RWS TRANSLATIONS LIMITED

Annual report and financial statements

for the year ended

30 September 2020

Company number 1080416

RWS TRANSLATIONS LIMITED

Annual report and financial statements for the year ended 30 September 2020

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Directors

A S Brode (Chairman)
C Evans
E Galland
D K Glass
A Hardy
N T Simpkin
R J Thompson

Secretary and registered office

D K Glass
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Chiltern Park
Chiltern Hill
Chalfont St Peter
Buckinghamshire
SL9 9FG

Company number

1080416

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

RWS TRANSLATIONS LIMITED

Strategic Report for the year ended 30 September 2020

The Directors present their Strategic Report for the year ended 30 September 2020.

The Business
RWS Translations Limited is the world's leading provider of patent translations and filing solutions and is one of Europe's leading players in the provision of intellectual property support and high level technical, medical, legal and financial translation services. Its main business - patent translation - has a blue chip multinational client base spanning Europe, North America and Asia, active in patent filing in the medical, pharmaceutical, chemical, aerospace, defence, automotive and telecoms industries.

RWS Translations Limited's ultimate Parent Company is RWS Holdings plc, a public company whose shares are traded on the London Stock Exchange's Alternative Investment Market.

The Company differentiates itself from the competition through the quality of its translations and the high level of customer service and support it provides.

Strategy and Business Model
RWS Translations' objective is to increase shareholder value by increasing the Company's sales revenue and profit before tax. These are considered the key performance indicators of the Company. Revenue in the year was £97.5 million in the year (2019: £109.7 million) a decrease of 11.1%. Profit before income tax was £22.7 million, (2019: £24.8 million).

We are focused on providing an increasing range of appropriate services to existing and new clients to drive organic growth. This growth is supplemented by selective acquisitions that are complementary to our existing business and either add additional services or increase the Company's geographical coverage to support our customers and enhance shareholder value.

Organic growth is driven by:

* the growing demand for language services driven by globalization and international trade.

* an increase in the worldwide patent filing activities of existing multinational clients

* the development of new drugs by the pharmaceutical industry

* the outsourcing by corporates, clinical research organizations, law firms and attorneys of all or part of their foreign patent translation and filing processes

* the Company's ability to expand in new or existing but growing geographies

* the Company's ability to attract new clients by its leading position and reputation, in an otherwise fragmented sector

Operating Review
The shortfall in revenue and profits compared to 2019 can be attributed to several factors. Firstly, in 2019 the European patent office changed its procedures leading to a one-off surge in European patent work in the prior period. Secondly, the 2020 results were adversely affected by the full year impact of a major client lost in the second half of 2019, and another large client selling a large part of its business in Q1 2020. Finally, the adverse effect of Covid-19 where lockdowns of markets, businesses and many patent offices around the world led to reduced filing activity. The Covid-19 impact was particularly pronounced within the Company's automotive, aerospace and oil and gas customers, which sought to save costs by reducing the number of patents filed or the number of territories in which they protect their intellectual property while certain clients in other industries also looked to reduce their IP spend.

Despite the problems caused by the pandemic, the Company achieved several new client wins, including a large telecoms business based in the Asia Pacific region and the sales team continues to work hard to drive and convert opportunities. However, it is clear that Covid-19 is continuing to have an adverse effect through lengthening sales cycles and in the time taken to onboard new clients.

Section 172 statement
The Board of Directors understands how crucial strong stakeholder engagement is to the sustained long-term success of the Company and ensures that they are a central part of the Board's discussions and decision-making process.

Where relevant this report states where and how we have taken account of our stakeholder views and met the requirements of s172 of the Companies Act. This is referred too most clearly in this strategic report particularly within our risks and uncertainties and on staff initiatives through our share based payment schemes.

Principal Risks and uncertainties
The Company considers a risk management framework as a vital tool to ensure existing and potential risks to the business are identified and mitigating actions are fully considered. The framework covers the extended business, including the Company's supply chain, from key suppliers to end-clients. The following risk categories have been considered.

Operational

- Pandemics and natural disasters - Risks to the Company resulting from specific events such as the Covid-19 pandemic or natural disasters which may impact our operations.

  Staff welfare and well-being are the Company's top priority and our HR teams are in contact with our employees and communicating advice regularly. The Company has followed local Government guidance consistently and systems have been put in place to enable all staff to work from home. All office locations have been assessed and adapted to provide a safe and clean working environment as and when staff are able to return to the offices. The Company's business model utilises freelancers which provides cost scalability in line with changes in demand. The Company is well diversified geographically by markets and clients. The Company performs financial modelling to stress test our financial resources to ensure our continued ability to absorb changes in demand as a result of Covid-19.

- Systems - Systems need to be reviewed continually and, where necessary, updated to manage the increasingly complex business needs of our clients.

  Ongoing reviews of internal systems are undertaken, fully utilising existing internal IT resources and third party experts when necessary. RWS's IP Services division, of which the Company is a major part, is working on an update of existing workflow practices which will enable the group to strengthen and further automate the production environment which will allow for more efficient resource planning investment, streamlining the workflow process.

- Quality - Failings in service provision arising as a result of human error.

  RWS was the first language services provider to adopt ISO certification. The Company also has exhaustive and regularly updated procedures to minimize the risk of error, leading to consistently high levels of accuracy. In addition the Company's ultimate Parent carries substantial professional indemnity insurance for all Group entities.

