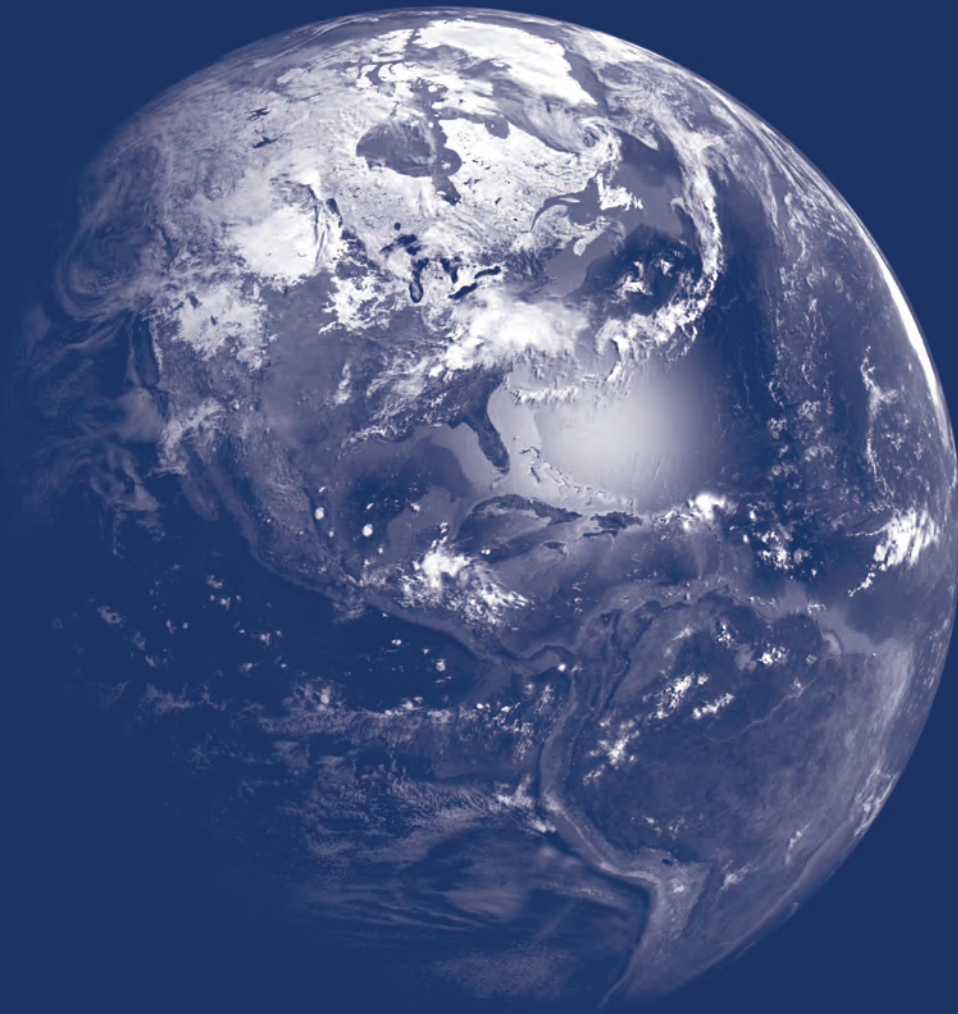




RWS GROUP



New horizons

RWS Holdings plc 2015 Annual Report



RWS GROUP

New horizons

RWS Holdings plc 2015 Annual Report

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Chairman's Statement

I am pleased to report a further year of progress for RWS despite a far from robust global economic backdrop and continued volatility in currency markets. For the twelfth consecutive year since listing on AIM in November 2003, we have delivered growth in sales, underlying profits and dividends, testimony to the strength of our market position in patent translations and intellectual property services. During the year, we have also continued to invest in those resources which can deliver future expansion.

Results and Financial Review

The Group has achieved further significant progress in underlying operational performance, reflecting continued growth in the core patent translations business, together with growth in PatBase, inovia, China, Japan and Germany.

Group sales advanced organically by 2% to £95.2 million (2014: £93.6 million). In constant currency terms, sales were up by 5%. Adjusted operating profit before amortization of intangibles and share option costs was up 4% to £22.9 million (2014: £22.0 million).

Adjusted profit before tax, amortization of intangibles and share option costs increased by 3% to £22.7 million (2014: £22.1 million). This produced a 1.3% increase in adjusted earnings per share to 8.1p (2014: 8.0p – restated following the 5:1 share split in February 2015).

Reported profit before tax was £20.7 million (2014: £19.6 million), a rise of 6%, reflecting higher amortisation charges which were more than offset by lower share based payment costs. The basic earnings per share were 7.3p (2014: 7.2p), a rise of 1.4%. The effective tax rate was 24.8% (2014: 22.6%).

At 30 September 2015, shareholders' funds had reached £85.7 million (2014: £78.4 million), of which net cash represented £30.6 million (2014: £22.5 million). The positive movement in net cash is despite significant outlays in respect of corporation tax of £5.1 million and the final dividend for 2014 and the interim dividend for 2015 which totalled £9.8 million.

Currency Effects and Hedging

Reported revenues were adversely affected by £2.9 million of exchange rate movements, resulting from the strong performance of sterling. The average rate used for conversion of Euro revenues was 74.0p to the € versus 81.5p in 2014. For the US dollar, the average rate was 1.54 dollars to the £ versus 1.66 dollars in 2014.

RWS's normal policy is to hedge its net trading exposure to the Euro, and since the inovia acquisition, to the US\$. Looking forward, RWS has hedged its estimated Euro exposure from 1 October 2015 to 31 December 2015 at an average rate of 1 Euro = 80.3p and from 1 January 2016 to 31 March 2016 at a rate of 1 Euro = 72.0p. The post balance sheet acquisition of CTi involved a combination of US\$ debt and Group cash. The Group's US\$ revenues are now naturally hedged by the interest payment on the US\$ debt.

Share Split

Further to consultations with the Group's brokers in late 2014, the Directors decided that an enlarged number of ordinary shares with a lower price per share would improve the marketability and liquidity of RWS' shares. A 5 for 1 share split, therefore, took effect from 11 February 2015 following shareholders' approval at the Group's AGM. All comparative per share calculations in respect of 2014 have been adjusted to reflect the split.

Dividend

I am pleased to announce that the Board has recommended a final dividend of 3.85p per share. The interim dividend, paid in July, was 1.03p per share, so that the total payout in respect of the year will amount to 4.88p per share, an increase of 6.6% over 2014, reflecting the Group's earnings growth during 2015 and the Board's confidence in the Group's continued progress. This proposed payout marks a twelve year unbroken record of increases in the dividend since flotation in November 2003.

The proposed total dividend is 1.5 times covered by basic earnings per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 26 February 2016 to all shareholders on the register at 29 January 2016.

Share Option Plan

RWS announced on 4 April 2013 that the Board had approved a new share option plan for executive directors and senior managers, under which options would be granted over ordinary shares representing up to a maximum of 4% of the Group's share capital. The plan is designed to further align the interests of senior employees and shareholders and to promote the retention of the Group's senior executives.

Chairman's Statement (continued)

Options over 4% of the Group's share capital have been issued to ten participants, with a subscription price of 129.2p per share. The earliest vesting date is 3 April 2015 and the latest exercise date is 3 April 2021. No options were exercised during the year

Post Year End Acquisition

The Group announced on 2 November 2015 that it had acquired the entire issued share capital of Corporate Translations Inc ("CTi") for a cash consideration of US\$70 million. This acquisition is in line with our stated strategy of complementing organic growth with selective acquisitions which have growth prospects in attractive sectors and/or geographies, offer excellent margins and enhance shareholder value.

The acquisition of CTi establishes a significant Group presence in the USA which the Board believes is the largest growth opportunity for RWS. CTi is the world's leading life sciences translation and linguistic validation provider. It enjoys a preferred supplier relationship with many of its key clients, with extraordinary penetration of the blue chip life science community. CTi's greater scale, combined with the existing RWS specialist divisions, will immediately further enhance the Group's competitive standing amongst the largest specialist translation companies in the world, whilst RWS' strong foothold in Europe will support CTi's expansion into the European life science sector.

The acquisition of CTi is expected to be immediately and significantly earnings enhancing, with the US\$70 million consideration based upon CTi reporting not less than US\$7 million EBITDA for the year ended 31 December 2015. In the previous year, adjusted EBITDA was US\$4.8 million.

Funding for the acquisition was via a combination of a US\$45 million five year bank loan and the Group's internal cash resources.

People

The very nature of the Group's activities dictate that it will always be dependent upon the quality and dedication of its entire staff to meet the demands for high quality and timely delivery required by its worldwide clients. Group headcount reached 621 full time equivalents at the year end (2014: 605) and will be significantly enlarged with the addition of 140 new colleagues following the acquisition of CTi. I wish to place on record my thanks to all of them for their contribution.

I am also pleased to announce that Richard Thompson, the Group's Chief Financial Officer, has additionally been appointed as Deputy Chief Executive Officer, and will assume direct responsibility for the integration of CTi into the Group.

Queen's Award

On 1 July 2015, RWS was honoured to receive a visit from HRH the Duke of Gloucester to present to us the Queen's Award for Enterprise in International Trade 2015 – the fifth occasion upon which we have received such recognition, and further testimony to the commitment of our people.

Corporate Social Responsibility

RWS seeks to be a socially responsible Group which has a positive impact on the communities it operates in. We look to employ colleagues who reflect the diversity of the Group's communities. No discrimination is tolerated, and we endeavour to give all employees the opportunity to develop their capabilities. We provide an excellent working environment, the latest technology and appropriate training.

RWS's staff contribute generously on a monthly basis to a wide selection of local and national charities chosen by the staff, and their contributions are matched by the Group.

Current Trading and Outlook

The Group has made a solid start to the new financial year, in line with its expectations and we expect the current financial year to benefit from increasing sales from recent client wins, a healthy pipeline of new client opportunities and from the full integration of inovia in addition to CTi's contribution.

The Board is, therefore, confident in the Group's prospects and expects to report further progress as it continues to consolidate its market leading position in the steadily growing intellectual property support services space and the life sciences sector.

Andrew Brode

7 December 2015

Business Model

RWS is the world's largest provider of patent translations and one of the leading players in the provision of intellectual property support services and high level technical and commercial translation services. It has a blue chip multinational client base spanning Europe, North America and Asia, particularly active in patent filing in the medical, pharmaceutical, chemical, aerospace, defence, automotive and telecoms industries. The Group's principal business activities are:

- Patent translations, which currently accounts for over 55% of Group revenue. RWS differentiates itself from the competition through the quality of its translations and the high level of customer service and support it provides. Uniquely, it employs over 100 full time highly qualified translators.
- Information, which includes a comprehensive range of patent search, retrieval and monitoring services as well as PatBase, one of the world's largest searchable commercial patent databases, access to which is sold exclusively as an annual subscription service.
- International web based patent filing solutions via the inovia platform. This activity is expected to grow and continue to be a significant source of patent translation revenues for the RWS Group.
- Commercial translations, with a particular emphasis on technical translations.

