TTS Group Limited **Registered number 04373761**

Annual Report and Financial Statements

For the year ended 30 November 2012

CONTENTS

COMPANY INFORMTION

Registered Office	TTS Group Ltd New Mill House 183 Milton Park ABINGDON Oxfordshire OX14 4SE
Registered Number	04373761
Directors	Greg Davidson David Hook Catherine Jeffrey Iain McIntosh Nick Walker Andy Wilson
Company Secretary.	Greg Davidson
Auditor.	KPMG Audit Plc Arlington Business Park Theale READING RG7 4SD

DIRECTORS' REPORT

The Directors present their annual report on the affairs of TTS Group Ltd ("*Company*") together with the financial statements and auditor's report for the year ended 30 November 2012

The Company is a wholly owned subsidiary of RM plc ("*Parent Company*"), which, together with its subsidiary undertakings, comprise the RM Group ("*Group*") A detailed review of the Group's strategy, results for the financial year and prospects is included in the Group's annual report and accounts which are published on the Group's web site, *www rm com*

The accounting reference date was changed from 30 September to 30 November during the previous financial period All references to financial performance and cash flows for 2011 cover the 14 month financial period from 1 October 2010 to 30 November 2011, unless otherwise stated

Principal activity

The principal activity of the Company during the financial year was developing, sourcing, marketing and distributing educational resources via curriculum specific catalogues

Review of the business, Results and Development

The Company forms part of the Education Resources division of the Group

The change in government spending introduced in 2011 continued to impact school spending in 2012 Despite these pressures the Company delivered a strong performance, with revenue for the year ending 30th November 2012 at £56 0m compared to revenue for the 12 months ending 30th November 2011 of £53 7m (+4 3%)

Operating profits have grown to £8 8m (2011 £5 5m) benefiting considerably from category management, efficiency and supply chain improvements seen in the gross profit which has grown to 40 7% (2011 35 7%)

The outlook for the forthcoming year is positive, and the company expects continued growth in revenues and profitability

Going concern

Despite having net assets of £3 7 million (2011 £3 3 million), the company is in a net current liability position as at 30 November 2012 including £12 5 million (2011 £17 9 million) owed to undertakings in the Group

The Company has received a letter of support from its Parent Company, RM plc which states that RM plc will continue to provide adequate financial support for the foreseeable future, and for a minimum period of twelve months from the date of signing the accounts for the year ended 30 November 2012 to enable the Company to meet its debts as they fall due The Directors have satisfied themselves that the Group is able to provide this support Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual report and accounts

There have been no significant events since the balance sheet date

Dividend

The Directors recommend the payment of an interim dividend of £8,472 per ordinary share (2011 £5,389) No final dividend was proposed (2011 £nil)

DIRECTORS' REPORT (continued)

Principal risks and uncertainties

Market risk

The key market risks of educational funding and policy are explained in the RM plc Annual Report and Accounts The Company will manage these risks by continuing to work closely within education to create innovative new products and develop its catalogues further

Inventory risk

In order to meet customer expectations and maintain customer satisfaction it is critical to hold the right levels of inventory and dispatch orders quickly and accurately whilst managing invested capital The Company sources inventory, with varying lead times, from all over the world and it is possible that orders will be unfulfilled as a result of shortages The Company manages this risk through a sophisticated planning process, supplier agreements and alternative supply planning by maintaining an owned inventory holding and by developing intellectual property itself

Pricing risk

As a catalogue business, prices are published well in advance of orders During this time period the Company is exposed to pricing variances from suppliers and particularly to variations in the US dollar to Pound Sterling exchange rate The Company continues to work with the RM Group in hedging this exposure

Growth risk

As the Company grows it is important that it remains positioned for simplicity In doing this it needs to continue to listen to teachers, look after staff and produce many new and innovative products at competitive prices TTS' position in the RM Group assists with the management of this risk by sharing investment and management experience

Foreign currency risk

The Company is exposed to foreign currency translation risk as it maintains foreign currency denominated cash accounts, which it holds for settlement of receivables and payables balances

Credit risk

The Company's principal financial assets are bank balances and trade and other receivables

The Company's credit risk is primarily attributable to its trade receivables Credit checks are performed on new customers and before credit limits are increased The amounts presented in the balance sheet are net of allowances for doubtful receivables The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Liquidity risk

Cash is managed to ensure that sufficient liquid funds are available with a variety of counterparties, but principally other group companies, through short, medium and long-term cash flow forecasting

Interest rate risk

The only interest bearing financial assets and liabilities held by the Company are cash and cash equivalents and inter-group funding loans with other group companies These inter-group loans carry interest linked to national inter-bank rates The interest rate risk on these instruments is not considered significant

Charitable contributions and political donations

During the year ended 30 November 2012 the Company made total charitable donations of £14,000 (2011 £44,000) The Company made no political donations during the current financial year (2011 £nil)