Financial

- Brexit - The impact of Brexit on the business remains under review.

  The Company is reviewing the macro situation to ensure that the Company follows all relevant UK Government advice. The Company has established good lines of communication with staff to regularly reinforce our support for them and our strong desire to ensure continued employment within the Company for EU Nationals.

- Currency - A significant proportion of the Company's revenues and costs are generated in foreign currencies.

  The Company regularly performs currency analyses on both its revenue and expenses to ensure that adequate transactional hedging measures are in place to minimise financial volatility and to validate the overall currency exposures within the Group.

Technology

- Data security - The risk of system intrusions, service attacks, virus spreading and phishing.

  The Group has in place data and systems recovery procedures, security measures and business continuity plans in the event of failure or disruption to Company systems. In addition the Company carries out third party penetration testing, trains staff on data security risks and holds significant cyber crime insurance.

- New technology - The emergence of Neural machine translation (NMT) and other technologies.

  There is continuous review of the technology available and full consideration of the potential implications and benefits to the Company. The quality of NMT will improve over time and, as a major player in language services and language technology, we will continue to differentiate ourselves by focusing on the opportunities this creates.

People

- Reliance on key personnel and retaining quality staff

  RWS has been successful in recruiting high calibre staff to support our growth to date. However we face competition for talented people to work on the periphery of the London conurbation with competition undoubtedly intensifying as evidenced by the exceptionally low unemployment statistics for the area. In order to continue to grow our talent base, we strive to offer stability of employment, competitive salaries and an excellent working environment. In addition, the Group has taken steps to make RWS a better place to work, with the introduction of events such as "well-being" weeks, a green environmental week and establishing a Save as you Earn scheme.

On behalf of the board

D K Glass

Director

25 March 2021

The Directors present their report together with the audited financial statements for the year ended 30 September 2020. The review of the business, operations, principal risks and outlook are dealt with in the Strategic Review on pages 1 and 2.

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

A S Brode	
S Carter	(resigned 3 March 2020)
C Evans	(appointed 28 November 2019)
E Galland	
D K Glass	
A Hardy	(appointed 28 November 2019)
N T Simpkin	
C E Sitch	(resigned 29 May 2020)
R J Thompson	

Directors' indemnities
As permitted in its articles of association the Directors have the benefit of an indemnity which is a third party indemnity provision as defined in section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year, Directors and Officers liability insurance in respect of itself and its Directors.

Future developments
Future developments for the Company are discussed in the strategic report on pages 1 to 2.

Results and dividends
The Statement of Comprehensive Income is set out on page 7 and shows the profit for the year of £19,182,564 (2019: £20,124,639). An interim dividend of £42,113,937 (2019: £8,852,466) was paid during the year. The Directors do not recommend a final dividend (2019: None).

Donations
The Company made charitable donations during the year of £3,291 (2019: £2,206). There were no donations made to any political party registered in the UK (2019: Nil) under the Political Parties, Elections and Referendums Act 2000 by either the Company or its subsidiaries.

Employment of disabled persons
It is Company policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. People with disabilities, depending on their skills and abilities, enjoy the same career prospects as other employees and the same scope for realising potential.

Employee involvement
The Company's policy is to consult and discuss with employees at staff meetings matters likely to affect employee interests. The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability irrespective of sex, race or religion. Group subsidiaries endeavour to provide equal opportunities in recruiting, training, promoting and developing the careers of all employees.

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

Going concern
These financial statements have been prepared on a going concern basis as described in note 2.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

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.

Statement of disclosure of information to Auditors
In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board

D K Glass

Director

25 March 2021

Independent auditors' report to the members of RWS Translations Limited

Report on the audit of the financial statements

Opinion

In our opinion, RWS Translations Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position at 30 September 2020, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year ended 30 September 2020; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 March 2021

Statement of Comprehensive Income for the year ended 30 September 2020

	Note	2020 £	2019 £
Revenue	4	97,519,744	109,736,816
Cost of sales		(62,929,919)	(69,166,244)
Gross profit		34,589,825	40,570,572
Administrative expenses		(11,941,884)	(12,894,961)
Impairment of investments		-	(2,900,000)
Operating profit	5	22,647,941	24,775,611
Income from shares in Group undertakings		65,315	-
Profit before interest and income tax		22,713,256	24,775,611
Finance income	8	10,926	30,979
Finance costs	8	(25,839)	(369)
Profit before income tax		22,698,343	24,806,221
Income tax expense	9	(3,515,779)	(4,681,582)
Profit for the financial year		19,182,564	20,124,639

All amounts relate to continuing activities.

The Company has no other gains or losses other than those included in the Statement of comprehensive income above, and therefore no separate statement of comprehensive income has been presented.

The notes on pages 10 to 21 form part of these financial statements.