Following the acquisition of CTi, the Group has become the world's leading provider of translation and linguistic validation services to the Life Sciences sector.

With effect from 1 October 2015, the Group completed the integration of the inovia patent filing business into its patent translation business. This integration both reflects customer feedback and was a logical step in order to simplify the Group's sales and product offering, such that all sales team members now sell the full portfolio of the Group's products and services. As a result, the patent translation and inovia filing activities will be managed as a single entity and we will be reporting their financial results under one new segment, 'Patent translations and filing'.

Our Strategy

RWS' objective is to increase shareholder value by growing the Group's revenue and profit before tax.

Our strategy to achieve this is focused upon organic growth complemented by selective acquisitions, providing these can be demonstrated to enhance shareholder value.

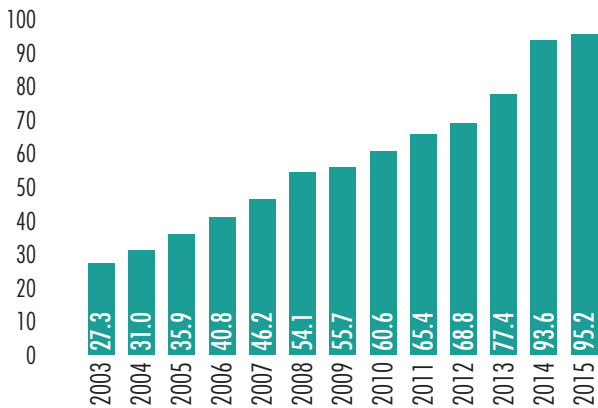
Organic growth is driven by:

- increases in the worldwide patent filing activities of existing and potential multinational clients
- the development of new drugs by the pharmaceutical industry
- corporates, law firms and attorneys outsourcing all or part of the foreign patent search, filing and translation process
- the growing demand for language services and the Group's ability to increase its market share by winning new clients attracted by its leading position and reputation, in an otherwise fragmented sector and in new and/or growing geographies
- increasing market share in particular for patent translation and filing solutions worldwide
- the retention of our client base, which includes the majority of the top 20 patent filers both in Europe and globally, many of which will use the Group for substantially all of their patent translation requirements, and
- the addition of new clients each year with whom activity levels build up over time.

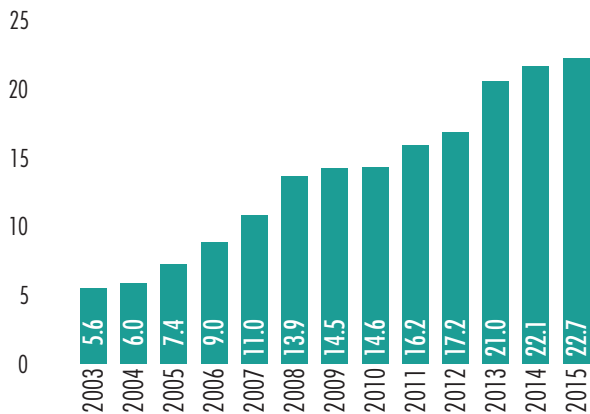
In terms of acquisitive growth, we continue to search for suitable potential acquisitions in the intellectual property support services and specialist commercial translation spaces, with our primary focus currently on the USA. We seek niche businesses capable of delivering well above industry average levels of profitability or highly complementary businesses capable of reinforcing the Group's dominant position in intellectual property support and translation services.

We are particularly pleased to be able to show our progress against these stated objectives with 12 straight years of sales and profit growth.

Annual Revenue £m



Annual Adjusted PBT £m



Operating Review

Patent Translations

The Group's core patent translations business represents approximately 55% of Group sales and grew underlying revenues by 2% to £52.9 million, or 7% in constant currency terms (2014: £52.0 million). This performance reflects earlier client wins, organic growth from the established client base, an increase in patent applications following the 2011 American Invents Act and further strong growth in China and Japan. The macroeconomic background delivered further grounds for confidence with record numbers of new patent applications in 2014.

The Group has enhanced its market leadership within its chosen niche of servicing a worldwide blue-chip client base, embracing many of the world's leading patent filers. As evidence of this leading role, the Group serviced 10 of the top 15 applicants at the World Intellectual Property Office and 11 of the top 15 applicants at the European Patent Office in 2014. Following the acquisition

of inovia in September 2013, we have been able to combine the direct sales efforts of RWS and inovia in the US (the largest market for intellectual property support services) and Europe and are increasing our combined sales activities in Asia. China continues to attract North American and European patent filers seeking patent protection there, as a result of which our headcount in China has grown to 63 employees. We have continued to develop the production and training centres with three Chinese universities. These centres enable the Group to expand its Chinese offering but at a lower cost than in Beijing. Our long term relationship with international patent bodies seeking to enlarge their collections of translated Chinese patent prosecution documents has also prospered.

inovia

inovia was acquired in September 2013. It is the largest non law firm processor of international patent applications in the world. The strategic importance of inovia to the Group lies in its ability to generate incremental patent translation revenues from its internet based patent filings. In 2015 inovia achieved sales of £20.4 million (2014: £19.4 million) a rise of 5%, and generated patent translation transfer revenues of £4.6 million (2014: £4.3 million).

We have now completed the integration initiatives we outlined in our half year results announcement which included integrating inovia and RWS' client portal interfaces, linking inovia's portal into Group clients' intellectual property management systems, introducing translation technology into inovia's technology platform to better facilitate large client wins, fully integrating inovia and RWS' sales teams and consolidating our suppliers and services.

As a full member of the RWS Group, inovia is pressing ahead with tailored offerings to larger corporates who are often already RWS clients. Whilst inovia's core market in the USA offers superior margins, further penetration of larger corporates worldwide will be an important growth and market share opportunity, whilst also generating additional higher margin translation revenue, and can improve client retention rates.

In October 2015, inovia was recognised for the second year running as the leading foreign filing provider by Managing Intellectual Property magazine's annual ranking of the top Patent Cooperation Treaty (PCT) firms. We are confident that we have put the structure in place to enable inovia to continue to build on its leading position and deliver growth for the wider Group.

Commercial Translations

The commercial translations business, which accounts for 17% of Group sales and operates in the UK, Germany and Switzerland, reported broadly flat revenues of £15.9 million (2014: £16.0 million) having experienced currency headwinds and cyclical downturns, although revenues were up by 4% on a constant currency basis with our German business achieving 2% sales growth in the year, or 11% sales growth on a constant currency basis. We have grouped all non-patent translations in this division and it remains the segment of our business most exposed to competition. Given the intensity of the competition, we continue to focus upon specialist niches and larger projects where the Group's resources and expertise can provide a competitive edge. We have now established an into-German patent translation facility in the Berlin office, which will balance the cyclical effect evident in the commercial translation activities and improve margins through better utilisation of existing resources. The commercial translation business does enable RWS to offer customers a complete solution to their translation needs whilst continuing to provide good cross selling opportunities for the patent translation business.

Information

The information business accounts for 6% of Group sales and reported revenues of £6.0 million reflecting several successful client wins and a good flow of regular work from a number of clients which almost offset the exceptional order volumes from our largest search client which had benefited the comparative period (2014: £6.2 million) but which have now returned to normal levels, as previously reported. The high margin subscription service – PatBase – grew by 7.5% during the year. We have continued to invest in PatBase searchability, content, analytics and geographic coverage and in securing the resilience and robustness of the platform which provides 24/7 worldwide access.

Market Update

Patent Filing Statistics

The USA and China again drove record-level patent-filing activity under the Patent Cooperation Treaty (PCT) in 2014 as the number of annual international patent applications reported by the World Intellectual Property Office (WIPO) showed a 4.5% increase to 214,500 (2013: 205,300). The European Patent Office (EPO) also published record numbers, with the total number of European patent filings increasing by 3.2% to 274,174 in 2014 (2013: 265,690). The overall trend looks to continue in 2015, with Chinese PCT application

numbers up by 20.0% in the first 8 months of 2015 and applications filed in China up by 21.8% over the same period in the prior year. Total patent applications worldwide reached well over 2.5million in 2014.

Risk Management

The Group maintains a risk register which is reviewed and assessed on an annual basis by the Board of Directors. The key risks to the business are errors in the provision of the Group's services, in a mismatch between currencies (especially as between the Euro and Sterling), in regulatory changes to patent translation requirements in Europe and the failure to successfully integrate acquired businesses into RWS. Additionally, as with any people business delivering high quality services, the Group depends upon its ability to attract and retain well trained staff.

These risks are mitigated as follows:

- Failings in service provision are most likely to arise as a result of human error. RWS was one of the earliest adopters of ISO certification and invests in exhaustive and regularly updated procedures to minimise the risk of error. In addition, the Group carries substantial professional indemnity insurance.
- As previously reported, currency risk is partly mitigated via hedging operations.
- We have in the past drawn the market's attention to the proposed European Union Patent ("the Unitary Patent") and its potential impact upon the Group's sales and profits. Despite significant hurdles, the Unitary Patent has been making further progress. There appears to be consensus now that the earliest implementation would be in 2017. It should be noted that a number of member states of the current European Patent system are not EU members. Professional opinion remains highly sceptical both as regards jurisdiction and actual financial benefits for applicants which do not require Europe-wide patent coverage. Because the proposed Unitary Patent will run in parallel with the existing system, it will not provide any financial advantage to many corporates seeking patent protection in only selected key countries, and will have a new and untried litigation system. Our research indicates that there is currently only marginal interest amongst large corporates and their professional advisers in full adoption of the new system. That being the case, we anticipate minimal incremental loss of revenues in the first few years after the introduction of the Unitary Patent.

Strategic Review (continued)

- In September 2013 RWS acquired the inovia business and the subsequent integration, which focused on several areas, is now complete. The supplier and service consolidations have reduced technical costs and improved underlying margins, whilst our combined input into new technical developments ensured maintenance of our leading market position and helped to increase the attractiveness of our technical solutions for new markets and existing RWS customers. In addition, selected cross-selling opportunities have brought in new clients and continue to enhance our pipeline. The experience gained from this successful inovia integration will be utilised during the combination of CTi and certain RWS businesses.
- As a significant employer in the local area of South Buckinghamshire, we believe we offer stability of employment, competitive salaries and an excellent working environment. In the current economic climate we have been successful in recruiting high calibre staff as required, but competition for talented people to work on the periphery of the London conurbation is undoubtedly intensifying, as evidenced by the exceptionally low unemployment statistics for the area.