Creditor payment policy

The Company agrees terms and conditions for its business transactions with suppliers Payment is then made to these terms, subject to them being met by the supplier Payment runs are made on a weekly basis and, wherever possible, are made using the Bankers' Automated Clearing Service ("BACS") Trade creditor days, which have not been adjusted for the seasonal nature of the business, as at 30 November 2012 were 52 days (2011 39 days) based on the ratio of trade creditors at the year end to the amounts invoiced by suppliers during the year

DIRECTORS' REPORT (continued)

Directors

The Directors who held office at the date of approval of the financial statements are listed on page 2 Changes in Directors since the start of the current financial year were as follows

Iain McIntosh	appointed 31 January 2012
Greg Davidson	appointed 8 May 2012
Andy Robson	appointed 31 January 2012, resigned 8 May 2012
Rob Sirs	resigned 31 January 2012
Lee Fineman	resigned 17 May 2012

Employees

TTS Group Ltd is an equal opportunities employer Applications for employment are always fully considered irrespective of gender, ethnic origin, race, religion, sexual orientation or disability In the event of members of staff becoming disabled every effort is made to ensure that their employment continues and that appropriate training is arranged It is the Company's policy that the training, career development and promotion of disabled employees should, so far as is possible, be identical to that of other employees

The Company operates a communications policy which aims to integrate staff into the business and to educate and inform them, encouraging a sense of involvement and keenness to contribute Technical and personal skills development courses, sourced internally and externally, are available to staff at all levels Directors and managers receive training in the Company's key management methods Additionally, self-instructed learning through teaching manuals and computer programs provides an important element in the technical training of support staff

Considerable value is placed on involving staff and keeping them informed on matters affecting them as employees and on the performance of the Company and the Group as a whole This is achieved through formal and informal meetings and the dissemination of written communications directly or via notice boards

Statement regarding the disclosure of information to the auditor

In the case of each of the persons who was a Director of the Company at the date when this report was approved

i) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and

ii) the Directors have taken all the steps that they ought to have to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc, will be deemed to be reappointed and will therefore continue in office

By Order of the Board

21/2/13

Andy Wilson
Director

21 February 2013

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that year In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of TTS Group Limited

We have audited the financial statements of TTS Group Limited for the year ended 30 November 2012, set out on pages 8 to 31 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at
www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 November 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

C N Parkin (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
READING
RG7 4SD

21 February 2013

INCOME STATEMENT
For the year ended 30 November 2012

	Note	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Revenue	3	56,031	59,592
Cost of sales		(33,202)	(38,346)
Gross profit		22,829	21,246
Operating expenses		(14,011)	(15,669)
Amortisation of acquisition related intangible assets		(17)	(76)
Profit from operations	4	8,801	5,501
Finance costs	6	(316)	(472)
Profit before tax		8,485	5,029
Tax	7	(2,190)	(1,406)
Profit for the year attributable to equity holders		6,295	3,623

All activities relate to continuing operations

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 November 2012

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Profit for the year	6,295	3,623
Deferred tax on items taken directly to equity	-	(5)
Other comprehensive expense for the year	-	(5)
Total comprehensive income for the year attributable to equity holders	6,295	3,618

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 November 2012

	Share capital £000	Capital contribution reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
At 1 October 2010	1	208	-	3,389	3,598
Profit for the period	-	-	-	3,623	3,623
Other comprehensive expense					
Tax on items taken directly to equity	-	-	-	(5)	(5)
Other comprehensive expense for the period	-	-	-	(5)	(5)
Dividends paid	-	-	-	(3,880)	(3,880)
Fair value loss on forward exchange contracts	-	-	(40)	-	(40)
Share-based payment charge	-	44	-	-	44
At 30 November 2011	1	252	(40)	3,127	3,340
Profit for the year	-	-	-	6,295	6,295
Dividends paid	-	-	-	(6,100)	(6,100)
Fair value loss on forward exchange contracts	-	-	(8)	-	(8)
Share-based payment charge	-	184	-	-	184
At 30 November 2012	**1**	**436**	**(48)**	**3,322**	**3,711**

BALANCE SHEET
At 30 November 2012

	Note	At 30 November 2012 £000	At 30 November 2011 £000
Non-current assets			
Goodwill	9	**2,179**	2,179
Intangible assets	10	**548**	726
Property, plant and equipment	11	**3,487**	3,962
Investments in subsidiaries	12	**-**	-
Deferred tax assets	7	**85**	273
		6,299	7,140
Current assets			
Inventories	13	**10,314**	12,914
Trade and other receivables	14	**8,148**	7,828
Cash and cash equivalents	16	**1,128**	515
		19,590	21,257
Total assets		**25,889**	28,397
Current liabilities			
Trade and other payables	15	**(19,962)**	(23,904)
Tax liabilities		**(1,923)**	(869)
		(21,885)	(24,773)
Net current liabilities		**(2,295)**	(3,516)
Non-current liabilities			
Provisions	17	**(293)**	(284)
Total liabilities		**(22,178)**	(25,057)
Net assets		**3,711**	3,340
Equity attributable to equity holders			
Share capital	18	**1**	1
Capital contribution reserve		**436**	252
Hedging reserve		**(48)**	(40)
Retained earnings		**3,322**	3,127
Total equity		**3,711**	3,340