RWS TRANSLATIONS LIMITED

Statement of Financial Position at 30 September 2020

Company number: 1080416

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	11	2,892,168	2,892,168
Property, plant and equipment	12	15,536,725	15,446,377
Right-of-use assets	7	909,958	-
Investments in subsidiaries	13	-	-
		19,338,851	18,338,545
Current assets			
Trade and other receivables	14	29,630,948	39,353,775
Cash and cash equivalents		9,936,907	26,813,656
Deferred tax assets	16	-	188,638
		39,567,855	66,356,069
Total assets		58,906,706	84,694,614
Current liabilities			
Creditors: amounts falling due within one year	15	(13,082,735)	(15,701,257)
Lease liabilities	7	(197,696)	-
Income tax payable		(657,650)	(1,932,058)
Net current assets		25,629,774	48,722,754
Total assets less current liabilities		44,968,625	67,061,299
Creditors: amounts falling due after more than one year			
Lease liabilities	7	(724,062)	-
Provisions	18	(579,046)	(416,957)
		(1,303,108)	(416,957)
Net assets		43,665,517	66,644,342
Equity			
Called up share capital	17	100	100
Capital redemption reserve		100	100
Capital contribution reserve		183,856	118,963
Retained earnings		43,481,461	66,525,179
Total shareholders' funds		43,665,517	66,644,342

The notes on pages 10 to 21 form part of these financial statements.

The financial statements on pages 7 to 21 were approved by the Board of Directors and authorised for issue on 25 March 2021 and were *signed on its behalf by:*

D K Glass
Director

RWS TRANSLATIONS LIMITED

Statement of Changes in Equity for the year ended 30 September 2020

	Called up Share Capital £	Capital Redemption Reserve £	Capital Contribution Reserve £	Retained Earnings £	Total Shareholders' Funds £
At 1 October 2018	100	100	83,414	55,142,394	55,226,008
Comprehensive income for the year					
Profit for the financial year	-	-	-	20,124,639	20,124,639
Total comprehensive income for the year	-	-	-	20,124,639	20,124,639
Transactions with owners					
Dividends (note 10)	-	-	-	(8,852,486)	(8,852,486)
Share option charge (note 19)	-	-	69,219	-	69,219
Exercise of share options	-	-	(33,670)	33,670	-
Deferred tax on unexercised share options (note 9)	-	-	-	(53,992)	(53,992)
Income tax on unexercised share options (note 9)	-	-	-	130,954	130,954
Total transactions with owners	-	-	35,549	(8,741,854)	(8,706,305)
Balance at 30 September 2019 and 1 October 2019	100	100	118,963	66,525,179	66,644,342
Comprehensive income for the year					
Profit for the financial year	-	-	-	19,182,564	19,182,564
Total comprehensive income for the year	-	-	-	19,182,564	19,182,564
Transactions with owners					
Dividends (note 10)	-	-	-	(42,113,937)	(42,113,937)
Share option charge (note 19)	-	-	114,637	-	114,637
Exercise of share options	-	-	(49,744)	49,744	-
Deferred tax on unexercised share options (note 9)	-	-	-	(162,089)	(162,089)
Total transactions with owners	-	-	64,893	(42,226,282)	(42,161,389)
Balance at 30 September 2020	100	100	183,856	43,481,461	43,665,517

The nature and purpose of each reserve within equity is as follows:
- Share capital is the nominal value of shares issued.
- Capital redemption reserve is an amount not distributable to shareholders and not transferred to the income statement.
- Capital contribution reserve is the credit arising on the share-based payment charges in relation to the Company's share option schemes.
- Retained earnings are the cumulative net gains and losses from the Statement of Comprehensive Income.

1. General information

RWS Translations Limited ("the Company") is a private limited Company incorporated and domiciled in the UK. It is the world's leading provider of patent translations and one of Europe's leading players in the provision of intellectual property support and high level technical, medical, legal and financial translation services. Its main business - patent translation - has a blue chip multinational client base spanning Europe, North America and Asia, active in patent filing in the medical, pharmaceutical, chemical, aerospace, defence, automotive and telecoms industries.

The Company differentiates itself from the competition through the quality of its translations and the high level of customer service and support it provides.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

Basis of preparation

The financial statements of RWS Translations Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Changes to accounting policies

The following new standards relevant to the Company have been adopted in these financial statements:

IFRS 16 Leases

The Company has adopted IFRS 16 from 1 October 2019 and applied the modified retrospective approach. IFRS 16 provides a single on-balance sheet accounting model for lessees which recognises a right-of-use asset, representing its right to use the underlying asset, and lease liability, representing its obligations to make payments in respect of the use of the underlying asset. The distinction between finance and operating lease is removed. Comparatives for the prior period have not been restated and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 October as follows:

	1 October 2019 £000
Non-current assets	
Right-of-use assets	1,116,440
Total assets	1,116,440
Current liabilities	
Lease liabilities	194,682
Non-Current liabilities	
Lease liabilities	921,758
Total liabilities	1,116,440
Total movement in retained earnings as at 1 October 2019	-

The Company leases a Company car and an office in France both of which were measured under IAS 17 as operating leases. At transition, the Group recognised a lease liability for these leases by measuring the present value of the remaining lease payments, discounted by an incremental borrowing rate. The borrowing rate used at 1 October 2019 was 1.48% for the office in France and 2.66% for the remaining leases.

The Right-of-use asset created as a consequence of the accounting policy change has a carrying value as if IFRS 16 had applied since the lease commitment date, discounted by the relevant incremental borrowing rate as at 1 October 2019.