On behalf of the Board

Richard Thompson

7 December 2015

Andrew S Brode (75)

Chairman

Member of the Audit Committee and the Remuneration Committee

Appointed as a Director 11 April 2000

Founder of Bybrook and led the management buy in of the RWS Group. A substantial shareholder in the Company

Non-Executive Chairman of Learning Technologies Group plc and Electric Word plc and Non-Executive Director of Vitesse Media plc

Non-Executive Director of a number of private companies

Reinhard Ottway (56)

Chief Executive Officer

Appointed as a Director 1 January 2012

Joined RWS Group in 1994 and was Business Development Director from 2001

Richard Thompson (53)

Finance Director and Company Secretary

Appointed as a Director and Company Secretary 28 November 2012

Previously worked for Actix International Limited, a global supplier of software and services to the telecommunications market

David E Shrimpton (72)

Senior independent Non-Executive Director and Deputy Chairman

Member of the Audit Committee and Chairman of the Remuneration Committee

Appointed as a Director 1 January 2010

Non-Executive Director of a number of private companies

Peter Mountford (58)

Non-Executive Director

Chairman of the Audit Committee and member of the Remuneration Committee

Appointed as a Director 11 April 2000

Chairman of Mountford Capital Limited, Chairman of Heropreneurs and a Non-Executive director of a number of other private companies

Elisabeth A Lucas (59)

Non-Executive Director

Member of the Audit Committee and the Remuneration Committee

Joined RWS Group in 1977, Managing Director of Translations Division from 1992 and Chief Executive Officer from 1995 to 2011

Appointed as a Director on 11 November 2003

Registered office

Europa House
Chiltern Park
Chiltern Hill
Chalfont St Peter
Buckinghamshire
SL9 9FG

Company registration number

3002645

Directors' Report

The Directors present their annual report together with the audited consolidated financial statements for the year ended 30 September 2015.

Business performance and risks

The review of the business, operations, principal risks and outlook are dealt with in the Strategic review on pages 4 to 7. The key performance indicators of the Group are revenues and adjusted pre-tax profit before amortization of acquired intangibles and share option costs.

Financial results

The financial statements set out the results of the Group for the year ended 30 September 2015 which are shown on page 19. Group revenues advanced by 1.7% to £95.2 million (2014: £93.6 million) and pre-tax profit before amortization of intangibles and share option costs was £22.7 million (2014: £22.1 million), a rise of 2.7%. Profit before tax is £20.7 million (2014: £19.6 million). The total tax expense was £5.1 million (2014: £4.4 million) an effective tax rate of 24.8% (2014: 22.6%).

Basic earnings per share was 7.3 pence (2014: 7.2 pence as restated following the subdivision of Group shares).

Dividends

The Directors recommend a final dividend of 3.85 pence per Ordinary share (see note 8) to be paid on the 26 February 2016 to shareholders on the register at 29 January 2016, which, together with the dividend of 1.03 pence paid in July 2015, makes a total dividend for the year of 4.88 pence (2014: 4.58 pence as restated). The final dividend will be reflected in the financial statements for the year ending 30 September 2016.

The proposed total dividend per share is 1.5 times covered by basic earnings per share.

Going concern accounting basis

The Group had cash resources of £30.6 million at 30 September 2015 and generated free cash flow of £18.0 million. The Directors have considered the recent operating results, the acquisition of CTi and the associated debt along with the financial position and have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis.

Financial instruments

Information about the use of financial instruments by the Group is given in note 17 to the financial statements.

Events after the reporting date

RWS announced on 2 November 2015 the acquisition of the entire share capital of Corporate Translations Inc ("CTi") for a cash consideration of US\$70 million plus an estimated US\$2 million for working capital. The acquisition was funded by a US\$45 million five year loan and internal cash resources. Further details are provided in note 24.

Directors

Details of members of the Board at 30 September 2015 are set out on page 8.

The interests of the Directors in shares during the year are set out on page 14 in the Directors' Remuneration Report.

Liz Lucas, Richard Thompson and David Shrimpton retire by rotation at the Annual General Meeting and being eligible offer themselves for re-election.

The Company's Annual General Meeting will be held in London on 9 February 2016.

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).

Corporate governance

The Board

Throughout the year the Board comprised three Executive and three Non-Executive Directors. The Board considers that all of the Non-Executive Directors are independent in character and judgement and that there are no relationships or circumstances which are likely to affect their independent judgement.

The Executive Directors have direct responsibility for business operations whilst the Non-Executive Directors have a responsibility to bring independent, objective judgement to bear on Board decisions. The Board met six times during the year to review financial performance and approve key business decisions, so that it retained control over strategic, budgetary, financial and organisational issues and monitored executive management. In addition to the Executive Directors, the members of the Senior Executive Team are: Charles Sitch, Managing Director UK Translations Division; Neil Simpkin, Deputy Managing Director UK Translations Division; Jo Hindley, Commercial Director UK Translations Division; Caroline Chenique, European Sales Director and Roberto Aletto, IT Director. They are invited to attend various board meetings and report on the areas of responsibility delegated to them.

Audit Committee

The members of the Audit Committee are Peter Mountford (committee Chairman), David Shrimpton, Elisabeth Lucas and Andrew Brode.

The members with the exception of Andrew Brode, are Non-Executive Directors and the Board is satisfied that they have recent and relevant financial experience. Andrew Brode is the Group's Chairman and a substantial shareholder in the Ordinary shares of the Company. The Finance Director and representatives from the external auditors attend meetings at the request of the Committee. During the year the Committee met twice.

The Committee reviews and makes recommendations to the Board on: any change in accounting policies; decisions requiring a major element of judgement and risk; compliance with accounting standards and legal and regulatory requirements; disclosures in the interim and annual report and accounts; dividend policy and payment; any significant concerns of the external auditor about the conduct, results or overall outcome of the annual audit of the Group; and, any matters that may significantly affect the independence of the external auditor.

In addition the Committee has oversight of the external audit process and reviews its effectiveness and approves any non-audit services provided.

Remuneration Committee

Further information about the Committee and the Company's remuneration policy is set out on page 13 in the Directors' Remuneration Report.

Internal controls and risk management

The Board has overall responsibility for the Group's system of internal controls. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors believe that the Group has internal control systems in place appropriate to the size and nature of the business. The key elements are: bi-monthly Group Board meetings with reports from and discussions with senior executives on performance and key risk areas in the business; monthly financial reporting, for the Group and for each subsidiary, of actual performance compared to budget and previous year; annual budget setting; and, a defined organisational structure with appropriate delegation of authority. The Board also receives a report from the external auditor on matters identified in the course of the statutory audit work.

In addition, a further Board Meeting is held during the year to consider and assess the risks facing the business and approve the steps and timetable senior management have established to mitigate those risks.

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.

Substantial shareholdings

At 30 September 2015, excluding the Directors, the following were substantial shareholders:

	% holding
Liontrust Asset Management	12.5
Octopus Investments	6.6
Investec Wealth and Investment	4.8
Hargreave Hale	3.1
Blackrock Investment Management	2.1

Authority to allot

Under section 549 Companies Act 2006, the Directors are prevented, subject to certain exceptions, from allotting shares in the Company or from granting rights to subscribe for or to convert any security into shares in the Company without the authority of the shareholders in General meeting. An ordinary resolution will be proposed at the 9 February 2016 Annual General Meeting which renews, for the period ending 10 May 2017, or if earlier the date of the 2017 Annual General Meeting, the authority previously granted to the Directors to allot shares, and to grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £705,266, representing approximately one third of the share capital of the Company in issue at 7 December 2015.

The Directors have no immediate plans to make use of this authority except in respect of the issue of shares under the employee share option scheme. As at the date of this report the Company does not hold any Ordinary shares in the capital of the Company in treasury.

Statutory Pre-emption Rights

Under section 561 of the Companies Act 2006, when new shares are allotted, they must first be offered to existing shareholders pro rata to their holdings. A special resolution will be proposed at the 9 February 2016 Annual General Meeting which renews, for the period ending on 10 May 2017 or, if earlier, the date of the 2017 Annual General Meeting, the authorities previously granted to the Directors to:

- (a) allot shares of the Company in connection with a rights issue or other pre-emptive offer; and
- (b) otherwise allot shares of the Company, or sell treasury shares for cash, up to an aggregate nominal value of

£211,579 (representing in accordance with institutional investor guidelines, approximately 10% of the share capital in issue as at 7 December 2015) as if the pre-emption rights of section 561 of the Act did not apply.

The Directors have no immediate plans to make use of these authorities except in respect of the issue of shares under the employee share option scheme. In addition, and in line with best practice, the Company has not issued more than 7.5% of its issued share capital on a non-pro rata basis over the last four years.

Rule 9 of the city code

Under rule 9 of the city code, where any person acquires an interest in shares which carry 30 per cent or more of the voting rights, that person is normally required to make a general offer to all the remaining shareholders of the Company to acquire their shares. An ordinary resolution was approved at the 11 February 2014 Annual General Meeting which approved, for the period ending on 10 May 2017 or, if earlier, the date of the 2017 Annual General Meeting, the waiver by the Panel on Takeovers and Mergers of any requirement under rule 9 for Andrew Brode (Chairman) and related parties to make a general offer to the shareholders of the Company as a result of any market purchase by the Company of its own shares.

Independent Auditors

All of the Directors have taken all the steps that they ought to have taken to make themselves aware of any information relevant to the audit and established that the auditors are aware of that information. As far as each of the Directors is aware, the auditors have been provided with all relevant information.

Pricewaterhouse Coopers LLP (PwC) have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the 9 February 2016 Annual General Meeting.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union and the Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements;
- 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board

Richard Thompson

Finance Director and Company Secretary

7 December 2015

Directors' Remuneration Report

Remuneration Committee

The members of the Remuneration Committee are David Shrimpton (committee Chairman), Peter Mountford, Elisabeth Lucas and Andrew Brode.

With the exception of Andrew Brode the members are Non-Executive Directors.

The remit of the Committee is primarily to determine and agree with the Board the framework or broad policy for the remuneration of the Company's Executive Directors and, if required by the Board, the Senior Executives of the Group. The remuneration of Non-Executive Directors is a matter for the Board, excluding the Non-Executive Directors. No Director or Senior Executive is involved in any discussion or decision about his or her own remuneration.

The Remuneration Committee met twice during the year.

The Board has confirmed that the Group's overall remuneration policy is designed to attract and retain the right people and provide appropriate incentives to encourage enhanced performance so as to create growth in shareholder value.

Individual elements of remuneration

For Executive Directors and Senior Executives the components contained in the total remuneration package are: base salary; performance related annual bonus, share options and other customary benefits such as; holidays and health benefits, sickness benefit and pension contributions. Neither the performance related annual bonus nor the share options apply to the Chairman.

Performance related bonuses are based on a combination of sales and/or adjusted profit before tax targets depending on an individual's area of responsibility.

For Non-Executive Directors there is only one component, a base fee.

Share Options

On 3 April 2013 the Board approved a share option scheme. The scheme was designed to incentivise Executive Directors and Executives and further align the interests of senior employees and shareholders. The Committee has responsibility for supervising the scheme and the grant of options under its terms.

Service contracts

The Non-Executive Directors do not have service contracts. Their appointments will continue unless and until terminated by either party giving not less than 30 days' notice.

The service contracts of Executive Directors continue unless and until terminated by either party giving at least six months' notice.

