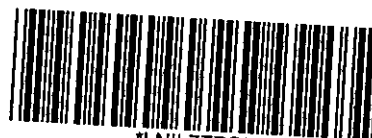


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RHETORICAL SYSTEMS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

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RHETORICAL SYSTEMS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

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RHETORICAL SYSTEMS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS	Peter Hauser Jan Anthierens
SECRETARY	Jan Anthierens
REGISTERED OFFICE	Saltire Court 20 Castle Terrace Edinburgh EH1 2ET
AUDITORS.	BDO Stoy Hayward LLP Connaught House Alexandra Terrace Guildford Surrey GU1 3DA
BANKERS	Bank of Scotland The Mound Edinburgh EH1 1YZ
SOLICITORS .	Shepherd & Wedderburn WS Saltire Court 20 Castle Terrace Edinburgh EH1 2ET
COMPANY NUMBER	SC 205735

RHETORICAL SYSTEMS LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and the audited financial statements for the nine month financial period ended 30 September 2007

1 ACTIVITIES

In October 2005 the parent undertaking decided to terminate the activities of the company and consequently for the company to cease trading. No decision has been made as to the future of the company post cessation of trade.

2 RESULTS, DIVIDENDS AND FUTURE PROSPECTS

The results for the period are disclosed on page 6. No dividend is proposed and the loss for the period of £ 2,102 (2006 loss of £ 46,060) has been transferred to reserves.

3 DIRECTORS

The directors who served during the period were as follows

Peter Hauser
Jan Anthierens

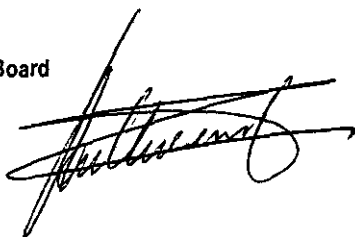
4 AUDITORS

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors of the group on 7 January 2005 and are the current auditors of the Company's ultimate parent Nuance Communications Inc.

By Order of the Board

J Anthierens
Secretary



28 April

2008

RHETORICAL SYSTEMS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period/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, and
- make judgement and estimates that are reasonable and prudent, and
- prepare the final financial statements due to discontinued business operations at the date of the financial statements, and
- state whether applicable accounting standards have been followed

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.

RHETORICAL SYSTEMS LIMITED
INDEPENDENT AUDITOR'S REPORT

To the shareholders of Rhetorical Systems Limited

We have audited the financial statements of Rhetorical Systems Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

RHETORICAL SYSTEMS LIMITED
INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Guildford

Chartered Accountants
and Registered Auditors

30 April 2008

RHETORICAL SYSTEMS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2007

		Year ended 30 9 2007 £ '000	Year ended 30 9.2006 £ '000
	Note		
TURNOVER	3		
Cost of sales			-- --
GROSS PROFIT			
Administrative expenses		2	35
Other operating costs			11
OPERATING LOSS	4	-- -- (2)	-- -- (46)
Interest receivable and similar income			
Exceptional item			
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	(46)
Taxation	5		
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	11	(2) = --	(46) - ==

Turnover and operating loss for the period derive wholly from discontinued operations

There are no other recognised gains or losses in the current and prior periods apart from the losses on ordinary activities after taxation

RHETORICAL SYSTEMS LIMITED

BALANCE SHEET

AT 30 SEPTEMBER 2007

	Note	30 9 2007 £ '000	30.9 2007 £ '000	30 09 2006 £ '000
FIXED ASSETS				
Intangible assets	6			
Tangible assets			-----	-----
CURRENT ASSETS				
Debtors	8	983		983
Cash at bank and in hand		14		17
		-----		-----
		997		1,000
CREDITORS: Amounts falling due within one year	9	7,378		7,379
		-----		-----
NET CURRENT LIABILITIES			(6,381)	(6,379)
			---	---
			(6,381)	(6,379)
			= --	-----
CAPITAL AND RESERVES				
Called up share capital	10		1	1
Share premium account	11		199	199
Profit and loss account	11		(6,581)	(6,579)
			---	---
SHAREHOLDERS' FUNDS	12		(6,381)	(6,379)
			==--	==--

These financial statements were approved by the Directors and authorised for issue on *28 April* 2008



Anthierens Jan
Director

RHETORICAL SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

1 ACCOUNTING POLICIES

a) Accounting Convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

b) Turnover

Turnover derives from the principal activities of the company and is stated net of Value Added Tax

Perpetual software licenses supplied are included in turnover when software has been delivered against a binding obligation on the customer. All associated support revenues are recognised over the contract period

In respect of funded development projects, turnover is recognised over the life of the project. Profit is recognised from the point at which the directors are satisfied as to the overall profitability of the project with reference to the achievement of applicable milestones included within the contract

c) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost over the estimated lives of the assets

The rates of depreciation are as follows

Leasehold Property	10% per annum straight line
Office Equipment	25% per annum straight line
Computer Equipment	33.3% per annum straight line

d) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements

RHETORICAL SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

1 ACCOUNTING POLICIES – Continued

e) Research & Development

Research and development costs are written off in the year in which they are incurred

f) Intangible Assets

Intangible assets are capitalised and amortised in equal instalments over the directors' estimate of their useful economic life