	£000
Operating lease commitments as disclosed at 30 September 2019	1,089,828
Effect of discounting	(79,217)
Short term leases with less than 12 months to expiry	-
Low value leases	-
Recognition differences relating to lease extension options and lease term assumptions	105,829
Lease liability recognized as at 1 October 2019	1,116,440

Practical expedients applied

On adoption of IFRS 16, the Group has used the following practical expedients permitted by the standard:

- Used a single incremental borrowing rate for similar leases exposed to similar risks
- Excluded initial direct costs for the measurement of right-of-use assets at the date of the initial application
- Excluded long-term leases with less than 12 months remaining until expiry

2 Summary of significant accounting policies (continued)

Accounting policy
The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Company's assessment of whether it will exercise an extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the right-of-use asset.

Payments associated with short term leases or low-value assets are recognized on a straight-line basis as an expense in the income statements. Short term leases are leases with a term of 12 months or less.

There were no other new IFRSs or IFRS IC interpretations that are not yet effective that are expected to have a material impact on the Company.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

* Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a) (iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 'Property, plant and equipment';
  (iii) paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

The following paragraphs of IAS 1, 'Presentation of financial statements':
* 10(d), (statement of cash flows),
* 16 (statement of compliance with all IFRS),
* 38A (requirement for minimum of two primary statements, including cash flow statements),
* 38B-D (additional comparative information)
* 111 (cash flow statement information), and
* 134-136 (capital management disclosures).

* IAS 7, 'Statement of cash flows'

* Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.

* Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

* The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a Group.

New accounting standards, amendments and interpretations
There were no new standards effective during the year that have a material impact to the preparation of these financial statements.

Consolidation
The Company is a wholly owned subsidiary of RWS Group Limited and of its ultimate parent, RWS Holdings plc. It is included in the consolidated financial statements of RWS Holdings plc which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Going concern
As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing these financial statements, a range of factors have been considered. In particular they have considered the potential impact of Covid-19 both internally and within the division in which it operates.

Despite both revenue and profit being below the prior year the Company continues to be profitable with revenue of £97,519,744 and a profit after tax of £19,182,664.

With Cash and cash equivalents of £9,936,907 after paying dividends of £42,113,937 and net assets of £43,665,517 the Directors consider it appropriate to conclude that the Company has adequate resources to continue as a going concern for the foreseeable future and for a period of at least 12 months from the date of authorising these financial statements. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements.

Revenue recognition
Revenue represents the fair value of the consideration expected to be received or receivable for the rendering of services, net of value added tax and other similar sales based taxes.

For contractual arrangements containing one performance obligation, revenue is recognized at a point in time, once the sole performance obligation is satisfied, when the benefits of control of the services performed are delivered to the client, typically when the service is completed to the customer. For contractual arrangements where more than one performance obligation exists, such as a translation and filing deliverable, revenue is allocated to each performance obligation, at a point in time, based on either the contracted stand-alone selling price, if any, or the fair value of that performance obligation.

Where contracts are partially completed, the revenue recognized is based on work performed and delivered to the client. Accrued income represents the full expected receivable value of work performed and delivered to date, less any amounts already invoiced.

Intangible assets
On acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such net assets. Goodwill is tested annually for impairment to test whether the carrying value may not be recoverable.

2 Summary of significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Property, Plant and Equipment
All property, plant and equipment 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:

Freehold land	-	Nil
Freehold buildings	-	2%
Furniture and equipment	-	10% to 33%

Right-of-use assets
All right-of-use assets are stated at cost less amortisation.

Amortisation is provided to write off the cost of all right-of-use assets over their expected useful lives. It is calculated on a straight line basis over the length of the asset.

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

Trade and other receivables
Both trade and other receivables and accrued income amounts due from clients in the normal course of business are initially stated at fair value, less an estimate made for expected credit losses made on a review of outstanding amounts at year end based on historical rates of default. Consideration is also factored in to the appropriateness of using the Company's historical rates of default on receivable balances for the Company's future trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits held at call with banks and highly liquid investments with original maturities of three months or less.

Current and deferred income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case the tax is also recognised in other comprehensive income or directly in shareholders' funds respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income.

The Company accounts for deferred income tax which is deferred or accelerated by reason of timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax liabilities and assets are not discounted.

Trade and other payables
Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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 statement of comprehensive income.

Share based payments
The Company has applied the requirements of IFRS 2 Share-based payment.

The Company provides benefits to certain employees (including certain Executive Directors), in the form of share-based payment transactions whereby employees render services in exchange for rights over shares in RWS Holdings plc in the form of share options. These equity settled share based transactions are measured as the fair value of the share option at the grant date. The fair value excludes the effect of non market based vesting conditions.

The fair value determined at the grant date of the share options is expensed on a straight line basis over the vesting period, based on the Company's estimate of share options that will vest. At each balance sheet date the Company revises its estimate of the number of options expected to vest as a result of the effect on non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the profit and loss account such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

Operating leases
In the prior year pre IFRS 16, Low value rental costs were charged to the profit and loss account on a straight-line basis over the lease term.

Pension costs
Company contributions to the group defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Dividends
Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Provisions for liabilities
A provision is recognised where there is a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation. Provisions are discounted when the time value of money is considered material.

Share Capital
The Company considers its capital to comprise its ordinary share capital, other reserves and accumulated retained earnings. In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions.

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions are reviewed on an ongoing basis. In the future, actual experience may vary materially from management expectation.

