

Registered number 04373761

TTS Group Limited

Annual Report and Financial Statements

For the year ended 30 November 2019



TTS Group Limited
Annual Report and Financial Statements 2019

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TTS Group Limited
Annual Report and Financial Statements 2019

COMPANY INFORMATION

Registered Office: TTS Group Limited
142B Park Drive
Milton Park
Milton
Abingdon
Oxfordshire
OX14 4SE

Registered Number: 04373761

Directors: Mark Lagler
Monique Louis
Neil Martin

Company Secretary: Mark Lagler

Auditor: KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

STRATEGIC REPORT

The Directors submit their Strategic report for TTS Group Limited (*"the Company"*) for the year ended 30 November 2019.

The Company is a wholly-owned subsidiary of RM plc (*"the Parent Company"*), which is the parent Company of a group of companies (*"the Group"*). The Company forms part of the RM Resources division of the Group. The detailed review of the Group's strategy, objectives, and financial results for the financial year is included in RM plc's *Annual Report and Accounts* which are published on the Group's website, www.rmplc.com.

Review of the business

The principal activity of the Company during the majority of the financial year was developing, sourcing, marketing and distributing educational resources via curriculum-specific catalogues and online. On 1 October 2019, the Company sold the trade and associated assets to a fellow subsidiary RM Educational Resources Limited ('RMER') with the exception of the distribution and contact centre activities. The Company continues to undertake these activities on behalf of RMER. This is classified as a continuing operation.

The Company previously provided education resources used in schools through a mainly direct marketing business model with goods supplied from large centralised UK distribution centres. Products supplied were a mix of third-party branded and TTS own IPR-branded items manufactured by a network of third-party suppliers with a focus on specialist curriculum resources. This activity has now been classified as a discontinued operation.

Revenue decreased by 18.1% to £51.0m (2018: £62.3m), with UK sales decreasing by 16.4%, while international revenues fell by 19.3%. International represented 30.6% (2018: 32.0%) of revenue.

Operating profit margins fell to 12.2% (2018: 15.6%), resulting from the change in activity in the last 2 months of the year. Operating profit was £6.2m (2018: £9.7m).

Going concern

The financial and liquidity position are described in the financial statements and the associated notes. In addition, the notes to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, and its exposure to credit and liquidity risk.

Since the year end the COVID-19 pandemic has impacted the Company and the Group primarily as a result of widespread school closures the cancellation of UK summer exam sessions, and global travel restrictions. Prior to the COVID-19 school closures the Company was trading in line with internal budgets and forecasts. During COVID-19 school closures the Company continues to provide distribution and contact centre activities for RM Educational Resources Limited and receives the service fee for these activities.

The Company utilises the Group funding facility of £70m, and the Group had a net debt of £15m at the year end. The Company has also availed itself of government initiatives such as VAT deferment, and furloughing a portion of employees that are not directly supporting the Company's existing contracts. In addition discretionary spend has been significantly reduced, and in the Group senior staff have taken voluntary reduction in remuneration and capital expenditure has been delayed. The Company and Group have produced revised post COVID-19 forecasts (based on schools reopening in September 2020) that indicate the existing funding facility will be sufficient for the Group's liquidity and solvency over the next 12 months. Furthermore, the banks supporting the Group funding facility have indicated their willingness to further extend the financial covenant ratios for the relevant periods to provide additional flexibility. Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of this report. For this reason, the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal risks and uncertainties

Following the sale of the majority of the business, the Company's principal risks and uncertainties are the management of the distribution centre and contact centre costs relating to the services contract with RMER.

STRATEGIC REPORT (Continued)

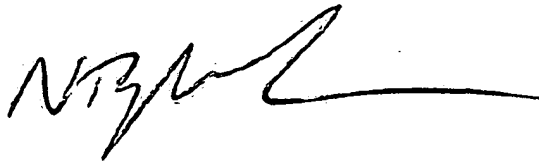
Employees

The Company is committed to offering equal employment opportunities and its policies are designed to attract, retain and motivate the best staff regardless of gender, sexual orientation, race, religion, age or disability. The Company gives proper consideration to applications for employment when these are received from disabled persons and will employ them in posts whenever suitable vacancies arise. Employees who become disabled are retained whenever possible through retraining, use of appropriate technology and making available suitable alternative employment.

The Company encourages the participation of all employees in the operation and development of the business and has a policy of regular communications. The Company incentivises employees and senior management through the payment of bonuses linked to performance objectives, together with the other components of remuneration detailed in the Remuneration Report

The RM Group has a wide range of other written policies, designed to ensure that it operates in a legal and ethical manner. These include policies related to health and safety, 'whistle blowing', anti-bribery and corruption, business gifts, grievance, career planning, parental leave, systems and network security. All of the Group's employment policies are published internally.

By order of the Board

A handwritten signature in black ink, appearing to read 'NM', followed by a long horizontal line.

Neil Martin
Director

28 May 2020

TTS Group Limited
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DIRECTORS' REPORT

The Directors submit their annual report for TTS Group Limited together with the financial statements and auditor's report for the year ended 30 November 2019.