These financial statements of TTS Group Limited were approved and authorised for issue by the Board of Directors on 21 February 2013

On behalf of the Board of Directors,

21|2|13

Nick Walker
Director

CASH FLOW STATEMENT
For the year ended 30 November 2012

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Profit from operations	**8,801**	5,501
Adjustments for		
Loss on derivatives	**(8)**	(40)
Depreciation of property, plant and equipment	**593**	610
Amortisation of intangible assets	**178**	192
Share-based payment charge	**184**	44
(Gain)/loss on disposal of property, plant and equipment	**(15)**	23
Loss on disposal of intangible assets	**-**	29
Increase in provisions	**-**	285
Operating cash flows before movements in working capital	**9,733**	6,644
Decrease/(increase) in inventories	**2,600**	(2,552)
(Increase)/decrease in receivables	**(320)**	4,678
Decrease in payables	**(3,872)**	(5,043)
Cash generated by operations	**8,141**	3,727
Tax paid	**(948)**	(1,444)
Net cash inflow from operating activities	**7,193**	2,283
Investing activities		
Proceeds on disposal of property, plant and equipment	**29**	24
Purchases of property, plant and equipment	**(132)**	(747)
Purchases of other intangible assets	**-**	(567)
Net cash used in investing activities	**(103)**	(1,290)
Financing activities		
Decrease in financing from Group undertakings	**(6,472)**	(4,732)
Net cash used by financing activities	**(6,472)**	(4,732)
Net increase/(decrease) in cash and cash equivalents	**618**	(3,739)
Cash and cash equivalents at the beginning of the year	**515**	4,254
Effects of foreign exchange rate changes	**(5)**	-
Cash and cash equivalents at the end of the year	**1,128**	515

NOTES TO THE FINANCIAL STATEMENTS

1 General information

TTS Group Ltd is a company incorporated in the United Kingdom The nature of the Company's operations and its principal activities are set out in the Review of the business

The Company is part of a European listed Group, whose ultimate parent is RM plc The accounting policies are drawn up in accordance with those International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted for use in the EU and therefore comply with Article 4 of the EU IAS Regulation applied in accordance with the provisions of the Companies Act 2006

2 Significant accounting policies

The principal IFRS accounting policies adopted by the Company are listed below

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments and, share-based payments which are measured at fair value The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates

The financial statements are prepared on a going concern basis, despite the net current liabilities at the end of the year The Directors reasons for continuing to adopt this basis are set out in the 'Going concern' section in the Directors' Report

The Company's business activities, together with the factors likely to affect its future development, financial performance and financial position are set out in the 'Review of the business' section in the Directors' Report, along with the financial position of the Company and its cash flows The Company's risk management policies are outlined in the 'Principal risks and uncertainties' section of the Directors' Report

The Directors have assessed forecast future cash flows for the foreseeable future, being a period of at least a year following the approval of the Accounts and are satisfied that the Company's agreed working capital facilities are sufficient to meet these cash flows Given the Company's continued seasonality, cash flows are forecast to be at their highest outflow during the early summer months

Considering the above, the Directors believe that the Company is well placed to manage its business risks successfully despite the continued current uncertain economic outlook and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Revenue

Revenue represents amounts receivable for goods supplied and services provided to third-parties net of VAT and other sales-related taxes

Revenue from the sale of goods and services is recognised upon transfer to the customer of the significant risks and rewards of ownership This is generally when goods are despatched to, or services performed for, customers Appropriate provisions for returns, trade discounts and other allowances are deducted from revenue

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability The unwinding of the discount is recognised as finance cost

- Dilapidations

A dilapidations provision is recognised when the Company has an obligation to rectify, repair or reinstate a leased premises to a certain condition in accordance with the lease agreement The provision is measured at the present value of the estimated cost of rectifying, repairing or reinstating the leased premises at a specified future date To the extent that future economic benefits associated with leasehold improvements are expected to flow to the Company, this cost is capitalised within the leasehold improvement category of property, plant and equipment and is depreciated over its useful economic life

Property, plant and equipment

Property, plant and equipment assets are stated at cost, less depreciation and provision for impairment where appropriate

Property, plant and equipment are depreciated by equal annual instalments to write down the assets to their estimated disposal value at the end of their useful lives as follows

Freehold land and buildings	3% per annum
Building improvements	10 years
Plant & equipment	4 years
Computer equipment	3 years
Vehicles	4 years

Intangible assets

All intangible assets, except goodwill, are stated at cost less accumulated amortisation and any accumulated impairment losses