The database licence is amortised over five years

g) Hire Purchase and Finance Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding

Operating lease rentals are charged to income in equal annual amounts over the lease term

h) Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss accounts as they become payable in accordance with the rule of the scheme

i) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

j) Grants

Government grants in respect of revenue expenditure are recognised in the profit and loss account in line with the recognition of the related expenditure

RHETORICAL SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

2 GOING CONCERN

The accounts have been prepared on a going concern basis which assumes that continued financial support will be made available by the parent company, Rhetorical Group plc

At the date of approval of these accounts, the directors of Rhetorical Group plc have confirmed that continued support will be made available

3 TURNOVER

No turnover is generated in the current fiscal year

4 OPERATING LOSS

	Year ended 30 09 07 £ '000	Period ended 30.09 06 £ '000
Operating Loss is stated after charging (crediting)		
Depreciation on owned assets		7
Amortisation of intangible assets		4
Auditors' remuneration		5
Payments under operating leases – rent		
Research and development		
		- - =

5 TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 09 07 £ '000	Period ended 30 09.06 £ '000
Tax Charge	- =	=
Loss on ordinary activities before taxes	(2)	(46)
	= =	= =
Corporate Tax Standard Rate	(1)	(14)
Effects of		
Expenses not deductible for tax purposes		14
Depreciation in excess of capital allowances		
Group relief		
Losses carried forward		
	—	
Current tax charge for the year		

Loss on ordinary activities before taxes

The Company has a deferred tax asset at 30 September 2007 and 30 September 2006 as a consequence of accumulated tax losses. This has not been recognised at the balance sheet dates

RHETORICAL SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

6 INTANGIBLE FIXED ASSETS

	Database Licence £ '000
Cost	
At 1 October 2006	75
	=====
Amortisation	
At 1 October 2006	75
Charge for the period	-- --
At 30 September 2007	75
	=====
Net Book Value	
At 30 September 2007	
At 30 September 2005	=====

7 INVESTMENTS

Rhetorical Systems Limited holds the entire issued share capital of Rhetorical Trustees Limited and Rhetorical Inc. Rhetorical Trustees Limited holds shares in Rhetorical Group plc in trust for the benefit of the employees of Rhetorical Systems Limited. The investment of £1 in Rhetorical Trustees Limited, a company registered in Scotland, is held at no value in the accounts. Rhetorical Inc markets and sells Rhetorical products and services throughout North America. The investment of \$10 in Rhetorical Inc, a company registered in the United States, is held at no value in the accounts.

8 DEBTORS

	30 09 2007 £ '000	30 09 2006 £ '000
Trade debtors		
Sundry debtors		
Amounts due by related parties	981	981
Prepayments and accrued income	2	2
	-- --	-- --
	983	983
	== --	-- --

9 CREDITORS Amounts falling due within one year

	30.09 2007 £ '000	30 09 2006 £ '000
Trade creditors	9	20
Accruals and deferred income	2	12
Other taxes and social security costs		
Amounts due to related parties	7,367	7,347
	-- --	-- --
	7,378	7,379
	-- --	= =

RHETORICAL SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

10 CALLED UP SHARE CAPITAL

	30 09 2007 £ '000	30 09 2006 £ '000
Authorised		
102,000 Ordinary shares of £0.01 each	1	1
	- =	
Allotted called up and fully paid		
102,000 Ordinary shares of £0.01 each	1	1
	- =	=

11 RESERVES

	Share Premium Account £ '000	Profit & Loss Account £ '000	Total £ '000
At 30 September 2005	199	(6,579)	(6,380))
Movement in the period		(2)	(2)
	- -	- -	- -
At 30 September 2006	199	(6,581)	(6,382)
	- ==	- -	- -

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 09 2007 £ '000	30.09 2006 £ '000
Loss for the financial period/year	(2)	(46)
Opening shareholders' funds	(6,379)	(6,333)
	- -	- -
Closing shareholders' funds	(6,381)	(6,379)
	- =	= =

13 RELATED PARTY TRANSACTIONS

In preparing these accounts, the company has taken advantage of exemption contained within Financial Reporting Standard 8 (Related Party Transactions) from the requirement to disclose transactions with other group companies

14 CONTROLLING PARTY

The controlling party is Rhetorical Group plc, which holds 100% of the ordinary shares

15 SUBSEQUENT EVENT

The company employed no more employees and ceased trading as from October 2005. The intention is to formally liquidate both Rhetorical Group Plc and Rhetorical Systems Ltd although no concrete timeframe is foreseen to strike these companies

RHETORICAL SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

16 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Rhetorical Group Plc, a company incorporated in Scotland, United Kingdom

The ultimate parent company undertaking is Nuance Communications, Inc (formerly Scansoft, Inc) a company incorporated in the United States of America

The group accounts of Nuance Communications, Inc can be obtained from Nuance Communications, Inc ,
1 Wayside Road, Burlington, MA 01803 ,USA