

Lionbridge (UK) Limited

**Annual report and financial
statements**

Registered number 1295207

For the year ended 31 December 2014

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Strategic report

Review of the business and future prospects

Turnover for the year was £11,625,000 (2013: £11,931,000). Operating profit improved on the previous period. This was encouraging given current economic and trading conditions which remain challenging for all businesses. With new projects coming on stream in 2015 and the growth potential for our key accounts, the directors remain optimistic about future prospects.

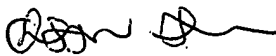
Business performance monitors

Key Performance Indicators (KPI's) are used throughout the business to monitor, control and optimise performance. KPI's include turnover growth, gross profit and operating profit. The company also analyses non-financial information such as customer feedback.

Risks and uncertainties

The company operates in a global market and therefore is exposed to competitive, general commercial and currency fluctuations risks. The company manages such risks by seeking to build long-term relationships with large customer organisations and by staying focused on market conditions.

Approved by the board of directors and signed on its behalf by:



C Voisey
Director

Enterprise Centre
Coventry University Technology Park
Puma Way
Coventry
CV1 2TT

29 September 2015

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of Lionbridge (UK) Limited is the provision of technical writing services.

Financial instruments

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of movements in exchange rates, changes in credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that is described below.

Exchange rate risk

The company's foreign exchange exposure is relatively low as the majority of transactions are undertaken in Sterling. Whilst some customer contracts are denominated in foreign currencies, these have been limited to US dollar and Euro and credit control procedures have been sufficient to limit the foreign exchange risk to an acceptable level. Therefore, the company has not deemed it necessary to use derivative financial instruments.

Credit risk

The company has strict credit vetting procedures for acceptance of new customers and regularly monitors credit worthiness across its customer base to mitigate the risk of trading with businesses unable to meet their liabilities as they fall due.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to mitigate such risk is to closely monitor and manage cash flow to ensure has sufficient resources to meet its liabilities as they fall due.

Interest rate cash flow risk

With interest rates having remained stable for a number of years and no obvious indications that this will change in the short to medium term, the company feels its exposure to material interest rate changes is low.

Dividends

The directors do not propose the payment of a dividend (2013: £Nil).

Directors

The directors who served during the year were as follows:

CJ Wedgwood
R Cowan
C Voisey

Disclosure of information to the auditor

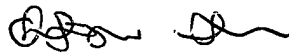
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' Report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

Approved by the board of directors and signed on its behalf by:



C Voisey
Director

Enterprise Centre
Coventry University Technology Park
Puma Way
Coventry
CV1 2TT

29 September 2015

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Lionbridge (UK) Limited

We have audited the financial statements of Lionbridge (UK) Limited for the year ended 31 December 2014 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

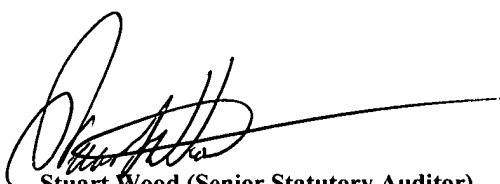
In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Lionbridge (UK) Limited *(continued)*

Matters on which we are required to report by exception

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

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



Stuart Wood (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

29 September 2015

Profit and loss account
for the year ended 31 December 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover	2	11,625	11,931
Cost of sales		(9,075)	(10,064)
		<hr/>	<hr/>
Gross profit		2,550	1,867
Administrative expenses		(2,336)	(1,692)
		<hr/>	<hr/>
Operating profit		214	175
Interest payable	6	(47)	(102)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	167	73
Tax on profit on ordinary activities	7	(29)	(40)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	13	138	33
		<hr/> <hr/>	<hr/> <hr/>

The company had no recognised gains or losses in either the current or preceding year other than the results shown above.

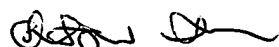
All results relate to continuing operations.

The notes on pages 9 to 15 form part of these financial statements.