The date of the Chairman's service contract is 30 October 2003 and the service contracts of Reinhard Ottway and Richard Thompson are dated 20 December 2011 and 1 November 2012 respectively. In the event of early termination, the Executive Directors' service contracts provide for compensation up to a maximum of the total benefits which he or she would have received during the notice period.

Directors' emoluments and pension contributions

The aggregate remuneration, excluding pension contributions, paid or accrued for the Directors of the Company for service in all capacities during the year ended 30 September 2015 was £998,000 (2014: £952,000). The remuneration of individual directors and the pension contributions paid by the Group to their personal pension schemes during the year were as follows:

Directors' Remuneration Report (continued)

	Salary or fees £'000	Bonus £'000	Taxable benefits £'000	2015 Total £'000	2015 Pension contributions £'000	2014 Total £'000	2014 Pension contributions £'000
Andrew Brode	263	–	–	263	–	250	15
Reinhard Ottway	321	28	1	350	10	339	9
Richard Thompson	235	35	–	270	7	248	7
Elisabeth Lucas	45	–	–	45	–	45	–
Peter Mountford	35	–	–	35	–	35	–
David Shrimpton	35	–	–	35	–	35	–
	934	63	1	998	17	952	31

Directors' interests in shares

The interests of the Directors as at 30 September 2015 (including the interests of their families and related trusts), all of which were beneficial, in the Ordinary shares were:

	Ordinary shares of 1 pence
Andrew Brode	90,174,060
Elisabeth Lucas	50,000
Reinhard Ottway	4,053
Peter Mountford	68,775
Richard Thompson	13,000
	90,309,888

The interests of Directors at the year end in options to subscribe for Ordinary shares of the Company, together with details of any options granted during the year are included in the following table. All options were granted at market value at the date of grant.

Approved Share Option scheme	Number of shares under option				Exercise price Pence (restated)	First date exercisable	Last date exercisable
	At 1 October 2014 (restated)	Issued in the year	Exercised in the year	At 30 September 2015			
Reinhard Ottway	23,215	–	–	23,215	129.20	03/04/16	03/04/21
Richard Thompson	23,215	–	–	23,215	129.20	03/04/16	03/04/21
Unapproved Share Option scheme	Number of shares under option				Exercise price Pence (restated)	First date exercisable	Last date exercisable
	At 1 October 2014 (restated)	Issued in the year	Exercised in the year	At 30 September 2015			
Reinhard Ottway	2,515,745	–	–	2,515,745	129.20	03/04/15	03/04/21
Richard Thompson	1,246,265	–	–	1,246,265	129.20	03/04/15	03/04/21

Directors' Remuneration Report (continued)

The options granted under both schemes will be exercisable at the mid market price of 129.2p.

The market price of the Company's share as at 30th September 2015 and the highest and lowest market prices during the year are as follows:

30 September 2015	140p
Highest Market Price	185p
Lowest Market Price	118p

All participants in the share option scheme have indemnified the Company against any tax liability relating to the option including class 1 employers national insurance contribution.

Transactions with directors

During the year there were no material transactions between the Company and the Directors, other than their emoluments.

On behalf of the Board

Richard Thompson

7 December 2015

Independent Auditor's Report to the Members of RWS Holdings plc

Report on the financial statements

Our opinion

In our opinion:

- RWS Holdings plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2015 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated Statement of Financial Position as at 30 September 2015;
- the Company Balance Sheet as at 30 September 2015;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nigel Reynolds (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 December 2015

Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 30 September

	Note	2015 £'000	2014 £'000
Revenue	3	95,215	93,556
Cost of sales		(57,706)	(56,783)
Gross profit		37,509	36,773
Administrative expenses		(16,677)	(17,187)
Operating profit	4	20,832	19,586
Analysed as:			
Operating profit before charging:		22,894	22,036
Amortization of customer relationships, trademarks and technology	11	(1,607)	(1,572)
Share based payment costs	19	(455)	(878)
Operating profit		20,832	19,586
Finance income	6	71	57
Finance costs	6	(251)	(14)
Profit before tax		20,652	19,629
Taxation expense	7	(5,124)	(4,430)
Profit for the year		15,528	15,199
Other comprehensive income*			
Gain/(loss) on retranslation of foreign operations		1,069	(618)
Total other comprehensive income/(expense)		1,069	(618)
Total comprehensive income attributable to:			
Owners of the parent		16,597	14,581
<hr/>			
Basic earnings per Ordinary share (pence per share)	9	7.3	7.2
Diluted earnings per Ordinary share (pence per share)	9	7.3	7.1

*Other comprehensive income includes only items that will be subsequently reclassified to Profit before tax when specific conditions are met.

The notes on pages 23 to 46 form part of these financial statements.

Consolidated Statement of Financial Position at 30 September

Registered Company 3002645		2015	2014
	Note	£'000	£'000
Assets			
Non-current assets			
Goodwill	10	31,445	30,512
Intangible assets	11	6,836	8,228
Property, plant and equipment	12	17,732	17,310
Deferred tax assets	13	340	353
		56,353	56,403
Current assets			
Trade and other receivables	14	17,907	16,385
Foreign exchange derivatives	17	309	554
Cash and cash equivalents	20	30,569	22,479
		48,785	39,418
Total assets	3	105,138	95,821
Liabilities			
Current liabilities			
Trade and other payables	15	14,797	12,277
Income tax payable		2,417	2,198
Provisions	16	77	480
		17,291	14,955
Non-current liabilities			
Other payables	15	30	30
Provisions	16	301	378
Deferred tax liabilities	13	1,826	2,024
		2,157	2,432
Total liabilities	3	19,448	17,387
Total net assets		85,690	78,434
Equity			
Capital and reserves attributable to owners of the parent			
Share capital	18	2,116	2,116
Share premium		3,583	3,583
Share based payment reserve		1,801	1,346
Reverse acquisition reserve		(8,483)	(8,483)
Foreign currency reserve		1,638	569
Retained earnings		85,035	79,303
Total equity		85,690	78,434

The notes on pages 23 to 46 form part of these financial statements.

The financial statements on pages 19 to 46 were approved by the Board of Directors and authorised for issue on 7 December 2015 and were signed on its behalf by:

Andrew Brode
Director

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

	Share capital £'000	Share premium account £'000	Other reserves (see below) £'000	Retained earnings £'000	Total equity attributable to owners of the parent £'000
At 1 October 2013	2,116	3,583	(6,828)	72,842	71,713
Profit for the year	–	–	–	15,199	15,199
Currency translation differences	–	–	(618)	–	(618)
Total Comprehensive income for the year ended 30 September 2014	–	–	(618)	15,199	14,581
Dividends	–	–	–	(8,738)	(8,738)
Credit arising on share based payments	–	–	878	–	878
At 30 September 2014	2,116	3,583	(6,568)	79,303	78,434
Profit for the year	–	–	–	15,528	15,528
Currency translation differences	–	–	1,069	–	1,069
Total Comprehensive income for the year ended 30 September 2015	–	–	1,069	15,528	16,597
Dividends	–	–	–	(9,796)	(9,796)
Credit arising on share based payments	–	–	455	–	455
At 30 September 2015	2,116	3,583	(5,044)	85,035	85,690

Other reserves	Share based payment reserve £'000	Reverse acquisition reserve £'000	Foreign currency reserve £'000	Total other reserves £'000
At 1 October 2013	468	(8,483)	1,187	(6,828)
Other Comprehensive loss for the year	–	–	(618)	(618)
Credit arising on share based payments	878	–	–	878
At 30 September 2014	1,346	(8,483)	569	(6,568)
Other Comprehensive gain for the year	–	–	1,069	1,069
Credit arising on share based payments	455	–	–	455
At 30 September 2015	1,801	(8,483)	1,638	(5,044)

The nature and purpose of each reserve within equity is as follows:

- Share capital is the nominal value of the shares issued.
- Share premium is the amount received for shares issued in excess of their nominal value.
- Share based payment reserve is the credit arising on the share based payment charges in relation to the Company's share option schemes.
- Foreign currency reserve is the cumulative gain or loss arising on retranslating the net assets of overseas operations into sterling.
- Reverse acquisition reserve was created when RWS Holdings plc became the legal parent of Bybrook Limited. The substance of this combination was that Bybrook Limited acquired RWS Holdings plc.
- Retained earnings are the cumulative net gains and losses, including the capital reserve from the Company balance sheet.

The notes on pages 23 to 46 form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 30 September

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit before tax		20,652	19,629
Adjustments for:			
Depreciation of property, plant and equipment	12	824	599
Amortization of intangible assets	11	1,663	1,632
Share based payment costs		455	878
Finance income		(71)	(57)
Finance expense		251	14
Operating cash flow before movements in working capital and provisions		23,774	22,695
(Increase)/decrease in trade and other receivables		(1,529)	64
Increase in trade and other payables and provisions		2,037	503
Cash generated from operations		24,282	23,262
Income tax paid		(5,091)	(5,239)
Net cash inflow from operating activities		19,191	18,023
Cash flows from investing activities			
Interest received		76	108
Purchases of property, plant and equipment	12	(1,258)	(4,919)
Purchases of intangibles (computer software)	11	(33)	(78)
Net cash outflow from investing activities		(1,215)	(4,889)
Cash flows from financing activities			
Dividends paid	8	(9,796)	(8,738)
Net cash outflow from financing activities		(9,796)	(8,738)
Net increase in cash and cash equivalents		8,180	4,396
Cash and cash equivalents at beginning of the year		22,479	18,305
Exchange losses on cash and cash equivalents		(90)	(222)
Cash and cash equivalents at end of the year	20	30,569	22,479
Free cash flow			
Analysis of free cash flow			
Net cash generated from operations		24,282	23,262
Net interest received		76	108
Income tax paid		(5,091)	(5,239)
Purchases of property, plant and equipment		(1,258)	(4,919)
Purchases of intangibles (computer software)		(33)	(78)
Free cash flow		17,976	13,134

The Directors consider that the free cash flow analysis above indicates the cash generated from normal activities excluding acquisitions and dividends paid.

The notes on pages 23 to 46 form part of these financial statements.

1 Accounting policies

Basis of accounting and preparation of financial statements

RWS Holdings plc is a public limited company incorporated and domiciled in England and Wales whose shares are publicly traded on the Alternative Investment Market of the London Stock Exchange.

The Group financial statements consolidate those of the Parent Company and its subsidiaries. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, IFRIC interpretations and Companies Act 2006 applicable to Companies reporting under IFRSs.

The consolidated financial statements have been prepared under the historic cost convention as modified, where applicable, by the revaluation of financial assets and financial liabilities at fair value through the income statement.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Company has elected to prepare the Company financial statements in accordance with UK Accounting Standards. These are presented on pages 48 to 54 and the accounting policies in respect of Company information are set out on page 50.

Changes in accounting policies

There were no new standards, interpretations and amendments, applied for the first time from 1 October 2014, that have had a material effect on the financial statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for later accounting periods and which have not been adopted early. There were no new standards, amendments or interpretations that are expected to have a material impact on the Group.

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. Judgements include classification of transactions between the income statement and the balance sheet, whilst estimations focus on areas such as carrying values and estimated lives.