Key sources of estimation uncertainty

The following estimates and assumptions are considered to have a risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements.

Share based payments

The Group operates a share based payment scheme. The charge for share based payments is based on the fair value of awards at the date of grant which is partly calculated by use of the Black-Scholes pricing model which requires judgement to be made regarding volatility, dividend yield, risk free rates of return and expected option lives. The inputs used in these pricing models to calculate the fair values are set out in note 19.

Impairment of goodwill

Determining whether goodwill is impaired requires an annual estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and 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 cash-generating unit. More details on the carrying value of goodwill is included in note 11.

Investments

Investments are held at cost and the Directors review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Useful economic lives of tangible assets

The useful economic lives and residual values of assets have been established using historic experience and an assessment of the nature of the assets involved.

Allowance for doubtful debts

Trade and other receivables are initially stated at fair value, less an estimate made for expected credit losses made on a review of outstanding amounts at year-end based on historical rates of default. Consideration is also factored in to the appropriateness of using the Company's historical rates of default on receivable balances for the Company's future trade and other receivables.

4 Revenue

The Company generates all revenue from contracts with its customers for the provision of translation and filing services. Revenue from providing these services during the year is all recognized at a point in time.

Revenue analysis by location of customer	2020 £	2019 £
Europe (excluding UK)	54,396,099	59,152,880
United States of America	23,770,751	28,565,776
United Kingdom	11,879,406	14,063,082
Japan	2,276,391	2,699,490
Rest of the world	5,197,097	5,254,988
	97,519,744	109,736,816

All revenue resulted from continuing activities.

The following table provides information about receivables and deferred income.	2020 £	2019 £
Net trade receivables (note 14)	16,520,630	20,423,637
Accrued income (note 14)	3,421,231	2,999,231
Deferred income (note 15)	(1,936,167)	(1,703,546)

Accrued income relates to the Company's right to consideration for work completed and delivered but not invoiced as at year end and is transferred to trade receivables when an invoice is issued to the client. During the year £2,999,231 of accrued income recognised at the beginning of the year was invoiced.

Deferred income relates to payments received in advance of the completion of work. During the year £1,703,546 of deferred revenue at the beginning of the period has been recognized as revenue for the period ended 30 September 2020.

5 Operating profit

Operating profit is stated after charging/(crediting):

	2020 £	2019 £
Auditors' remuneration - audit fees	42,386	32,711
Reorganisation costs	815,378	-
Operating lease rentals		
- plant and machinery	-	77,700
Depreciation of right-of-use assets (note 7)	206,482	-
Depreciation of tangible fixed assets (note 12)	370,873	384,297
Exchange losses/(gains)	666,402	(233,429)

6 Employees and Directors

	2020 £	2019 £
Wages and salaries	12,743,312	13,447,632
Social security costs	1,250,650	1,453,827
Other pension costs	562,541	408,870
Reorganisation costs	815,378	-
Share-based payment expense (note 19)	114,637	69,219
	15,486,518	15,379,548

Employees

The average monthly number of people (including executive Directors) employed by the Company during the year was:

	2020 Number	2019 Number
Production staff	316	292
Administrative staff	13	14
	329	306

Directors

Directors' emoluments were as follows:

	2020 £	2019 £
Aggregate emoluments	576,258	140,000
Aggregate emoluments receivable under long term incentive schemes	26,244	5,582
	602,502	145,582

There were pension contributions of £86,927 outstanding at the year end (2019: £84,905).

During the year there were 2 Directors whose costs were recharged from the immediate parent Company (2019: 2 were recharged). Three Directors were employed directly and charged to the Company (2019: 1).
The remuneration of all other Directors is borne by other group entities and, in the opinion of the Directors, it is not practicable to apportion their remuneration between qualifying services to the Company and services to the rest of the group.

Highest paid Director

The highest paid Director's emoluments were as follows:

	2020 £	2019 £
Total amount of emoluments	173,425	140,000
Pension contributions	7,205	5,582
	180,630	145,582

In 2019, the Company adopted an annual HMRC approved SAYE scheme of which all Directors of RWS Translations Limited are participants. On 10 May 2019 a new RWS Share Option plan was introduced (see note 19), in which C E Silch, N T Simpkin, A Hardy, C Evans and E Galland were granted options. C E Silch resigned from the Company on 29 May 2020.

7 Leases

As set out in Note 2, the Company has adopted IFRS 16 Leases during the year using the Modified Retrospective approach. This new accounting standard replaces accounting treatment for leases previously depicted in IAS 17. IFRS 16 introduced a single lessee accounting model whereby a lessee is required to recognise a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

Right-of-use assets

	Office equipment	Motor vehicles	Leasehold	Total
Cost	£	£	£	£
At 1 October 2019 and 30 September 2020	1,031,508	8,497	76,435	1,116,440
Accumulated depreciation				
At 1 October 2019	-	-	-	-
Depreciation expense	180,774	3,187	22,521	206,482
At 30 September 2020	180,774	3,187	22,521	206,482
Net book amount				
At 1 October 2019	1,031,508	8,497	76,435	1,116,440
At 30 September 2020	850,734	5,310	53,914	909,958

A summary of the Company's lease liabilities as at 30 September 2020 is presented below:

	2020
	£
At 1 October 2019	1,116,440
Additions	-
Accretion of interest	25,607
Repayments	(220,289)
Currency adjustment	-
At 30 September 2020	921,758
Current	197,696
Non-Current	724,062
Total lease liabilities	921,758

The amounts recognised in the statement of comprehensive income with respect to leases are disclosed in Note 5 and Note 6.