Balance sheet
at 31 December 2014

	<i>Note</i>	2014 £000	£000	2013 £000	£000
Fixed assets					
Tangible assets	8		128		133
Current assets					
Debtors	9	7,508		14,069	
Cash at bank and in hand		126		600	
		<u>7,634</u>		<u>14,669</u>	
Creditors: Amounts falling due within one year	11	<u>(5,560)</u>		<u>(12,738)</u>	
Net current assets			<u>2,074</u>		<u>1,931</u>
Net assets			<u>2,202</u>		<u>2,064</u>
Capital and reserves					
Called up share capital	12	1,549		1,549	
Profit and loss account	13	653		515	
Shareholders' funds	14	<u>2,202</u>		<u>2,064</u>	

These financial statements were approved by the board of directors on 29 September 2015 and were signed on its behalf by:



C Voisey
Director

Company number: 1295207

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

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

The company has financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Further information regarding the company's business activities, together with the factors likely to affect its future development, performance and position is set out in the directors' report on page 2.

Turnover

Turnover represents the sales value of work done and is recorded net of value added tax.

Long term contracts

The amount of profit attributable to the stage of completion of long term contracts is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Tangible fixed assets and depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over the expected useful life as follows:

Computer equipment	-	2-5 years
Plant and machinery	-	3-5 years
Fixtures and fittings	-	3-5 years

Research and development

All development expenditure is written off to the profit and loss account in the period in which it is incurred.

Pension costs

The company operates a contributory money purchase personal pension scheme. The assets of the scheme are held separately from those of the company in a separately administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leased assets

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

Related party transactions

As the company is a wholly owned subsidiary of Lionbridge Technologies, Inc., the company has taken advantage of the exemption contained in FRS 8 "Related party disclosures" and has therefore not disclosed transactions or balances with other wholly owned entities which form part of the group. The consolidated financial statements of Lionbridge Technologies, Inc., within which this company is included, can be obtained from the address given in note 17.

Cash flow statement

Under FRS 1 "Cash flow statements", the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

2 Turnover

The analysis of turnover by geographical area is as follows:

	2014 £000	2013 £000
United Kingdom	878	1,424
Africa and Asia	-	162
Rest of Europe	2,612	2,844
United States of America	8,135	7,501
	<u>11,625</u>	<u>11,931</u>

The directors consider that the company operates in one business segment.

3 Notes to the profit and loss account

	2014 £000	2013 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets	126	136
Rentals payable under operating leases:		
Plant and machinery	14	12
Land and buildings	255	253
Net foreign exchange loss/(gain)	59	(8)
<i>Auditor's remuneration</i>		
Audit of these financial statements	25	25
Taxation compliance services	7	7
	<u> </u>	<u> </u>

Notes (continued)

4 Directors' remuneration

	2014 £000	2013 £000
Emoluments for services as directors	202	184
Company contributions to money purchase pension schemes	10	10
	<u>212</u>	<u>194</u>

	Number	
Number of directors to whom benefits are accruing under money purchase pension schemes	2	2

Benefits in kind of £8,000 (2013: £7,000) have been included in the emoluments figure.

Information regarding the highest paid director is as follows:

	2014 £000	2013 £000
Emoluments for services as directors	152	127
Company contributions to money purchase pension schemes	5	5
	<u>157</u>	<u>132</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Management and administration	29	27
Technical and production staff	320	259
	<u>349</u>	<u>286</u>

The aggregate payroll costs of these persons are as follows:

	£000	£000
Wages and salaries	9,648	8,156
Social security costs	967	823
Other pension costs (see note 16)	115	81
	<u>10,730</u>	<u>9,060</u>

Notes (continued)