Goodwill

Goodwill represents the amount by which the fair value of the cost of a business combination exceeds the fair value of net assets acquired Goodwill is not amortised and is stated at cost less any accumulated impairment losses

The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstance indicate that it might be impaired Impairment charges are deducted from the carrying value and recognised immediately in profit or loss For the purpose of impairment testing, goodwill is allocated to cash-generating units expected to benefit from the synergies of the combination Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit An impairment loss recognised for goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

Research and development costs

Research and development costs associated with the development of software products or enhancements and their related intellectual property rights are expensed as incurred until all of the following criteria can be demonstrated, in which case they are capitalised as an intangible asset

a the technical feasibility of completing the intangible asset so that it will be available for use or sale

b an intention to complete the intangible asset and use or sell it

c ability to use or sell the intangible asset

d how the intangible asset will generate probable future economic benefits Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset

e the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset

f an ability to measure reliably the expenditure attributable to the intangible asset during its development

The technological feasibility for the Company's software products is assessed on an individual basis and is generally reached shortly before the products are released to manufacturing, and late in the development cycle Capitalised development costs are amortised on a straight-line basis over their useful lives, once the product is available for use Useful lives are assessed on a project-by-project basis

Other intangible assets

Intangible assets purchased separately, such as software licences that do not form an integral part of hardware and the costs of internally generated software for the Company's use, are capitalised at cost and amortised over their useful lives of 2-8 years

Acquisition related intangible assets include an assessment of the fair value of separately identifiable intangible fixed assets, in addition to other assets, liabilities and contingent liabilities purchased These are amortised over their useful lives which are individually assessed

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs

Recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, 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 asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

Financial instruments

-Trade and other receivables

Trade and other receivables are not interest bearing and are stated at their original invoiced value reduced by appropriate allowances for estimated irrecoverable amounts

-Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with a maturity of three months or less Bank overdrafts are included in cash and cash equivalents only to the extent that the Company has the right of set-off

-Trade and other payables

Trade payables on normal terms are not interest bearing and are stated at original invoiced amount

-Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures

On initial designation of the derivative as the hedging instrument, the Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss

Derivatives are recognised initially at fair value, attributable transaction costs are recognised in profit or loss as incurred Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below

-Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss

-Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss

Inventories

Finished goods and work-in-progress are valued on a first in first out basis, including appropriate labour costs and other overheads Raw materials and bought in finished goods are valued at purchase price All inventories are reduced to net realisable value where lower than cost Provision is made for obsolete, slow moving and defective items where appropriate

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

Share-based payments

The RM Group operates a number of executive and employee share schemes For all grants of share-based payments, the fair value as at the date of grant is calculated using a pricing model and the corresponding expense is recognised over the vesting period At vesting the cumulative expense is adjusted to take into account the number of awards actually vesting as a result of survivorship and where this reflects non-market-based performance conditions

The fair value charge is recharged to the Company by its parent under IFRIC 11 Group and Treasury Share Transactions, being reflected in a capital contribution reserve within equity

Employee benefits

The Company operates a defined contribution pension scheme Contributions to defined contribution plans are charged to operating profit as they become payable

An accrual is maintained for paid holiday entitlements which have been accrued by employees during a period but not taken during that period

Taxation

Current tax, including UK corporation tax and foreign 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

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit Deferred tax liabilities are recognised for all taxable temporary differences except in respect of investments in subsidiaries where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised Their carrying amount is reviewed at each balance sheet date on the same basis

Deferred tax is measured on an undiscounted basis, and at the tax rates that are expected to apply in the periods in which the asset or liability is settled It is recognised in the income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis

Operating leases

Rentals under operating leases are charged to profit on a straight line basis over the lease term

Foreign currencies

The Company's functional and presentation currency is Sterling Transactions denominated in foreign currencies are translated into Sterling at rates prevailing at the dates of the individual transactions Foreign currency monetary assets and liabilities are translated at the rates prevailing at the balance sheet date Exchange gains and losses arising are charged or credited to the income statement within operating costs Foreign currency non-monetary amounts are translated at rates prevailing at the time of establishing the fair value of the asset or liability

Dividends

Dividends are recognised as a liability in the period in which the shareholder's right to receive payment has been established

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Significant accounting policies (continued)

Key sources of estimation uncertainty and critical accounting judgements

In applying the Company's accounting policies the Directors are required to make judgements, estimates and assumptions Actual results may differ from these estimates The Company's key risks are set out in the 'Principal risks and uncertainties' section of the Directors' Report

Adoption of new and revised International Financial Reporting Standards

The IFRIC interpretations, amendments to existing standards and new standards that are mandatory and relevant for the Company's accounting periods beginning on or after 1 December 2011 have been adopted The following new standards and interpretations have been adopted in the current financial year but have not impacted the reported results or the financial position

IAS 1 Presentation of Financial Statements, presentation of items of Other comprehensive income

IAS 34 Interim Financial Reporting, significant events and transactions

IFRS 7 Financial Instruments Disclosures, transfers of financial assets

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

IAS 1 Presentation of Financial Statements, classification of the requirements for comparative data