Consolidation

A subsidiary is an entity controlled, directly or indirectly. Control is regarded as the power to govern the financial and operating policies of the entity so as to benefit from its activities. The financial results of subsidiaries are consolidated from the date control is obtained until the date that control ceases. All intra-group transactions are eliminated as part of the consolidation process.

On 11 November 2003, RWS Holdings plc became the legal parent company of Bybrook Limited and its subsidiary undertakings. The substance of the combination was that Bybrook Limited acquired RWS Holdings plc in a reverse acquisition.

Goodwill arose on the difference between the fair value of the legal parent's share capital and the fair value of its net liabilities at the reverse acquisition date. This goodwill was written-off in the year ended 30 September 2004, because the goodwill had no intrinsic value.

Business combinations

Under the requirements of IFRS 3 (revised), all business combinations are accounted for using the acquisition method ('acquisition accounting'). The cost of a business acquisition is the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer. Following IFRS 3 (revised) becoming effective, costs directly attributable to business combinations are expensed, where previously they were treated as part of the cost of the acquisition.

The cost of a business combination is allocated at the acquisition date by recognising the acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, at their fair values at that date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree. An intangible asset, such as customer relationships or trademarks, is recognised if it meets the definition of an intangible asset under IAS 38 'Intangible assets'. The excess of the cost of the acquisition over the fair value of the Group's share of the net assets acquired is recorded as goodwill.

Goodwill and other intangible assets

Intangible assets are stated at historic purchase cost less accumulated amortization.

Goodwill arising on acquisitions is capitalised and subject to an impairment review, both annually and when there is an indication that the carrying value may not be recoverable. At the date of acquisition, goodwill is allocated at the lowest levels for which there are separate identifiable cash flows for the purpose of impairment testing. Assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets separately identified from goodwill acquired as part of a business combination are initially stated at fair value. The fair value attributable is determined by discounting the expected future cash flows to be generated from that asset at the risk adjusted weighted average cost of capital appropriate to that intangible asset. The assets are amortized over their estimated useful lives which range from five to ten years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These assets are amortized using the straight line method over their estimated useful lives (not exceeding three years).

Revenue recognition

Group revenue represents the fair value of the consideration received or receivable for the rendering of services, net of value added tax and other similar sales based taxes, rebates and discounts and after eliminating inter-company sales. Revenue, other than subscription and commission income, is recognised as a translation, filing or search is fulfilled in accordance with agreed client instructions and includes, where contracts are partially completed, the revenue on the element of the work performed to date.

Subscription revenue is recognised on a straight line basis over the term during which the service is provided. Commission income is credited to revenue upon securing the related sale.

Accrued income represents the full receivable value of work performed to date.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the individual financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences on all transactions are taken to operating profit in the Statement of Comprehensive Income.

In the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates, which approximate to actual rates, for the relevant accounting period. Exchange differences arising, if any, are classified as other comprehensive income and recognised in the Group's foreign currency reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as sterling-denominated assets and liabilities.

Segment information

Segment information reflects how management controls the business. This is primarily by the type of service supplied and then by the geographic location of the business units delivering those services. The assets and liabilities of the segments reflect the assets and liabilities of the underlying companies involved.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost less accumulated depreciation where cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for intended use. The Group's policy is to write off the difference between the cost of each item of property, plant and equipment and its estimated residual value systematically over its estimated useful life using the straight-line method on the following bases:

- Freehold land and buildings Nil to 2%
- Long leasehold and leasehold improvements – the length of the lease
- Furniture and equipment – 10% to 33%
- Motor vehicles – Over six years

All items of property, plant and equipment are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the Statement of Comprehensive Income. Any assets which have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. The gain or loss on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to foreign exchange arising from operational activities.

Derivative financial instruments are initially measured at fair value (with direct transaction costs being included in the Statement of Comprehensive Income as an expense) and are subsequently remeasured to fair value at each reporting date. Changes in carrying value are recognised in the Statement of Comprehensive Income.

Trade and other receivables

Trade and other receivables represent amounts due from customers in the normal course of business. All amounts are initially stated at fair value and are subsequently measured at amortized cost, using the effective interest rate method.

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 and are subject to an insignificant risk of changes in value.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Comprehensive Income because it excludes items that are not taxable or deductible. The Group's current tax assets and liabilities are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits

The Group operates a defined contribution pension plan and has no further obligations once the contributions have been paid. Payments to the plan are recognised in the Statement of Comprehensive Income as they fall due.

Paid holidays are regarded as an employee benefit and as such are charged to the Statement of Comprehensive Income as the benefits are earned. An accrual is made at

the balance sheet date to reflect the fair value of holidays earned but not yet taken.

Trade and other payables

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefits that can reasonably be estimated.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rental payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The benefit of lease incentives is spread over the term of the lease.

Capital

The Group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. In managing its capital, the Group'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. The Group has historically considered equity funding as the most appropriate form of capital for the Group but debt financing has been introduced where it was felt that the benefits of introducing this type of finance exceed the risks and costs to equity shareholders.

Equity issued by the Company is recorded as the proceeds received net of direct issue costs.

Share based payments

The Group and Company provide 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 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. Details regarding the determination of the fair value of these options can be seen in note 19.

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 Group's estimate of the number of share options that will vest. At each balance sheet date the Group 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 Consolidated Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which dividends are approved by the Company's shareholders, or in the case of interim dividends, when they are paid.

2 Critical judgements and accounting estimates in applying the Group's accounting policies

The Group 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.

Impairment of goodwill

Determining whether goodwill is impaired requires an 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 10.

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.

An element of the share based payment charge also relies on certain assumptions over the future performance of the share price which may not be met or may be exceeded by the time the relevant awards vest.

Useful economic lives of intangible and 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.

Accruals

Costs which have not been invoiced to the Group are estimated and recorded as accruals. Judgement is required where the amount of the costs are not known and this may differ from the actual cost.

Provisions

Provisions are assessed annually in accordance with the Group's accounting policy. Provisions are recognised when it is probable that an outflow of economic benefits will occur as a result of a past event or transaction and a reliable estimate of the outflow can be made. In the event that estimates are wrong, this may impact the financial statements in future periods.

Allowance for doubtful debts

Provision is made for receivables where amounts are considered to be irrecoverable. In the event that this estimate is wrong, this may impact the financial statements in future periods.

3 Segment information

The chief operating decision maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources, and to date has divided the Group into four reportable segments. The Board assesses the performance of the segments based on revenue and profit/(loss) from operations. These are measured on a basis consistent with the income statement.

For this financial year the Group comprises four divisions, Patent and Commercial translations (for management reporting purposes analysed between UK and Overseas), the Information division, offering a full range of patent search, retrieval and monitoring services and inovia, a global provider of web-based filing solutions.

This is the final year in which inovia will be treated as a separate segment as this web-based filing business has now been fully integrated with the Patent and Commercial translations segment (see note 10).

The unallocated segment relates to corporate overheads, assets and liabilities.

The segment results for the year ended 30 September 2015 are as follows:

	Translations UK £'000	Translations Overseas £'000	inovia £'000	Information £'000	Unallocated £'000	Group £'000
Revenue						
Patent translation	48,929	4,013	–	–	–	52,942
Commercial translation	10,283	5,578	–	–	–	15,861
inovia	–	–	20,405	–	–	20,405
Information	–	–	–	6,007	–	6,007
Revenue	59,212	9,591	20,405	6,007	–	95,215
Operating profit/(loss) before charging:	17,291	2,099	1,092	3,114	(702)	22,894
Amortization of customer relationships and trademarks	(1,464)	–	–	(143)	–	(1,607)
Share based payment charges	(163)	(59)	–	–	(233)	(455)
Profit/(loss) from operations	15,664	2,040	1,092	2,971	(935)	20,832
Finance income						71
Finance expense						(251)
Profit before taxation						20,652
Taxation						(5,124)
Profit for the year						15,528

Overseas intercompany revenues to the UK amounting to £6.2 million have been eliminated on consolidation.

Notes to the Consolidated Financial Statements (continued)

The segment results for the year ended 30 September 2014 are as follows:

	Translations UK £'000	Translations Overseas £'000	inovia £'000	Information £'000	Unallocated £'000	Group £'000
Revenue						
Patent translation	47,738	4,288	–	–	–	52,026
Commercial translation	10,502	5,499	–	–	–	16,001
inovia	–	–	19,373	–	–	19,373
Information	–	–	–	6,156	–	6,156
Revenue	58,240	9,787	19,373	6,156	–	93,556
Operating profit/(loss) before charging:	16,383	2,175	967	3,135	(624)	22,036
Amortization of customer relationships and trademarks	(1,429)	–	–	(143)	–	(1,572)
Share based payment (charges)/credit	(320)	(117)	–	19	(460)	(878)
Profit/(loss) from operations	14,634	2,058	967	3,011	(1,084)	19,586
Finance income						57
Finance expense						(14)
Profit before taxation						19,629
Taxation						(4,430)
Profit for the year						15,199

Overseas intercompany revenues to the UK amounting to £4.8 million have been eliminated on consolidation.

The segment assets and liabilities at 30 September 2015 are as follows:

	Translations UK £'000	Translations Overseas £'000	inovia £'000	Information £'000	Unallocated £'000	Group £'000
Total assets	78,655	6,276	6,420	6,024	7,763	105,138
Total liabilities	8,507	2,397	3,694	2,585	2,265	19,448
Capital expenditure	239	151	4	507	390	1,291
Depreciation	344	105	12	193	170	824
Amortization	1,464	56	–	143	–	1,663

The segment assets and liabilities at 30 September 2014 are as follows:

	Translations UK £'000	Translations Overseas £'000	inovia £'000	Information £'000	Unallocated £'000	Group £'000
Total assets	70,247	5,739	5,448	6,148	8,239	95,821
Total liabilities	6,851	1,893	2,881	2,709	3,053	17,387
Capital expenditure	4,614	217	6	127	33	4,997
Depreciation	345	94	1	98	61	599
Amortization	1,429	60	–	143	–	1,632

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions from acquisitions through business combinations.

Notes to the Consolidated Financial Statements (continued)

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	Assets 2015 £'000	Liabilities 2015 £'000	Assets 2014 £'000	Liabilities 2014 £'000
Segment assets and liabilities	97,375	17,183	87,582	14,334
Unallocated:				
Deferred tax	196	1,368	250	1,712
Property, plant and equipment	322	–	102	–
Non-financial assets	244	522	216	483
Other financial assets and liabilities	7,001	375	7,671	858
Total unallocated	7,763	2,265	8,239	3,053
	105,138	19,448	95,821	17,387

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill, receivables and cash.

Liabilities allocated to a segment comprise primarily trade payables and other operating liabilities.

The Group's operations are based in the UK, Continental Europe, Asia, United States of America and Australia. The table below shows turnover by the geographic market in which customers are located.

	2015 £'000	2014 £'000
UK	17,637	16,511
Continental Europe	45,308	46,134
Asia, United States of America and Australia	32,270	30,911
	95,215	93,556

No customer accounted for more than 7% of Group turnover in either the current or prior year.