Strategic Report

The reporting requirements on review of the business, principal activities, going concern, principal risks and uncertainties and employees are contained in the Strategic Report.

Dividends

Dividends of £6,000,000 (2018: £6,000,000) were paid during the year. This represents £8,333 per ordinary share (2018: £8,333 per share).

Directors

The Directors who held office at the date of approval of these financial statements are listed on page 3. Changes in Directors during the year and up to the date of this report are as follows:

Andy Wilson	Resigned 31 May 2019
Greg Davidson	Resigned 1 October 2019
Mark Lagler	Appointed 1 October 2019
Monique Louis	Appointed 1 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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DIRECTORS' REPORT (continued)

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Auditor

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting of RM Plc, the parent Company.

Statement regarding the disclosure of information to the auditor

As far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and each of the Directors have taken reasonable steps in order to make themselves aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board

A handwritten signature in black ink, appearing to read 'NM', followed by a long horizontal line.

Neil Martin
Director

28 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TTS GROUP LIMITED

Opinion

We have audited the financial statements of TTS Group Limited ("the company") for the year ended 30 November 2019 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TTS GROUP LIMITED *(continued)*

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

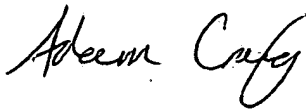
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Adam Craig (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 29 May 2020

PROFIT AND LOSS ACCOUNT
For the year ended 30 November 2019

		Year ended 30 November 2019			Year ended 30 November 2018		
		Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Turnover	3	1,425	49,573	50,998	-	62,251	62,251
Cost of sales		(4,843)	(25,336)	(30,179)	(5,322)	(32,123)	(37,445)
Gross (loss)/profit		(3,418)	24,237	20,819	(5,322)	30,128	24,806
Distribution costs		(1,949)	(9,753)	(11,702)	(1,721)	(10,265)	(11,986)
Administrative expenses - other	4	-	(2,785)	(2,785)	-	(3,005)	(3,005)
Adjustments (see Note 4)		-	(133)	(133)	-	(123)	(123)
Total Administrative expenses		-	(2,918)	(2,918)	-	(3,128)	(3,128)
Operating (loss)/ profit		(5,367)	11,566	6,199	(7,043)	16,735	9,692
Interest receivable and similar income	6	-	6	6	-	1	1
Interest payable and similar charges	7	(66)	(267)	(333)	-	(226)	(226)
(Loss)/Profit before tax		(5,433)	11,305	5,872	(7,043)	16,510	9,467
Tax	8	1,032	(2,193)	(1,161)	344	(2,129)	(1,785)
(Loss)/Profit for the year		(4,401)	9,112	4,711	(6,699)	14,381	7,682

The amounts relating to continuing and discontinued operations is disclosed in Note 24.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 November 2019

	Year ended 30 November 2019			Year ended 30 November 2018		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Profit for the year	(4,401)	9,112	4,711	(6,699)	14,381	7,682
Items that are or may be reclassified subsequently to profit and loss						
Fair value (loss)/gain on forward exchange contracts	-	(20)	(20)	-	72	72
Other comprehensive (expense)/ income for the year	-	(20)	(20)	-	72	72
Total comprehensive income for the year	(4,401)	9,092	4,691	(6,699)	14,453	7,754

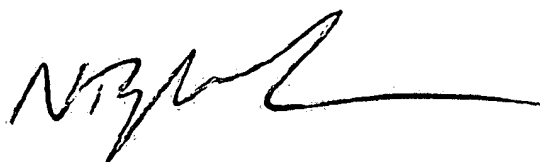
The notes on pages 13 to 30 form an integral part of these financial statements.

BALANCE SHEET		At 30	At 30
At 30 November 2019		November	November
	Note	2019	2018
		£000	£000
Non current assets			
Goodwill	10	-	2,179
Other intangible assets	11	40	440
Property, plant and equipment	12	180	2,552
		220	5,171
Current assets			
Stocks	13	-	11,025
Debtors	14	12,668	11,133
Cash at bank and in hand		-	2,105
		12,668	24,263
Creditors: amounts falling due within one year	15	(7,378)	(22,456)
Provisions	16	(468)	-
Net current assets		4,822	1,807
Total assets less current liabilities		5,042	6,978
Provisions	16	-	(468)
Net assets		5,042	6,510
Capital and reserves			
Share capital	17	1	1
Capital contribution reserve		1,336	1,441
Hedging reserve		5	25
Profit and loss account		3,700	5,043
Shareholders' funds		5,042	6,510

The notes on pages 13 to 30 form an integral part of these financial statements.

These financial statements of TTS Group Limited were approved and authorised for issue by the Board of Directors on 28 May 2020.