IAS 16 Property, Plant and Equipment, classification of servicing equipment

IAS 19 Employee Benefits, mandatory effective date and transitional requirements

IAS 27 Consolidated and Separate Financial Statements, investment entities

IAS 32 Financial Instruments Presentation, tax effect of distribution to holders of equity instruments, offsetting financial assets and liabilities

IAS 34 Interim Financial Reporting, interim financial reporting and segment information for total assets and liabilities

IFRS 1 First-time Adoption of IFRS – repeated application, borrowing costs, Government loans

IFRS 7 Financial Instruments, Disclosure – offsetting financial assets and financial liabilities

IFRS 9 Financial instruments

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair value measurement

The Directors are finalising their analysis and do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except as follows

IFRS 9 will impact both the measurement and disclosures of Financial Instruments,

IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures,

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 Significant accounting policies (continued)

The Parent Company has indicated its intention to implement FRS 101 Reduced Disclosure Framework for the year ended 30 November 2013 unless objections are received from shareholders This will impact the financial statements for future periods

3 Revenue

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Revenue from supply of products	56,031	59,592
Total revenue per IAS 18 Revenue	56,031	59,592

4 Profit for the year

Profit for the year is stated after charging/(crediting)

	Note	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Depreciation of property, plant and equipment	11	593	609
Amortisation			
- other intangible assets	10	161	117
- acquisition related intangible assets	10	17	76
		178	193
Selling and distribution costs		10,237	12,327
Research and development costs		166	188
Administrative expenses		3,608	3,154
Operating expenses		14,011	15,669
(Profit)/loss on sale of property, plant and equipment		(15)	23
Loss on sale of intangible fixed assets		-	29
Cost of inventories recognised as expense		27,429	30,291
Staff cost	5	8,328	10,014
Operating lease expense		609	724
Auditor's remuneration for audit services		27	21
Auditor's remuneration for non-audit services		3	3

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 Staff numbers and costs

The average number of persons (including Directors and contractors) employed by the Company during the year was as follows

	Year ended 30 November 2012	14 months ended 30 November 2011
Office, warehouse and management	186	189
Marketing and sales	96	104
	282	293

Their aggregate emoluments comprised

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Wages and salaries	7,133	9,015
Social security costs	599	714
Other pension costs	412	241
Share-based payments	184	44
	8,328	10,014

The remuneration of the Directors and the remuneration of the highest paid Director was as follows

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Directors emoluments, short term	796	1,263
Contributions to pension schemes	62	78
Highest paid director		
Directors emoluments, short term	254	339
Contributions to pension schemes	22	-

6 Finance costs

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Interest on amounts payable to Group companies	307	472
Other finance costs	9	-
	316	472

7 Tax

a) Analysis of tax charge in the income statement

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Current taxation		
- UK corporation tax	**2,216**	1,681
- Adjustment in respect of prior years	**(214)**	(32)
Total current tax charge	**2,002**	1,649
Deferred taxation		
- Temporary differences	**(10)**	(253)
- Adjustment in respect of prior years	**198**	10
Total deferred tax charge/(credit)	**188**	(243)
Total income statement tax charge	2,190	1,406

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2011) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly The deferred tax asset at 30 November 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

The overall effect of the further reduction to 22%, if these applied to the deferred tax asset at 30 November 2012 would be to further reduce the asset by approximately £4,000 and reduce the Company's future current tax charge

b) Reconciliation of income statement tax charge

The tax charge in the Income statement reconciles to the effective rate of 24 67% (2011 26 86%) applied by the Company as follows

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Profit before tax	**8,485**	5,029
Tax at 24 67% (2011 26 86%) thereon	**2,093**	1,351
Effects of		
- Other expenses not deductible for tax purposes	**44**	21
- Other temporary timing differences	**47**	33
- Prior period adjustments	**(16)**	(22)
- Adjustment due to change in tax rate	**22**	23
Tax charge in the Income statement	**2,190**	1,406

7 Tax (continued)

c) Deferred tax

The Company has recognised deferred tax assets as these are anticipated to be recoverable against profits in future periods The major deferred tax assets and liabilities recognised by the Company and movements thereon are as follows

	Accelerated tax depreciation £000	Share-based payments £000	Gain on disposal of building £000	Acquisition related intangible assets £000	Short-term timing differences £000	Total £000
At 1 October 2010	40	39	(49)	(43)	49	36
Charge/(credit) to income	27	(25)	14	22	204	242
Credit to equity	-	(5)	-	-	-	(5)
At 30 November 2011	67	9	(35)	(21)	253	273
Charge/(credit) to income	5	(9)	3	6	(193)	(188)
At 30 November 2012	**72**	**-**	**(32)**	**(15)**	**60**	**85**

8 Dividends

The aggregate amount of dividends comprise

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Interim dividend paid of £8,472 (2011 £5,389) per ordinary share	**6,100**	3,880

