 Employees

	2001 £	2000 £
Staff costs consist of:		
Wages and salaries	5,315,483	4,901,313
Social security costs	509,648	505,604
Pension costs	44,418	-
	<u>5,869,549</u>	<u>5,406,917</u>

The average number of employees (including directors) during the year was as follows:

	Number	Number
Production staff	205	194
Administrative staff	18	19
	<u>223</u>	<u>213</u>

### 4 Profit on ordinary activities before taxation

	2001 £	2000 £
This is stated after charging (crediting) the following amounts:		
Auditors' remuneration		
- for audit services	12,750	14,250
- for non-audit services	-	-
Operating lease rentals		
- other assets	416,305	401,379
- plant and machinery	69,000	67,515
Depreciation - owned assets	177,311	174,762
Exchange differences	(33,990)	65,680
Amortization of goodwill	27,913	27,913
Provision for amounts owed by Group undertakings	394,000	-
Impairment of investments	32,106	100,000
	<u></u>	<u></u>

### 5 Directors' emoluments

	2001 £	2000 £
Remuneration for management services	102,329	115,543
Pension contributions	1,179	-
	<u>103,508</u>	<u>115,543</u>



# RWS TRANSLATIONS LIMITED

## Notes to the financial statements for the year ended 31 March 2001 (continued)

<b>6 Taxation</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
UK corporation tax	607,728	637,889
Over-provision in prior year	(14,962)	-
	<u>592,766</u>	<u>637,889</u>

<b>7 Intangible assets</b>	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At beginning and end of year	<u>558,262</u>
<b>Amortization</b>	
At beginning of year	27,913
Provision for the year	27,913
At end of year	<u>55,826</u>
Net book value at beginning of year	<u>530,349</u>
<b>Net book value at end of year</b>	<u>502,436</u>

*True and fair override on divisionalisation of subsidiary undertakings*

As part of a rationalisation of the Group, the trade of Translation and Language Consultants (International) Limited was transferred into the Company at 1 April 1999. This resulted in an apparent overvaluation of investments held in the Company's books, though there was no overall loss to the Group. Schedule 4 to the Companies Act 1985 requires that, where such overvaluation is expected to be permanent, the investment should be written down accordingly. In the opinion of the directors the value of the trade at that date was equal to the carrying value of the investment in the subsidiary undertaking. The directors consider that as the substance of the transaction was merely to reorganise the Group's operation, such a treatment would fail to give a true and fair view and the diminution in value of the investment has instead been reallocated to goodwill.

The effect on the Company's balance sheet of this departure from the requirements of Schedule 4 was to recognise goodwill of £530,349 net of amortization of £27,913.

<b>8 Tangible assets</b>	<b>Leasehold improvements</b>	<b>Furniture and equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At beginning of year	317,215	1,490,584	1,807,799
Additions	24,857	171,375	196,232
At end of year	<u>342,072</u>	<u>1,661,959</u>	<u>2,004,031</u>
<b>Depreciation</b>			
At beginning of year	140,289	1,223,601	1,363,890
Provision for the year	27,544	149,767	177,311
At end of year	<u>167,833</u>	<u>1,373,368</u>	<u>1,541,201</u>
Net book value at beginning of year	<u>176,926</u>	<u>266,983</u>	<u>443,909</u>
<b>Net book value at end of year</b>	<u>174,239</u>	<u>288,591</u>	<u>462,830</u>

# RWS TRANSLATIONS LIMITED

## Notes to the financial statements for the year ended 31 March 2001 (continued)

<b>9 Fixed asset investments</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
<b>Subsidiary undertakings</b>		
<b>Cost</b>		
At beginning of year	382,307	940,569
Reclassification as goodwill (see note 7)	-	(558,262)
At end of year	<u>382,307</u>	<u>382,307</u>
<b>Provision</b>		
At beginning of year	100,000	-
Provision for the year	32,106	100,000
At end of year	<u>132,106</u>	<u>100,000</u>
<b>Net book value at end of year</b>	<u><b>250,201</b></u>	<u><b>282,307</b></u>

The following were subsidiary undertakings at the end of the year:	Proportion of voting rights and ordinary share capital held	Nature of business	Country of incorporation
Askus Translation Services Limited	100%	Translations	Eire
Translation and Language Consultants (International) Limited	100%	Dormant	England
Chemical Translations Limited	100%	Dormant	England
European Law Translations Limited	100%	Dormant	England

The directors are of the opinion that the aggregate value of the shares in and the amounts owing from the subsidiary undertakings is not less than the aggregate of the amounts at which those assets are included in the Company's balance sheet.