The following is an analysis of revenue, carrying amount of assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the Group's undertakings are located.

	Revenue		Segment assets		Capital expenditure	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
UK	65,219	64,396	92,442	84,633	1,169	4,852
Continental Europe	5,578	5,499	3,100	2,588	74	106
Asia, United States of America and Australia	24,418	23,661	9,596	8,600	48	39
	95,215	93,556	105,138	95,821	1,291	4,997

4 Profit from operations

	2015 £'000	2014 £'000
This has been arrived at after charging/(crediting):		
Staff costs (note 5)	25,870	25,632
Depreciation of property, plant and equipment and motor vehicles (note 12)	824	599
Amortization of intangible assets (note 11)	1,663	1,632
Foreign exchange gains	(1,305)	(481)
Operating lease rentals:		
– Property	623	627
– Plant and equipment	121	132
Auditors' remuneration		
Fees payable to the Company's auditors and its associates for the audit of the Group's annual accounts	54	50
Fees payable to the Company's auditors and its associates for other services:		
– The audit of the Company's subsidiaries	95	95
– Tax Compliance services	78	60
Total fees	227	205

5 Staff costs

	2015 £'000	2014 £'000
Staff costs (including directors) comprise:		
Wages and salaries	22,192	21,847
Social security costs	2,731	2,493
Other Pension costs	492	414
Share based payment expense (note 19)	455	878
	25,870	25,632

The Group operates a defined contribution pension scheme making payments on behalf of employees to their personal pension plans.

Payments of £492,000 (2014: £414,000) were made in the year and charged to the income statement in the period they fell due. At the year end there were unpaid amounts included within Other payables totalling £54,000 (2014: £53,000).

Details of directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 13 to 15.

Key management compensation

	2015 £'000	2014 £'000
Short term employee benefits	2,645	2,466
Post employment benefits	45	77
Share based payments	455	878
	3,145	3,421

The key management compensation includes the six (2014: six) directors of RWS Holdings plc, the five (2014: five) members of the Senior Executive Team who are not directors of RWS Holdings plc and the four (2014: four) managing directors of the operating subsidiary undertakings based overseas.

Notes to the Consolidated Financial Statements (continued)

The monthly average number of people employed by the Group, including directors and part-time employees, during the year was:

	2015 Number	2014 Number
Production staff	477	464
Administrative staff	135	129
	612	593

6 Finance income and expense

	2015 £'000	2014 £'000
Finance income		
– Returns on short-term deposits	71	57
Finance expense		
– Interest on deferred consideration relating to an acquisition.	–	(1)
– Bank interest payable	(6)	–
– Movement in the fair value of foreign currency contracts	(245)	(13)
	(251)	(14)
Net finance (expense)/income	(180)	43

7 Taxation

	2015 £'000	2014 £'000
Taxation recognised in the income statement is as follows:		
Current tax expense		
Tax on profit for the current year		
– UK	3,957	4,077
– Overseas	1,039	717
Adjustment in respect of prior years	288	89
	5,284	4,883
Deferred tax		
Current year movement	(228)	(395)
Prior year movement	68	(58)
Total tax expense in the Statement of Comprehensive Income	5,124	4,430

Notes to the Consolidated Financial Statements (continued)

The table below reconciles the UK statutory tax charge to the Group's total tax charge.

	2015 £'000	2014 £'000
Profit before taxation	20,652	19,629
Notional tax charge at UK corporation tax rate of 20.5% (2014: 22%)	4,234	4,318
Effects of:		
Items not deductible or not chargeable for tax purposes	60	(116)
Differences in overseas tax rates	474	139
Adjustments in respect of prior years	356	89
Total tax expense for the year	5,124	4,430

Factors that may affect future tax charges

The standard rate of corporation tax in the UK changed from 23.0% to 21.0% with effect from 1 April 2014. Legislation was enacted to reduce the main rate of corporation tax from 21.0% to 20.0% with effect from 1 April 2015.

The reductions in tax rate to 20% were substantively enacted for the purposes of IAS 12, 'income taxes', on 2 July 2013. As these rate changes have been substantively enacted at the balance sheet date, their effects have been included in these financial statements.

8 Dividends to shareholders

	2015 pence per share	2015 £'000	2014 * pence per share (restated)	2014 £'000
Final, paid 27 February 2015 (2014: paid 21 February 2014)	3.60	7,617	3.15	6,665
Interim, paid 24 July 2015 (2014: paid 25 July 2014)	1.03	2,179	0.98	2,073
	4.63	9,796	4.13	8,738

At the RWS Holdings plc AGM on 10 February 2015, shareholders approved a resolution to subdivide the Company's existing shares so that each 5p Ordinary share was subdivided into 5 Ordinary shares of 1p each. These new 1p shares were admitted for trading on the London Stock Exchange on 11 February 2015.

* The dividend payment per share has been restated for the prior year to reflect the share split.

The Directors recommend a final dividend in respect of the financial year ended 30 September 2015 of 3.85 pence per Ordinary share to be paid on 26 February 2016 to shareholders who are on the register at 29 January 2016. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2015. The final proposed dividend will reduce shareholders' funds by an estimated £8.1 million.

9 Earnings per Ordinary share

Basic earnings per share are based on the post-tax Group profit for the year and a weighted average number of Ordinary shares in issue during the year calculated as follows:

	2015	2014 (restated)
Weighted average number of Ordinary shares in issue for basic earnings	211,579,840	211,579,840
Dilutive impact of share options	1,086,738	2,053,790
Weighted average number of Ordinary shares for diluted earnings	212,666,578	213,633,630

Adjusted earnings per Ordinary share is also presented to eliminate the effects of amortization of customer relationships, trademarks and share options. This presentation shows the trend in earnings per Ordinary share that is attributable to the underlying trading activities. The reconciliation between the basic and adjusted figures is as follows:

	2015 £'000	2014 £'000	2015 Basic earnings per share pence	2014 Basic earnings per share pence (restated)	2015 Diluted earnings per share pence	2014 Diluted earnings per share pence (restated)
Profit for the year	15,528	15,199	7.3	7.2	7.3	7.1
Adjustments post tax						
Amortization of customer relationships, trademarks and technology	1,286	1,242	0.6	0.6	0.6	0.6
Charges for share based payments	364	694	0.2	0.3	0.2	0.3
Adjusted earnings	17,178	17,135	8.1	8.1	8.1	8.0

10 Goodwill

	2015 £'000	2014 £'000
Cost and net book value		
Opening	30,512	30,780
Exchange adjustments	933	(268)
At 30 September	31,445	30,512

In the year to 30 September 2015 the Group completed its restructuring and integration of inovia with its core UK patent translation and filing business. This integration was largely driven by customer feedback but was also a logical step in order to simplify the Group's sales and product offering.

Following this work the management of RWS has prepared budgets for the combined entity and consider the smallest Cash Generating Unit for the integrated business to be RWS Patent and Commercial Translation UK. The figures shown in the table below reflect this treatment.

During the year, goodwill was tested for impairment. The recoverable amount for each cash-generating unit ("CGU") has been determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling prices and direct costs during the period. All of these assumptions have been reviewed during the year. Management estimates discount rates using pre tax rates that reflect current market assessments of the time value of money and the risk specific to each CGU, this has resulted in a range of discount rates being used within the calculations.

Notes to the Consolidated Financial Statements (continued)

The growth rates used in the calculations are based on a review of both recently achieved growth rates and a prudent estimate of likely future growth rates for each specific market sector.

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

	Long Term Growth Rate	Discount Rates	Revenue Growth
Translations UK	2%	11%	5%
Translations Continental Europe	2%	11%	3%
Information	2%	12%	6%

Long term growth rate is the rate applied to determine the terminal value at 5 years. The discount rate is the pre-tax discount rate. Revenue growth is the average annual increase in revenue over the 5 year projection period.

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 5 years based on an estimated growth rate. This rate does not exceed the expected growth rate for the relevant markets of each CGU.

The Group has conducted a sensitivity analysis on the carrying value of each of the CGU's. For the Translations UK and Information CGU's there are no reasonably possible changes in the key assumptions that could cause the carrying value of the CGU's to exceed their recoverable amounts.

For the Continental Europe CGU a reduction in growth rates to -2% or a reduction in long term growth rates to 0%, or an increase in discount rates to 13% in isolation would cause the carrying value of goodwill in Continental Europe to equal the recoverable amount.

Based on the result of the value in use calculations undertaken, the Directors conclude that the recoverable amount in the CGU's exceeds its carrying value.

The allocation of goodwill to Cash generating units is as follows:

	2015 £'000	2014 (restated) £'000
Translations		
UK (including inovia)	25,701	24,588
Continental Europe	3,963	4,143
	29,664	28,731
Information	1,781	1,781
At 30 September	31,445	30,512

11 Intangible assets

	Technology £'000	Trademarks £'000	Customer relationships £'000	Software £'000	Total £'000
Cost					
At 1 October 2013	1,974	248	10,801	325	13,348
Additions	–	–	–	78	78
Disposals	–	–	–	(10)	(10)
Currency translation	–	(16)	(218)	(22)	(256)
At 30 September 2014	1,974	232	10,583	371	13,160
Additions	–	–	–	33	33
Disposals	–	–	–	(2)	(2)
Currency translation	143	(12)	89	(17)	203
At 30 September 2015	2,117	220	10,672	385	13,394
Accumulated amortization and impairment					
At 1 October 2013	–	248	2,967	237	3,452
Amortization charge	385	–	1,187	60	1,632
Disposals	–	–	–	(6)	(6)
Currency translation	10	(16)	(123)	(17)	(146)
At 30 September 2014	395	232	4,031	274	4,932
Amortization charge	415	–	1,192	56	1,663
Disposals	–	–	–	(2)	(2)
Currency translation	37	(12)	(47)	(13)	(35)
At 30 September 2015	847	220	5,176	315	6,558
Net book value					
At 1 October 2013	1,974	–	7,834	88	9,896
At 30 September 2014	1,579	–	6,552	97	8,228
At 30 September 2015	1,270	–	5,496	70	6,836

Technology, Trademarks and Customer relationships are amortized over 5 to 10 years and Software over not more than 3 years.