8 Finance income and cost

	2020	2019
	£	£
Finance income		
- Returns on short-term deposits	10,926	30,979
Finance cost		
- Bank interest payable	(232)	(369)
- Lease interest	(25,607)	-
Net finance (expense)/income	(14,913)	30,610

9 Income tax expense

Tax expense included in profit	2020 £	2019 £
Current tax		
UK corporation tax on profits for the year	3,337,263	5,565,054
Adjustment in respect of prior years	(10,122)	(909,611)
Total current tax	3,327,141	4,655,443
Deferred tax		
Origination and reversal of temporary differences	316,395	28,602
Adjustment in respect of prior years	(155,691)	548
Impact of change in tax rate	27,934	(3,011)
Total deferred tax	188,638	26,139
Income tax expense	3,515,779	4,681,582

Taxation reconciliation to UK statutory rate

Tax expense for the year is lower (2019: lower) than the standard rate of corporation tax in the UK for the year ended 30 September 2020 of 19.0% (2019: 19.0%). The differences are explained below.

	2020 £	2019 £
Profit on ordinary activities before taxation	22,698,343	24,806,221
Profit multiplied by the standard rate of tax in the UK of 19.0% (2019: 19.0%)	4,312,685	4,713,182
Effects of:		
Income not subject to tax	(83,317)	-
Tax rate changes	27,934	(3,011)
Adjustment in respect of prior periods	(165,813)	(909,063)
Expenses not deductible for tax purposes	108,566	880,474
Group relief	(684,276)	-
Total tax charge for the year	3,515,779	4,681,582

The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. Following the March 2021 budget the UK Government has increased the rate of Corporation tax to 25% with effect from 1 April 2023.

The aggregate income and deferred tax arising in the reporting period and not recognized in net profit or loss or other comprehensive income but directly (debited) or credited to equity was as follows:

Amounts recognized directly in equity	2020 £	2019 £
Current tax		
Share options	-	130,954
Deferred tax		
Share options	-	(53,992)
Other timing differences	(162,089)	-
Total amount recognized in equity	(162,089)	76,962

10. Dividends

	2020 £	2019 £
Interim dividend paid of £42,113,937 per ordinary share in the year (2019: £8,852,486 per ordinary share)	42,113,937	8,852,486

The Directors do not recommend a final dividend (2019: £Nil).

11 Intangible assets

	Goodwill £
Cost	
At 1 October 2018 and 30 September 2019	3,965,715
	-
At 30 September 2020	3,965,715
Accumulated amortization	
At 1 October 2018 and 30 September 2019	1,073,547
	-
At 30 September 2020	1,073,547
Net book value at 30 September 2019 and 30 September 2020	2,892,168

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 and the investment was reclassified as an intangible asset.

The trade of Japanese Language Services Limited was transferred into the Company at 29 February 2008 and the investment in it was reclassified as an intangible asset.

The trade of Communicare Limited was transferred into the Company at 30 September 2010 and the investment in it has now been reclassified as an intangible asset.

These transactions resulted in an apparent overvaluation of investments held in the Company's books, though there was no overall loss to the Group. The Companies Act 2006 requires that, where such overvaluations are expected to be permanent, the investments should be written down accordingly. In the opinion of the Directors the value of the trades was equal to the carrying value of the investment in each subsidiary undertaking. The Directors consider that the substance of the transactions was merely to reorganise the Group's operation and such treatment would fail to give a true and fair view. Accordingly, the diminution in value of the investments has instead been reallocated to goodwill.

The effect of these transactions means that there is £2,892,168 of goodwill (net of £1,073,547 amortisation) on the Company's balance sheet at 30 September 2020 that would not otherwise have arisen.

The Directors have assessed the carrying value of goodwill by comparing it to its recoverable amount. Recoverable amount has been determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rate and growth rates. All of these assumptions have been reviewed during the year.

Key assumptions for the value in use calculations are as follows:

Discount rate	9%
Long-term growth rate	2%
Average revenue growth rate	2.8%

As part of the value in use calculation, management prepares cash flow forecasts derived from the most recent financial budgets, approved by the Board of Directors for the next 12 months, and extrapolates the cash flows for a period of four years based on an estimated growth rate which is either based on management's best estimate or the expected growth rate of the market in which the CGU operates.

The Company has conducted sensitivity analyses on the value in use/recoverable amount of each of the CGUs. Based on the result of the value in use calculations undertaken, the Directors conclude that the recoverable amount of each CGU exceeds its carrying value.

12 Property, plant and equipment

	Land and Buildings	Furniture, fittings and equipment	Total
Cost	£	£	£
At 1 October 2018	17,032,557	1,052,671	18,085,228
Additions	-	111,427	111,427
At 1 October 2019	17,032,557	1,164,098	18,196,655
Additions	-	461,221	461,221
At 30 September 2020	17,032,557	1,625,319	18,657,876
Accumulated depreciation			
At 1 October 2018	1,625,718	740,263	2,365,981
Charge for the year	229,373	154,924	384,297
At 1 October 2019	1,855,091	895,187	2,750,278
Charge for the year	229,366	141,507	370,873
At 30 September 2020	2,084,457	1,036,694	3,121,151
Net book amount			
At 30 September 2020	14,948,100	588,625	15,536,725
At 30 September 2019	15,177,466	268,911	15,446,377

Included in freehold land and buildings at 30 September 2020 was freehold land of £5,600,000 (2019: £5,600,000).