9. Goodwill

	Total £000
Cost and carrying amount	
At 1 October 2010, 30 November 2011 and 30 November 2012	2,179

The goodwill is attributed to the cash-generating unit ('CGU') of the Company business

The recoverable amounts of the CGUs are determined from value in use calculations The key assumptions for the value in use calculations are those regarding the discount rates and growth rates

The Company monitors its post-tax Weighted Average Cost of Capital (WACC) and those of its competitors using market data In considering the discount rates applying to CGUs, Management have considered the relative sizes, risks and the inter-dependencies of its CGUs and their relatively narrow operation within the Education products and services market The impairment reviews use a discount rate adjusted for pre-tax cash flows

The Company prepares cash flow forecasts derived from the most recent financial plan approved by the Board and extrapolates cash flows for the following two years based on forecast growth rates of the CGUs The pre-tax discount rate used in the forecast cash flows is 10%

10 Intangible assets

	Acquisition related intangible assets				
	Customer relationships £000	Brands £000	Total £000	Software £000	Total £000
Cost					
At 1 October 2010	314	116	430	289	719
Additions	-	-	-	567	567
Disposals	-	-	-	(84)	(84)
At 30 November 2011 and at 30 November 2012	**314**	**116**	**430**	**772**	**1,202**
Amortisation					
At 1 October 2010	243	26	269	69	338
Charge for the period	71	5	76	117	193
Disposals	-	-	-	(55)	(55)
At 30 November 2011	314	31	345	131	476
Charge for the year	-	17	17	161	178
At 30 November 2012	**314**	**48**	**362**	**292**	**654**
Carrying amount					
At 30 November 2012	-	**68**	**68**	**480**	**548**
At 30 November 2011	-	85	85	641	726

11. Property, plant and equipment

	Freehold land and buildings £000	Improvements to leasehold property £000	Plant and equipment £000	Vehicles £000	Total £000
Cost					
At 1 October 2010	2,683	680	1,630	226	5,219
Additions	97	285	350	15	747
Disposals	-	-	(213)	(66)	(279)
At 30 November 2011	2,780	965	1,767	175	5,687
Additions	2	-	130	-	132
Disposals	(3)	(2)	(105)	(66)	(176)
At 30 November 2012	**2,779**	**963**	**1,792**	**109**	**5,643**
Accumulated depreciation					
At 1 October 2010	331	54	851	111	1,347
Charge for the period	111	79	367	52	609
Disposals	-	-	(176)	(55)	(231)
At 30 November 2011	442	133	1,042	108	1,725
Charge for the year	98	149	315	31	593
Disposals	(1)	(1)	(101)	(59)	(162)
At 30 November 2012	**539**	**281**	**1,256**	**80**	**2,156**
Carrying value					
At 30 November 2012	**2,240**	**682**	**536**	**29**	**3,487**
At 30 November 2011	2,338	832	725	67	3,962

12 Investments in subsidiary undertakings

	Subsidiary undertakings £000
Cost and carrying value	
At 1 October 2010, 30 November 2011 and 30 November 2012	-

At 30 November 2012 the Company owned 2 dormant companies, Teaching Technology Systems Limited and RM Schools Limited Both undertakings had only ordinary share capital, all of which is owned by the Company

The Company acquired RM Schools Limited from another Group undertaking on 15 October 2012 The share capital acquired was one ordinary share of £1 00, which was acquired at cost

13 Inventories

	At 30 November 2012 £000	At 30 November 2011 £000
Finished goods, work in progress and raw materials	**10,314**	12,914

14 Trade and other receivables

	At 30 November 2012 £000	At 30 November 2011 £000
Current		
Financial assets		
Trade receivables	6,702	6,141
Other receivables	30	24
Accrued income	34	58
Amounts owed by Group undertakings	16	33
	6,782	6,256
Non financial assets		
Prepayments	1,366	1,572
	8,148	7,828

The Directors consider that the carrying amounts of trade and other receivables approximates their fair values

Trade receivables included an allowance for estimated irrecoverable amounts at 30 November 2012 of £139,000 (2011 £121,000), based on Management's knowledge of the customer, externally available information and expected payment likelihood This allowance has been determined by reference to specific receivable balances and past default experience New customers are subject to credit checks, using third party databases prior to being accepted

Analysis of allowance for estimated irrecoverable amounts

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
At the start of the period	121	83
Charged to income	45	101
Utilised	(27)	(63)
At the end of the period	139	121

Ageing of trade receivables

	At 30 November 2012 £000	At 30 November 2011 £000
Neither impaired nor past due	6,231	3,346
Not impaired but overdue by less than 60 days	463	2,336
Not impaired but overdue by between 60 and 90 days	8	152
Not impaired but overdue by more than 90 days	-	307
Impaired and overdue by more than 90 days	139	121
Allowance for estimated irrecoverable amounts	(139)	(121)
	6,702	6,141