12 Property, plant and equipment

	Freehold land and buildings £'000	Leasehold land, buildings and improvements £'000	Furniture and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 October 2013	12,375	519	2,342	79	15,315
Currency translation	–	–	(39)	–	(39)
Additions	4,538	62	319	–	4,919
Disposals	–	–	(9)	–	(9)
At 30 September 2014	16,913	581	2,613	79	20,186
Currency translation	–	–	(28)	–	(28)
Additions	97	2	1,159	–	1,258
Disposals	–	–	(912)	–	(912)
At 30 September 2015	17,010	583	2,832	79	20,504
Accumulated depreciation					
At 1 October 2013	489	326	1,466	32	2,313
Currency translation	–	–	(27)	–	(27)
Depreciation charge	215	4	378	2	599
Disposals	–	–	(9)	–	(9)
At 30 September 2014	704	330	1,808	34	2,876
Currency translation	–	–	(16)	–	(16)
Depreciation charge	228	49	537	10	824
Disposals	–	–	(912)	–	(912)
At 30 September 2015	932	379	1,417	44	2,772
Net book value					
At 1 October 2013	11,886	193	876	47	13,002
At 30 September 2014	16,209	251	805	45	17,310
At 30 September 2015	16,078	204	1,415	35	17,732

13 Deferred tax

The deferred tax assets and liabilities and the movements during the year, before offset of balances within the same jurisdiction, are as follows:

	Share Options £'000	Accelerated tax depreciation £'000	Other temporary differences £'000	Total £'000
Deferred tax assets				
At 1 October 2013	58	62	150	270
Credited/(charged) to income	111	(4)	(24)	83
At 30 September 2014	169	58	126	353
(Charged)/credited to income	(17)	(24)	28	(13)
At 30 September 2015	152	34	154	340
		Accelerated tax depreciation £'000	Intangibles £'000	Total £'000
Deferred tax liabilities				
At 1 October 2013		294	2,049	2,343
Charged/(credited) to income		18	(330)	(312)
Credited to equity		–	(7)	(7)
At 30 September 2014		312	1,712	2,024
Charged/(credited) to income		145	(386)	(241)
Charged to equity		–	43	43
At 30 September 2015		457	1,369	1,826
			2015	2014
			£'000	£'000
Deferred tax assets			340	353
Deferred tax liabilities			(1,826)	(2,024)
Net deferred tax balance at 30 September			(1,486)	(1,671)

Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted at the reporting date.

14 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	15,718	13,792
Less: allowance for doubtful debts	(507)	(144)
	15,211	13,648
Other receivables	272	131
Prepayments and accrued income	2,424	2,606
At 30 September	17,907	16,385

Trade receivables are non-interest bearing and generally have a 30 day term. Due to their short maturities, the carrying amount of trade and other receivables approximate to their fair value.

The ageing of trade receivables net of allowances are held in the following currencies:

	2015 £'000	2014 £'000
Sterling	2,495	2,555
Euros	7,088	6,311
Japanese Yen	437	444
US Dollars	4,337	3,656
Swiss Francs	684	504
Other	170	178
	15,211	13,648

The ageing of trade receivables net of allowances at the reporting date was:

	2015 £'000	2014 £'000
Not past due	9,163	9,191
Past due 1-30 days	3,855	3,268
Past due 31-60 days	1,343	805
Past due 61-90 days	505	288
Past due > 90 days	345	96
	15,211	13,648

Movement in allowance for doubtful debts:

	2015 £'000	2014 £'000
At 1 October	144	156
Utilised	(26)	(23)
Charged	389	11
At 30 September	507	144

Given the profile of the Group's customers, no further credit risk has been identified with trade receivables other than those balances for which an allowance has been made.

15 Trade and other payables

	2015 £'000	2014 £'000
Due in less than one year		
Trade payables	6,960	5,771
Other tax and social security payable	1,024	1,015
Other payables	599	590
Accruals and deferred income	6,214	4,901
At 30 September	14,797	12,277

The carrying amount of trade and other payables approximates to their fair value. Trade payables normally fall due within 30 to 60 days.

	2015 £'000	2014 £'000
Due in more than one year		
Rental deposits	30	30

This long term creditor relates to rental deposits received in relation to the leasing of a portion of Randall House.

16 Provisions

	2015 £'000	2014 £'000
Due in less than one year		
At 1 October	480	740
Utilised	(76)	(55)
Released to the Statement of Comprehensive Income	(404)	(281)
Transferred from provisions due in more than one year	77	76
At 30 September	77	480

A provision made in respect of a claim from a third party, in relation to the acquisition of inovia, has been released during the year. The cost of settling the claim was successfully recouped from escrow and therefore not borne by the Group.

	2015 £'000	2014 £'000
Due in more than one year		
At 1 October	378	530
Utilised	–	(76)
Transferred to provisions due in less than one year	(77)	(76)
At 30 September	301	378

This long term provision relates solely to monthly ongoing future pension payments to a third party and will continue for the remainder of the recipients life.

17 Financial instruments and financial risk management

Categories of financial instruments

All financial assets other than derivative assets are classified as loans and receivables, and all financial liabilities are held at amortized cost.

The principal financial assets and liabilities on which financial risks arise are as follows:

	Carrying value 2015 £'000	Carrying value 2014 £'000
Financial assets		
Trade and other receivables - current	16,746	15,246
Foreign exchange derivatives	309	554
Cash and cash equivalents	30,569	22,479
At 30 September	47,624	38,279
Financial liabilities		
Trade and other payables - current	10,611	8,486
At 30 September	10,611	8,486

Trade and other receivables – current includes accrued revenue of £1,535,000 (30 September 2014 :£1,598,000).

Trade and other payables – current includes Trade payables, Other tax and social security balances plus certain other selected accruals.

Financial risk management objectives and policies

The principal financial risks to which the Group is exposed are those of liquidity, interest rate, credit, foreign currency and capital. Each of these is managed as set out below.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance Director.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Liquidity risk

In addition to its cash balances the Group has an overdraft facility of £1.5 million which was undrawn as at the year end. Most available funds, after meeting working capital requirements, are invested in sterling, euro and US dollar deposits with maturities not exceeding three months. Accordingly, liquidity risk is considered to be low.

Interest rate risk

The majority of the Group's cash balances are held with its principal bankers earning interest at variable rates of interest. The target yield on deposits is UK base rate plus a margin. To the extent the sterling overdraft is utilised it attracts a rate of base plus 2%.

Notes to the Consolidated Financial Statements (continued)

The currency profiles of the Group's cash and cash equivalents at 30 September 2015 are set out below.

	Floating rate 2015 £'000	Floating rate 2014 £'000
Assets – Cash and cash equivalents		
Sterling	18,415	9,607
US Dollars	4,639	4,324
Euros	4,983	6,175
Yen	1,171	961
Swiss Francs	1,034	1,206
Other	327	206
	30,569	22,479

If interest rates changed by 1%, the profit and loss impact would not be material to the Group's results in either the current or prior year.

The Directors believe that a change of 1% represents a reasonable sensitivity of the Group's interest rate risk. The analysis assumes that all other variables remain constant.

Credit risk

The Group is exposed to credit risk on cash and cash equivalents, derivative instruments and trade and other receivables.

Cash balances, predominantly held in the UK are placed with the Group's principal bankers who are rated AA by Standard & Poor's, and also with an additional two institutions carrying an AA and AA-rating.

Trade receivable exposures are managed locally in the operating units where they arise. The client base tends to be major blue chip organisations or self regulated bodies such as patent agents and legal firms. As a result the Group rarely considers a credit check is appropriate but, and where management have doubt, they will use their judgement and may impose a credit limit or require payment in advance. No client accounts for more than 7% (2014: 7%) of Group revenues and there were no significant concentrations of credit risk at the balance sheet date.

Provisions for doubtful debts are established in respect of specific trade and other receivables where it is deemed they may be irrecoverable.

Foreign currency risk

Approximately 51% (2014: 51%) of Group external sales in the reporting period were denominated in Euros and 20% in US dollars (2014: 20%) while the cost base of the Group is predominantly denominated in sterling.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in the functional currency with cash generated in that currency from their own operations. Transaction exposures arise from non-local currency sales and purchases by subsidiaries with gains and losses on transactions arising from fluctuations in exchange rates being recognised in the income statement.

In entities which have a material exposure the policy is to seek to manage the risk using forward foreign exchange contracts.

Assets and liabilities of Group entities located in Germany, Switzerland, the United States, Japan, China and Australia are principally denominated in their respective currencies and are therefore not materially exposed to currency risk. On translation to sterling gains or losses arising are recognised directly in equity.

Notes to the Consolidated Financial Statements (continued)

The carrying amounts of the Group's material foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities 2015 £'000	Liabilities 2014 £'000	Assets 2015 £'000	Assets 2014 £'000
Euros	2,204	2,052	10,287	11,046
US Dollars	201	185	6,057	5,345
Swiss Francs	1	–	1,189	1,277
Yen	55	408	91	21
Other	141	59	237	92
	2,602	2,704	17,861	17,781

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in sterling against the major currencies listed in the table above. The sensitivity analysis includes only the outstanding denominated monetary items and adjusts their translation at the end of the period for a 10% change in the sterling exchange rate. A positive number below indicates an increase in profit and other equity where sterling weakens against the relevant currency. For a 10% strengthening of sterling against the relevant currency, there would be an equal and opposite impact on profit and other equity, and the balances would be negative. The sensitivities below are based on the exchange rates at the reporting date used to convert the assets or liabilities to sterling.

	Profit and loss impact	
	2015 £'000	2014 £'000
Euros	735	818
US Dollars	532	469
Swiss Francs	108	116
Yen	3	(35)
	1,378	1,368

If the exchange rate on uncovered exposures were to move significantly between the year end and date of payment or receipt there could be an impact on the Group's profit. As all financial assets and liabilities are short-term in nature this risk is not considered to be material.

The Group's derivative financial instruments, which take the form of forward foreign exchange contracts in place at the year end are as follows:

	2015 £'000	2014 £'000
Forward foreign currency exchange contracts	309	554

An analysis of the Group's forward contracts' maturity is as follows:

	2015 £'000	2014 £'000
Up to 3 months	309	186
3 to 6 months	–	105
6 to 12 months	–	263
	309	554

Capital risk

The Group considers its capital to comprise its ordinary share capital, share premium, other reserves and accumulated retained earnings. In managing its capital, the Group'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. The Group has historically considered equity funding as the most appropriate form of capital for the Group but debt financing has been introduced where it was felt that the benefits exceed the risks and costs to equity shareholders of introducing this type of finance.

Following dividend payments of £9,796,000, closing reserves are £85,690,000 and there is no external debt finance as at 30 September 2015.

The Group is not subject to externally imposed capital requirements.

18 Share capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Authorised				
Ordinary shares of 1 pence each (2014: 5 pence)	500,000,000	5,000	100,000,000	5,000
Allotted, called up and fully paid				
At beginning of year	42,315,968	2,116	42,315,968	2,116
Subdivision of shares	169,263,872	–	–	–
At end of year	211,579,840	2,116	42,315,968	2,116

At the RWS Holdings plc AGM on 10 February 2015, shareholders approved a resolution to subdivide the Company's existing shares so that each 5p Ordinary share was subdivided into 5 Ordinary shares of 1p each. These new 1p shares were admitted for trading on the London Stock Exchange on 11 February 2015.

19 Share based payment

On 6 April 2013 the Company adopted a new 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 typically vest after a period of 3 years 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.

Number of approved options (restated)	Number of unapproved options (restated)	Exercise Price (£) (restated)	Grant Date	Vesting date		Lapse Date
				approved options	unapproved options	
139,290	7,971,285	1.292	3 April 2013	3 April 2016	3 April 2015	3 April 2021

A charge of £455,000 (2014: £878,000) has been made in the accounts relating to share options all of which related to equity settled share based payment transactions.