13 Investments

	2020	2019
Subsidiary undertakings	£	£
Cost and net book value		
Opening	-	2,800,000
Impairment	-	(2,800,000)
At 30 September	-	-

The following were wholly owned subsidiary undertakings at the end of both the current and prior year:

	Registered Address	Country of Incorporation	Nature of business
PharmaQuest Limited	Europa House, Chiltern Park,	UK	Technical and medical translations
Communicare Limited	Chiltern Hill, Chalfont St Peter,	UK	Technical and medical translations
Japanese Language Services Limited	Buckinghamshire SL9 9FG England	UK	Technical and legal translations

14 Trade and other receivables

	2020	2019
	£	£
Trade receivables	16,536,766	20,666,625
Less: allowance for doubtful debts	(16,236)	(242,988)
	16,520,530	20,423,637
Amounts owed by Group undertakings	9,082,093	15,400,794
Other receivables	267	1,576
Prepayments	606,827	528,537
Accrued income	3,421,231	2,999,231
	29,630,948	39,353,775

Trade receivables are non-interest bearing and generally on terms ranging from 30 to 120 days. Due to their short maturities the carrying amount of trade and other receivables approximates to their fair value.

The following table provides information about the exposure to credit risk for trade receivables at 30 September 2020.

	Gross amount	Loss allowance	Net amount
	£	£	£
Not past due	11,013,444	-	11,013,444
Past due 1-30 days	3,393,031	-	3,393,031
Past due 31-60 days	1,787,289	-	1,787,289
Past due 61-90 days	320,830	(10,300)	310,530
Past due > 90 days	22,172	(5,936)	16,236
	16,536,766	(16,236)	16,520,530

The following table provides information about the exposure to credit risk for trade receivables at 30 September 2019.

	Gross amount	Loss allowance	Net amount
	£	£	£
Not past due	13,097,951	-	13,097,951
Past due 1-30 days	4,662,770	-	4,662,770
Past due 31-60 days	1,583,470	-	1,583,470
Past due 61-90 days	463,743	-	463,743
Past due > 90 days	858,691	(242,988)	615,703
	20,666,625	(242,988)	20,423,637

	2020	2019
Movement in allowance for doubtful debts	£	£
At the beginning of the year	242,988	42,062
Utilized	(276,993)	(16,069)
Provided	50,241	216,995
At the end of the year	16,236	242,988

Given the historical default rate of the Company's clients, no further credit risk has been identified with trade receivables, other than those balances for which an allowance has been made.

All amounts shown under debtors are due within one year.
Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Given the historical default rate of the Group undertakings, no credit risk has been identified pertaining to the amounts owed.

15 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	4,659,387	6,931,323
Amounts owed to Group undertakings	2,356,792	3,230,582
Other creditors	86,927	115,453
Taxation and social security	445,024	1,238,555
Accruals	3,599,438	3,475,799
Deferred Income	1,935,167	1,703,545
	13,082,735	15,701,257

Amounts due to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Provisions for liabilities

	Deferred tax £	Total £
At 1 October 2019	416,957	416,957
Charged to Statement of Changes to Equity	162,089	162,089
At 30 September 2020	579,046	579,046

Deferred tax

The deferred tax balances in the statement of financial position are comprised of the following

	2020 £	2019 £
Total deferred tax assets	-	188,638
Total deferred tax liabilities	(579,046)	(416,957)
Net liability	(579,046)	(228,319)

Deferred tax liabilities	Accelerated Capital Allowances £	Total £
At 1 October 2018	393,937	393,937
Charged to the Statement of Comprehensive Income	23,020	23,020
Balance at 30 September 2019	416,957	416,957
Charged to the Statement of Changes in Equity	162,089	162,089
Balance at 30 September 2020	579,046	579,046

Deferred tax assets	Other Temporary differences £	Total £
At 1 October 2018	245,749	245,749
Charged to the Statement of Comprehensive Income	(3,119)	(3,119)
Charged to the Statement of Changes in Equity	(53,992)	(53,992)
Balance at 30 September 2019	188,638	188,638
Charged to the Statement of Comprehensive Income	(188,638)	(188,638)
Balance at 30 September 2020	-	-

17 Called up Share Capital

	2020 £	2019 £
Authorised		
100 (2019:100) ordinary shares of £1 each	100	100
100 (2019:100) deferred shares of £1 each	100	100
	200	200
Allotted, called up and fully paid		
100 (2019:100) ordinary shares of £1 each	100	100

18 Contingent liabilities

The Company, together with certain other Group undertakings, in respect of overdraft facilities, has given to the Group's principal bankers cross-guarantees that are secured by fixed and floating charges over the assets of the Company.

19 Share based payments

The Company recognized a charge of £114,637 (2019:£69,219) relating to share-based payments during the year to 30 September 2020, all of which relate to equity-settled schemes.