<b>10 Debtors</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,573,266	2,009,084
Amounts owed by Group undertakings	13,275,981	9,033,933
Other debtors	1,701	992
Prepayments and accrued income	32,785	101,021
	<u>15,883,733</u>	<u>11,145,030</u>

All amounts shown under debtors fall due for payment within one year.

<b>11 Creditors: amounts falling due within one year</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank overdraft (secured - see note 19)	4,044,638	-
Trade creditors	354,946	335,458
Other creditors	466,940	441,846
Creditors for taxation and social security	151,037	96,792
Corporation tax	607,728	655,699
Amounts owed to Group undertakings	3,984,387	5,217,043
Accruals and deferred income	279,273	391,587
	<u>9,888,949</u>	<u>7,138,425</u>

# RWS TRANSLATIONS LIMITED

## Notes to the financial statements for the year ended 31 March 2001 (continued)

### 12 Deferred taxation

	Unprovided £	2001 Provided in accounts £	Unprovided £	2000 Provided in accounts £
Accelerated capital allowances	-	-	7,889	-

### 13 Share capital

	2001 £	2000 £
<b>Authorised, allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	100	100
100 deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>

Deferred shares have no dividend rights and on winding up rank after the ordinary shareholders. The deferred shares also do not carry any right to vote at general meetings other than one convened for the purpose of considering a resolution directly affecting the rights attached to the deferred shares.

### 14 Reconciliation of shareholders' funds

	Share capital Ordinary shares £	Deferred shares £	Profit and loss account £	Shareholders' funds £
At beginning of year	100	100	6,356,777	6,356,977
Profit for the year			952,543	952,543
At end of year	<u>100</u>	<u>100</u>	<u>7,309,320</u>	<u>7,309,520</u>

### 15 Lease commitments

	Land and buildings £	2001 Other £	Land and buildings £	2000 Other £
At 31 March 2001, the Company is committed to make the following payments in the year to 31 March 2002, under non-cancellable operating leases which expire:				
Within one year	-	-	-	-
In two to five years	-	75,204	-	69,884
After five years	416,305	-	409,000	-
	<u>416,305</u>	<u>75,204</u>	<u>409,000</u>	<u>69,884</u>

### 16 Cash flow statement

The Company has taken advantage of the exemption allowed under Financial Reporting Standard No 1 "Cash flow statements" not to produce a cash flow statement as it is a wholly owned subsidiary of Bybrook Limited. A group cash flow statement is included in the financial statements of Bybrook Limited.

## **RWS TRANSLATIONS LIMITED**

### **Notes to the financial statements for the year ended 31 March 2001 (continued)**

---

#### **17 Related party transactions**

The Company has taken advantage of the exemption not to disclose any transactions or balances with entities which are part of the Group as consolidated financial statements of the ultimate parent company are available.

---

#### **18 Ultimate parent company**

At 31 March 2001 the Company's parent company was RWS Group PLC, a company registered in England. RWS Group PLC is the parent of the smallest group of which the Company is a member.

The ultimate parent company is Bybrook Limited, a company registered in England. Copies of the consolidated financial statements of Bybrook Limited are available from Companies House.

---

#### **19 Contingent liabilities**

The Company, together with certain other group companies, has guaranteed total loans of £2,056,000 (2000 - £4,254,000) from the Group's principal bankers made to group companies. These cross-guarantees are secured by fixed and floating charges over the assets of the Company.

---