The average credit period taken on the sale of goods at 30 November 2012 is 42 days (2011 47 days)

Amounts owed by Group undertakings are interest free and repayable on demand

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Trade and other payables

	At 30 November 2012 £000	At 30 November 2011 £000
Financial liabilities		
Trade payables	**4,578**	3,872
Amounts owed to Group undertakings	**12,478**	17,883
Other taxation and social security	**798**	259
Accruals	**2,108**	1,890
	19,962	23,904

The Directors consider that the carrying amount of trade and other payables approximates to their fair value

The average credit period for trade purchases during the year ended 30 November 2012 was 46 days (2011 60 days)

Analysis of amounts owed to Group undertakings

	At 30 November 2012 £000	At 30 November 2011 £000
Trading - Owed to fellow Group subsidiary undertakings - interest free	**1,948**	881
Financing - Owed to fellow Group subsidiary undertakings - interest at LIBOR plus 2%	**10,530**	17,002
Amounts owed to Group undertakings	**12,478**	17,883

Amounts owed to Group undertakings are payable on demand

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Financial instruments

Carrying value of financial assets and financial liabilities

	Note	At 30 November 2012 £000	At 30 November 2011 £000
Financial assets			
Loans and receivables			
Trade and other receivables	14	**6,782**	6,256
Cash and cash equivalents		**1,128**	515
		7,910	6,771

The Directors consider that the carrying amount of financial assets approximates their fair value

	Note	At 30 November 2012 £000	At 30 November 2011 £000
Financial liabilities.			
Trade and other payables	15	**19,962**	23,904

All liabilities classified as financial liabilities are held at amortised cost except for forward foreign exchange contracts of £nil (2011 £40,000) which are classified at fair value through profit or loss

Financial risk management

The main risks arising from the Company's financial assets and liabilities are market risk, interest rate risk, credit risk and liquidity risk The Board reviews and agrees policies on a regular basis for managing the risks associated with these assets and liabilities It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken and the Company does not hold or issue derivative financial instruments for speculative purposes

- Interest rate risk

The only interest bearing financial assets and liabilities held by the Company are cash and cash equivalents and payables with other Group companies arising from cash surpluses/deficits Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

Interest rate sensitivity on cash and cash equivalents for a change in interest rates (assuming all other variables remain constant)

	Income and equity sensitivity 2012 £000	2011 £000
1% increase in interest rates	(119)	(179)
1% decrease in interest rates	119	179

16 Financial instruments (continued)

- Credit risk

The Company's principal financial assets are bank balances and trade and other receivables, including those with Group companies

The Company's credit risk is primarily attributable to its trade receivables Credit checks are performed on new customers and before credit limits are increased The amounts presented in the balance sheet are net of allowances for doubtful receivables

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers and a large proportion are ultimately backed by Government institutions

- Liquidity risk

Cash is managed to ensure that sufficient liquid funds are available with a variety of counterparties, but principally other Group companies, through short, medium and long-term cash flow forecasting

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value

Bank guarantees

The Company has provided certain financial guarantees and indemnities in respect of loans from banking institutions to its fellow Group undertakings There was no actual commitment outstanding at Group at 30 November 2012 and the guarantees and indemnities are not expected to result in any financial loss to the Company

Non-current liabilities - Other payables

At 30 November 2012 and 30 November 2011 the Company had no committed borrowing facilities, with treasury functions being provided by a fellow Group undertaking

- Foreign currency risk

The Company is exposed to foreign currency translation risk as it maintains foreign currency denominated cash accounts, which it holds for settlement of receivables and payables balances

17 Provisions

	Dilapidations provision £000
At 1 October 2010	-
Increase in provisions	284
At 30 November 2011	284
Unwind of discount on provisions	9
At 30 November 2012	**293**

The dilapidation provision relates to an amount held for dilapidation rectification on the property lease contract and is expected to be utilised at the end of the lease

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 Share capital

	Number	£
At 30 November 2011 and 30 November 2012		
Allotted, called-up and fully paid ordinary shares of £1 each	**720**	720

19 Operating leases

The Company leases certain assets under operating leases and has recognised expenses in the year of

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Operating lease expense	**609**	724

The Company had outstanding commitments for future minimum lease payments under non- cancellable operating leases which fall due as follows

	At 30 November 2012 £000	At 30 November 2011 £000
Within 1 year	**565**	582
In years 2 to 5 inclusive	**827**	1,554
	1,392	2,136

Operating lease payments represent rentals payable by the Company for land and buildings, photocopying, postage and warehouse equipment

These leases are typically for a 5 year term, and have, on average, 2 years (2011 4 years) left to the date of expiry or renewal

20 Share-based payments

The Group operates a number of executıve and employee equıty settled share-based payment schemes ıncludıng co-ınvestment plans, performance share plans, deferred bonus plans, share optıons and staff share schemes The faır values of these schemes have been assessed usıng Black-Scholes and Monte-Carlo models, as appropnate to the scheme, at the date of grant The faır values of the schemes are expensed over the penod between grant and vestıng