Summary of movements in awards

	2013 Share option plan Number	Save as you earn scheme Number	Executive Share option plan Number	Weighted average exercise price
Balance at 1 October 2018	376,740	-	-	1.292
Granted during the year	-	108,330	170,964	5.281
Exercised during the year	(152,635)	-	-	1.292
Lapsed during the year	-	(2,089)	-	4.130
Balance at 30 September 2019	223,105	106,241	170,964	3.507
Exercisable at 30 September 2019	223,105	-	-	1.292
Granted during the year	-	54,686	258,268	6.049
Lapsed during the year	-	(5,745)	(198,401)	6.032
Exercised during the year	(223,105)	-	-	1.292
Balance at 30 September 2020	-	155,182	230,831	5.512
Exercisable at 30 September 2020	-	-	-	-

The weighted average share price at the date of exercise of shares exercised during the year was 589.5 pence per share (2019: 604.0 pence)

The weighted average remaining contractual life of outstanding options at the end of the year was 6.4 years (2019: 4.5 years). The aggregate fair value of options granted in the year was £543,809.

RWS Share option plan 2013

On 2 April 2013 the Company adopted a share option scheme for senior employees. Under the scheme, options to purchase ordinary shares are granted by the Board of Directors, subject to the exercise price of the option being not less than the market value at the grant date. The options vest after a period of three years for the approved scheme and two years for the unapproved scheme, and the vesting schedule is subject to predetermined overall company selection criteria. In the event that the option holder's employment is terminated, the option may not be exercised unless the Board of Directors so permits. The options expire 8 years from the date of grant. These option grants are settled on exercise via the issue of new ordinary shares.

Date of grant	1 October 2019 Number	Granted during the year	Exercised during the year	Lapsed during the year	30 September 2020 Number	Exercise price pence	Exercise period
3 April 2013	223,105	-	(223,105)	-	-	128.2	3 April 2016 to 3 April 2021

Save as you earn (SAYE) scheme

On 19 February 2019, the Company adopted a HMRC approved SAYE scheme ("SAYE scheme") for all UK-based RWS employees. Under the terms of the SAYE scheme, the Board grants options to purchase ordinary shares in the Holding Company to eligible employees who enter into the SAYE scheme for a term of three years. Options are granted up to a 10% discount to the market price of the shares on the day preceding the date of offer and are normally exercisable for a period of six months after completion of the three year term. These option grants are settled on exercise via the issue of new shares.

Date of grant	1 October 2019 Number	Granted during the year	Exercised during the year	Lapsed during the year	30 September 2020 Number	Exercise price pence	Exercise period
1 February 2019	106,241	-	-	(3,484)	102,757	413.0	1 April - 30 Sept 2022
12 February 2020	-	54,686	-	(2,261)	52,425	557.0	1 April - 30 Sept 2023
Total	106,241	54,686	-	(5,745)	155,182		

Executive share option plan (ESOP)

On 13 May 2019 the Company announced a new Share Option Plan for executives and selected senior management. During the year the Board has approved the grant of options over 258,268 ordinary shares at an exercise price of 615 pence (being the closing mid-market price on 21 January 2020).

These options will normally vest on the third anniversary of the grant date subject to the rules of the plan, continued employment and achievement of performance conditions. The performance conditions applicable to the options are based on the Group achieving EPS targets, each option being split into three tranches, each subject to an EPS target for a reporting year, set annually in advance by RWS' Remuneration committee.

Vested options are then subject to a two-year holding period and will be exercisable on the fifth anniversary of the grant date and will lapse on the tenth anniversary of the grant date. All options are subject to defined malus and claw-back provisions.

These option grants are settled on exercise via the issue of new shares.

Date of grant	1 October 2019 Number	Granted during the year	Exercised during the year	Lapsed during the year	30 September 2020 Number	Exercise price pence	Exercise period
10 May 2019	170,964	-	-	(112,312)	58,652	601.0	10 May 22 - 10 May 29
22 January 2020	-	258,268	-	(86,089)	172,179	615.0	22 Jan 23 - 22 Jan 30
Total	170,964	258,268	-	198,401	230,831		

The fair value of the share options granted under the SAYE scheme and the executive share option scheme during the year was estimated, as at the date of grant using the Black-Scholes option pricing model. The following table lists the range of assumptions applied to the options granted during the year.

	SAYE Scheme	ESOP
Weighted average share price at grant (pence)	605	611.2
Weighted average exercise price (pence)	557.0	615.0
Expected life of option (years)	3	5
Volatility (%)	34	38.1
Dividend yield (%)	1.5	1.5
Risk free interest rate (%)	0.48	0.42
Option value (pence)	163.4	176.0

20 Related party transactions

The Company has taken advantage of the exemption allowed under Financial Reporting Standard No 8 "Related Party Transactions" not to disclose any transactions or balances with entities which are part of the RWS Holdings plc Group on the grounds that the Company is a wholly owned group member and the Company is included in consolidated financial statements of the ultimate Parent Company which are available from Companies House.

21 Controlling parties

The immediate parent undertaking is RWS Group Limited. The ultimate parent undertaking is RWS Holdings plc. Copies of RWS Holdings plc consolidated financial statements can be obtained from the Company Secretary at Europa House, Chiltern Park, Chiltern Hill, Chalfont St Peter, Buckinghamshire SL9 9FG.

22 Events after the end of the reporting period

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