6 Interest payable

	2014 £000	2013 £000
Group	47	102

7 Tax on profit on ordinary activities

Analysis of charge in year

	2014 £000	£000	2013 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the year	-		-	
Total current tax		-		-
<i>Deferred tax (see note 10)</i>				
Origination/reversal of timing differences	33		20	
Adjustment in respect of tax rate changes	-		23	
Adjustment in respect of prior periods	(4)		(3)	
		29		40
Tax on profit on ordinary activities		29		40

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	167	73
Current tax at 21.49% (2013: 23.25%)	36	17
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	5
Capital allowances for year (in excess)/ less than of depreciation	(8)	(7)
Utilisation of tax losses	(32)	(22)
Decrease/(increase) in other timing differences	4	7
Total current tax charge (see above)		-

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

8 Tangible assets

	Computer equipment £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
At beginning of year	728	29	65	822
Additions	96	-	27	123
Disposals	(16)	-	(17)	(33)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	808	29	75	912
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	630	14	45	689
Charge for the year	114	6	6	126
Disposals	(15)	-	(16)	(31)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	729	20	35	784
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2014	79	9	40	128
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	98	15	20	133
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	2014 £000	2013 £000
Trade debtors	455	830
Amounts recoverable on contracts	565	659
Amounts owed by group undertakings	6,144	12,284
Other debtors	128	51
Deferred tax asset (see note 10)	103	132
Prepayments and accrued income	113	113
	<hr/>	<hr/>
	7,508	14,069
	<hr/>	<hr/>

10 Deferred taxation

	Deferred tax asset £000
At beginning of year	132
Charge to the profit and loss account	(29)
	<hr/>
At end of year	103
	<hr/>

Notes (continued)

10 Deferred taxation (continued)

The elements of deferred taxation are set out below:

	2014 £000	2013 £000
Difference between accumulated depreciation and capital allowances	14	22
Other timing differences	26	21
Trading losses carried forward	63	89
	<hr/>	<hr/>
Deferred tax asset (see note 9)	103	132
	<hr/>	<hr/>

11 Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Payments received on account	229	420
Trade creditors	286	280
Amounts owed to group undertakings	4,472	11,493
Taxation and social security	290	278
Accruals and deferred income	283	267
	<hr/>	<hr/>
	5,560	12,738
	<hr/>	<hr/>
Taxation and social security comprises:		
Social security and payroll taxes	290	278
	<hr/>	<hr/>

12 Share capital

	2014 £000	2013 £000
<i>Allotted, issued and fully paid:</i>		
1,549,049 ordinary shares of £1 each	1,549	1,549
	<hr/>	<hr/>

13 Profit and loss account

	£000
At beginning of year	515
Profit for the financial year	138
	<hr/>
At end of year	653
	<hr/>

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Profit for the financial year being the net addition to shareholders' funds	138	33
Shareholders' funds at beginning of the year	2,064	2,031
	<hr/>	<hr/>
Shareholders' funds at end of the year	2,202	2,064
	<hr/>	<hr/>

15 Annual commitments under operating leases

The company had annual commitments under non cancellable operating leases as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating leases which expire:				
Within one year	14	83	2	4
Within two to five years	66	47	7	5
Greater than 5 years	183	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	263	130	9	9
	<hr/>	<hr/>	<hr/>	<hr/>

16 Pensions

The company operates a contributory money purchase personal pension scheme, contributions made by the company to this scheme are charged against the profit and loss account as they accrue. The amount outstanding at the year end was £23,963 (2013: £14,695).

17 Ultimate holding company and parent companies

The company is a wholly owned subsidiary undertaking of Technical Publications Management Services Limited, a company incorporated in Great Britain.

The company's ultimate UK holding company is Lionbridge Investments (UK) Limited, a company incorporated in Great Britain.

The ultimate holding company and ultimate controlling party is Lionbridge Technologies, Inc., a company incorporated in the USA. Copies of the consolidated financial statements of Lionbridge Technologies, Inc, which include the results of the company, are available from:

1050 Winter Street
Suite 2300
Waltham, MA 02451
USA