Share-based payment awards exercısed ın the penod dısclosed ın the statement of changes ın equıty represents the ımpact on Retaıned earnıngs of releasıng the faır value charge accrued under IFRS 2 Share-based payment, whıch for the co-ınvestment scheme and deferred bonus scheme ıs partıally matched by the release of own-shares held

a) Employee share option schemes

The Group has ın place share optıon schemes whıch ıssue optıons over shares ın the Company There are vanous performance condıtıons attachıng to share optıon grants whıch are yet to vest, ıncludıng EPS, share-pnce and share purchase condıtıons Optıons are forfeıted ıf the employee leaves the Group before the optıons vest

Detaıls of share optıons outstandıng are as follows

	Number of share optıons	Weıghted average exercıse pnce £	Exercıse pnce range £
At 1 October 2010	190,500	£1 72	£0 79 - £2 05
Granted durıng the penod	-		
Lapsed durıng the penod	(100,000)	£1 72	
Exercısed durıng the penod	-		
At 30 November 2011	90,500	£1 45	£0 79 - £2 05
Granted durıng the year	-		
Lapsed durıng the year	(31,500)	£1 61	
Exercısed durıng the year	-		
At 30 November 2012	**59,000**	**£1 81**	**£1 53 - £1 97**

The optıons outstandıng at 30 November 2012 are all exercısable, and had a weıghted average contractual lıfe of 4 1 years (2011 5 5 years)

b) Co-ınvestment plans

The Group has ın place co-ınvestment plans for the remuneratıon of senıor Management In the year to 30 November 2012 no co-ınvestment nghts were granted (2011 none), and there were no plans outstandıng at 30 November 2012 (2011 none)

20 Share-based payments (continued)

c) Performance share plans

The Group uses performance share plans for the remuneration of senior management Executive Management and Business Unit directors participating within the plan are normally awarded shares worth up to 100% of their base salary which are subject to various vesting conditions, including EPS, and total shareholder return and share price conditions Other Senior Management are awarded between 3,000 and 10,000 shares which are subject to EPS and share price vesting conditions The vesting period for the plan is three years If the vesting conditions are not met or the participants leave the Group's employment then the award lapses

Details of performance share plan shares are as follows

	Maximum number of matching shares	Market price on grant £
At 1 October 2010	231,054	
Granted during the period	282,142	£1 51
Lapsed during the period	(47,437)	
Exercised during the period	-	
At 30 November 2011	465,759	
Granted during the year	510,000	£0 735
Lapsed during the year	(83,112)	
Exercised during the year	-	
At 30 November 2012	**892,647**	

The plan outstanding at 30 November 2012 had a weighted average contractual life of 1 4 years (2011 1 8 years)

In the period to 30 November 2012 performance share plan rights were granted to Executive and Senior Management on 1 December 2012 (2011 10 December 2010) The fair values are determined using Monte Carlo models which give fair values of £0 47 per share for share performance conditions until 2015 and £0 40 per share for share performance conditions period until 2016 (2011 £1 29 per share for EPS vesting conditions and £0 86 per share for TSR vesting conditions)

Inputs to the models are as follows

	2015	2016
Share price at grant	0 735	0 735
Exercise price	Nil	Nil
Expected life	4 Years	5 Years
Expected dividends	3 60%	3 60%

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Retirement benefit schemes

Defined contribution schemes

The Company operates or contributes to a number of defined contribution schemes for the benefit of qualifying employees The assets of these schemes are held separately from those of the Company The total cost charged to income of £412,000 (2011 £241,000) represents contributions payable to these schemes by the Company at rates specified in employment contracts As at 30 November 2012 £6,000 (2011 £31,000) due in respect of the current reporting year had not been paid over to the schemes

22 Related party transactions

a) Key management personnel

Key management is defined as the executive directors of the Company and other persons classified as "persons discharging management responsibility under the rules of the Financial Services Authority", which for the Company is the directors

The remuneration of the key management personnel is disclosed in note 5

b) Transactions between the Company and other Group undertakings

During the year, the Company entered into the following transactions with Group undertakings

	Year ended 30 November 2012 £000	14 months ended 30 November 2011 £000
Between the company and fellow subsidiary undertakings		
Sales of goods or services	**202**	870
Purchases of goods or services	**(1,920)**	(3,237)
Funding transfers	**(6,165)**	(4,260)
Finance costs	**(307)**	(472)

All amounts owed to and from Group companies as disclosed in notes 14 and 15 are with fellow subsidiaries

23 Parent undertaking

The Company's immediate and ultimate parent undertaking is RM plc, a company incorporated in the United Kingdom

The largest and the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is RM plc The financial statements of RM plc are publicly available and may be obtained from RM plc, New Mill House, 183 Milton Park, Abingdon, Oxfordshire, OX14 4SE