No options were exercised during the year.

Notes to the Consolidated Financial Statements (continued)

The fair value of the share options is 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 in the respective period shown.

	Approved Option Scheme	Unapproved Option Scheme
Weighted average share price at grant (£)	1.292	1.292
Weighted average exercise price (£)	1.292	1.292
Expected life of option (years)	3	2
Volatility (%)	33.5	33.5
Dividend yield (%)	2.69	2.69
Risk free interest rate (%)	2	2
Option value (£)	1.31	1.11

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 3 years at the date of grant.

20 Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	15,935	12,990
Short-term deposits	14,634	9,489
	30,569	22,479

Short-term deposits have original maturity of three months or less. The fair value of these assets supports their carrying value.

There are no restrictions regarding the utilisation of the Group's cash resources.

21 Related party transactions

During the year in the normal course of business, RWS provided translation services worth £295,000 (2014: £113,000) to Learning Technologies Group plc ("LTG") and Andrew Brode has an interest in this Company. An amount of £30,000 due from LTG at 30 September 2015 was paid in October and November 2015 (2014: £2,000).

22 Commitments and contingent liabilities

The Group had no material capital commitments contracted for but not provided for in the financial statements. (2014: £nil)

In respect of overdraft facilities, the Company, together with certain subsidiary undertakings, has given to the Group's principal bankers cross-guarantees secured by fixed and floating charges over the assets of the Group. At the end of the year liabilities covered by these guarantees totalled £nil (2014: £nil).

23 Operating lease commitments

Operating lease payments represent rentals payable by the Group for its office properties and certain equipment. Property leases have various terms, escalation clauses and renewal rights.

	2015 £'000	2014 £'000
At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:		
Within one year	780	771
In the second to fifth years inclusive	801	861
After five years	365	478
	1,946	2,110

24 Events since the reporting date

RWS announced on 2 November 2015 the acquisition of the entire share capital of Corporate Translations Inc ("CTi") for a cash consideration of US\$70 million plus an estimated US\$2 million for working capital. The acquisition was funded by a US\$45 million five year loan and internal cash resources.

It is anticipated that there will be Goodwill arising on the acquisition.

Because the process of fair valuing the CTi business has not been completed as at 7 December 2015, the initial accounting for the business combination is incomplete as at this date. As a result, the Group is unable to disclose the following information regarding the acquisition:

- the gross contractual amount, fair value amount, or estimated contractual cash flows not expected to be collected from the receivables acquired;
- the amount recognised as of the acquisition date for each major class of assets and liabilities acquired;
- the existence of or the values relating to any contingent liabilities recognised in accordance with IAS 37 on acquisition, and
- the amount of goodwill acquired and the amount of goodwill that is expected to be deductible for tax purposes.

Parent Company Financial Statements

Parent Company Financial Statements

The following parent entity financial statements are prepared under UK GAAP and relate to the Company and not to the Group. The statement of accounting policies which have been applied to these accounts can be found on page 50 and 51.

Company Balance Sheet

at 30 September

Registered Company 3002645	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	4	15,326	14,871
		15,326	14,871
Current assets			
Debtors	5	5,983	5,984
Cash at bank and in hand		7,735	6,535
		13,718	12,519
Creditors: amounts falling due within one year	6	230	145
Net current assets		13,488	12,374
Total assets less current liabilities		28,814	27,245
Capital and reserves			
Share capital	7	2,116	2,116
Share premium account	8	3,583	3,583
Share based payment reserve	8	1,801	1,346
Capital reserve	8	2,030	2,030
Profit and loss account	8	19,284	18,170
Total shareholders' funds	8	28,814	27,245

The financial statements on pages 49 to 54 were approved by the Board of Directors and authorised for issue on 7 December 2015 and were signed on its behalf by:

Andrew Brode

Director

1 Accounting policies

Basis of preparation

These financial statements present financial information for RWS Holdings plc as a separate entity, and have been prepared in accordance with the historical cost convention, the Companies Act 2006 and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice). The Company's Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, are separately presented. The principal accounting policies adopted in these company financial statements are set out below and, unless otherwise indicated, have been consistently applied for all periods presented.

In accordance with FRS 18, Accounting policies, the Directors have reviewed the accounting policies of the Company as set out below and consider them to be appropriate.

Going concern

The Directors believe that preparing these financial statements on the going concern basis is appropriate based on cash flow projections for the foreseeable future.

Related party transactions

The Company is exempt under the terms of FRS 8, Related party disclosures, from disclosing related party transactions with entities that are part of the Group.

Cash flow statement

The cash flows of the Company are included in the consolidated cash flow statement of RWS Holdings plc which is included in this annual report. Consequently, the Company is exempt under the terms of FRS1 (revised) from publishing a cash flow statement.

The principal accounting policies are:

Investments

Investments are stated at cost less provision for impairment. Cost includes capital contributions arising from share options.

Pensions

Contributions to personal pension plans are charged to the profit and loss account in the period in which they fall due.

Dividend distribution

Interim dividends are recorded when they are paid and the final dividends are recorded when they become legally payable.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Share based payments

The Group and Company provide 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 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. Details regarding the determination of the fair value of these options can be seen in note 19 of the consolidated financial statements.

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 Group's estimate of share options that will vest. At each balance sheet date the Group revises its estimate of the number of options expected to vest as a result of the effect on non market based vesting conditions. The

Notes to the Company Financial Statements (continued)

impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity reserves.

Where the share options are awarded to employees of subsidiaries, the amount of the charge is passed down to the subsidiary in the form of a capital contribution which is recognised as an increase in the investment in that subsidiary.

2 Profit for the year

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The Company profit after tax for the year ended 30 September 2015 under UK GAAP was £10,910,000 (2014: £7,305,000).

Audit fees payable in relation to the audit of the financial statements of the Company are £54,000 (2014: £50,000). Fees paid to PwC LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of RWS Holdings plc because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

3 Directors and employees

There were no employees (2014: nil) of the Company other than the Directors.

The remuneration of the Directors of RWS Holdings plc for services in all capacities is set out below:

	2015 £'000	2014 £'000
Directors' emoluments	998	952
Pension costs – paid to the Director's personal pension scheme	17	31
	1,015	983

During the year the Company had 6 (2014: 6) Directors, including three Non-Executive Directors, providing services to the Group.

During the year 2 directors (2014: 3) received contributions to their personal pension schemes.

Emoluments of the highest paid Director:

	2015 £'000	2014 £'000
Emoluments	350	339
Pension costs – paid to the Director's personal pension scheme	10	9
	360	348

Details of Directors' remuneration and pension contributions are disclosed in the Directors' Remuneration Report on pages 13 to 15.

Notes to the Company Financial Statements (continued)

4 Investments

	2015 £'000	2014 £'000
Cost and net book value at beginning of year	14,871	13,993
Additions – capital contributions	455	878
Cost and net book value at end of year	15,326	14,871

The Directors consider that the value of the Company's fixed asset investments, which are listed below, is supported by their underlying assets.

The following were the wholly owned subsidiary undertakings and have been consolidated in the financial statements:

	Country of incorporation	Nature of business
Beijing RWS Science & Technology Information Consultancy Co. Ltd	China	Patent, technical and legal translations
Bybrook Limited	England	Holding company
Communicare Limited	England	Technical and legal translations
Davda & Associates Limited	England	Patent and technical information searches
Eclipse Translations Limited	England	Technical and legal translations
inovia Pty Holdings Limited	Australia	Patent translations
inovia LLC	USA	Patent translations
inovia Europe GmbH	Germany	Patent translations
Japanese Language Services Limited	England	Technical and legal translations
KK RWS Group	Japan	Patent, technical and legal translations
Lawyers' and Merchants' Translation Bureau Inc	USA	Technical and legal translations
PharmaQuest Limited	England	Technical and medical translations
Plastics Translations Limited	England	Holding company
RWS Group Deutschland GmbH – including RWS Group GmbH that was merged into this Company during the year.	Germany	Technical and legal translations
RWS Group Limited	England	Holding company
RWS Information Limited	England	Patent and technical information searches
RWS (Overseas) Limited	England	Holding company
RWS Schweiz GmbH (formerly Ifama GmbH)	Switzerland	Technical and legal translations
RWS Translations Limited	England	Patent, technical and legal translations
RWS Vault Limited	England	Holding company
Tributary Limited	England	Holding company

All subsidiary undertakings, except RWS Group Limited, Bybrook Limited and RWS Vault Limited, are held indirectly.

5 Debtors

	2015 £'000	2014 £'000
Amounts owed by Group undertakings	5,942	5,942
Other debtors	14	14
Prepayments	27	28
Amounts due within one year	5,983	5,984

6 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade Creditors	9	6
Amounts owed to group undertakings	103	36
Accruals	118	103
	230	145

The amounts owed both by and to Group undertakings are repayable on demand and classified as due within one year.

7 Share capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Authorised				
Ordinary shares of 1 pence each (2014: 5 pence)	500,000,000	5,000	100,000,000	5,000
Allotted, called up and fully paid				
At beginning of year	42,315,968	2,116	42,315,968	2,116
Subdivision of shares	169,263,872	–	–	–
At end of year	211,579,840	2,116	42,315,968	2,116

At the RWS Holdings plc AGM on 10 February 2015, shareholders approved a resolution to subdivide the Company's existing shares so that each 5p Ordinary share was subdivided into 5 Ordinary shares of 1p each. These new 1p shares were admitted for trading on the London Stock Exchange on 11 February 2015.

8 Shareholders' funds and movements on reserves

	Share capital £'000	Share premium account £'000	Share based payment reserve £'000	Capital reserve £'000	Profit & loss account £'000	Total Shareholders' funds £'000
At beginning of year	2,116	3,583	1,346	2,030	18,170	27,245
Credit arising on share based payments	–	–	455	–	–	455
Dividends	–	–	–	–	(9,796)	(9,796)
Profit for the year	–	–	–	–	10,910	10,910
At end of year	2,116	3,583	1,801	2,030	19,284	28,814

The balance on the capital reserve is an amount not distributable to shareholders and not transferred to the profit and loss account.

9 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Opening shareholders' funds	27,245	27,800
Profit for the year	10,910	7,305
Credit arising on share based payments	455	878
Dividends paid	(9,796)	(8,738)
Shareholders' funds at end of year	28,814	27,245

10 Guarantees and other financial commitments

In respect of overdraft facilities, the Company, together with certain subsidiary undertakings, has given to the Group's principal bankers cross-guarantees secured by fixed and floating charges over the assets of the Group. At the end of the year liabilities covered by these guarantees totalled £nil (2014: £nil).

11 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 Group as consolidated financial statements of the ultimate parent company are available from Companies House.

12 Post balance sheet events

RWS announced on 2 November 2015 the acquisition of the entire share capital of Corporate Translations Inc ("CTI") for a cash consideration of US\$70 million plus an estimated US\$2 million for working capital. The acquisition was funded by a US\$45 million five year loan and internal cash resources. Further details are provided in note 24.

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