On behalf of the Board of Directors,



Neil Martin
Director

28 May 2020

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 November 2019

	Note	Share capital £000	Capital contribution reserve £000	Hedging reserve £000	Profit and loss account £000	Total £000
At 1 December 2017		1	1,427	(47)	3,361	4,742
Profit for the year		-	-	-	7,682	7,682
Other comprehensive income for the year		-	-	72	-	72
Total comprehensive income for the year		-	-	72	7,682	7,754
Transactions with the owners, recorded directly in equity						
Dividends paid	9	-	-	-	(6,000)	(6,000)
Share-based payment charge		-	194	-	-	194
Share-based payment vesting		-	(180)	-	-	(180)
Total contributions by/(distributions to) owners		-	14	-	(6,000)	(5,986)
At 30 November 2018 as reported		1	1,441	25	5,043	6,510
IFRS 15 restatement	25	-	-	-	(54)	(54)
At 30 November 2018 as restated		1	1,441	25	4,989	6,456
Profit for the year		-	-	-	4,711	4,711
Other comprehensive income/ (expense) for the year		-	-	(20)	-	(20)
Total comprehensive income/ (expense) for the year		-	-	(20)	4,711	4,691
Transactions with the owners, recorded directly in equity						
Dividends paid	9	-	-	-	(6,000)	(6,000)
Share-based payment charge		-	(105)	-	-	(105)
Total distributions to owners		-	(105)	-	(6,000)	(6,105)
At 30 November 2019		1	1,336	5	3,700	5,042

The notes on pages 13 to 30 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

TTS Group Limited is a private Company limited by shares incorporated, domiciled and registered in England and Wales. Its registered number is 04373761 and its registered address is 142B Park Drive, Milton Park, Milton, Abingdon, Oxfordshire, OX14 4SE. The Company is part of a United Kingdom-listed group, whose ultimate parent undertaking is RM plc. The registered address of the ultimate parent is given in note 23.

2. Significant accounting policies

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 *Application of Financial Reporting Requirements* issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

FRS 101 addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that would otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. Financial statements prepared under FRS 101 are Companies Act individual accounts (in accordance with UK GAAP) and not IAS accounts, both per section 395 (1) of the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where relevant, equivalent disclosures have been given in the Annual Report and Accounts of the ultimate parent Company, RM plc, which are publicly available and may be obtained from the address given in note 23.

Alternative Performance Measures (APMs). In response to the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC), additional information on the APMs used by the Company is provided below.

The following APMs are used by the Company:

- Adjusted operating profit
- Adjusted profit before tax;

Further explanation of what each APM comprises and reconciliations between Statutory reported measures and adjusted measures are shown in note 4.

The Board believes that presentation of the Company results in this way is relevant to an understanding of the Company's financial performance, as adjustment items are identified by virtue of their size, nature and/or incidence. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and assists in providing supplementary information that assists the user to understand better the financial performance, position and trends of the Company. In determining whether an event or transaction is an adjustment, the Board considers both quantitative and qualitative factors such as the frequency or predictability of occurrence.

The APMs used by the Company are not defined terms under IFRS and FR101 and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparative periods where provided.

NOTES TO THE FINANCIAL STATEMENTS

The principal 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 turnover 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.

These financial statements are separate financial statements. The Company is exempt by virtue of s400 of the Companies Act 2006 from the preparation of consolidated financial statements, because it is included in the group accounts of RM plc.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for the period to the end of May 2021 which indicate that, taking account of reasonably plausible downsides as discussed below, the company will have sufficient funds to meet its liabilities as they fall due for that period. As part of RM Group plc ("the Group") the company is a guarantor of the Group's bank facility ("the facility") which totalled £70m at the date of this report. The Group had net debt of £15m at the year end. The facility is committed until 2022 and is subject to covenant tests related to the leverage of the group and interest cover annually in May and November.

Since the year end the COVID-19 pandemic has impacted the Company and the Group primarily as a result of widespread school closures and the cancellation of UK summer exam sessions. Prior to the COVID-19 school closures the Company was trading in line with internal budgets and forecasts. During the period of school closures, the RM Education division continues to provide software, services and technology to UK schools, but the volume of hardware and new installations has fallen. The RM Results division continues to provide digital assessment solutions for International awarding bodies, and is currently in discussions with these customers about the impact of COVID 19 on the current exam cycles. Sales of consumables to UK and International schools by the Group's third division, RM Resources, which trades from a separate subsidiary, are materially lower over the lockdown period.

As the UK Government has not yet announced when it will allow schools to reopen fully, the Company has assessed a number of scenarios for going concern purposes and is using a base case scenario assessment that UK schools fully re-open no later than September and normal trading activities largely resume from that point ("base case"). Management has considered a severe but plausible downside scenario where schools fully re-open in September, with a further month lockdown prior to Christmas ("downside scenario"), and an extreme scenario where UK schools do not materially re-open until March 2021 ("severe downside case"). Under both the downside and severe downside cases, the forecasts assume that trading during future lockdowns is equivalent to that experienced since the Government imposed the lockdown on 23 March 2020 and, in the case of the severe downside case, that revenues generated in RM Results and RM Education are principally restricted to those that are contracted at the date of this report.

Under all scenarios the Group has availed itself of government initiatives such as VAT deferment, and furloughing a portion of employees that are not directly supporting the Company's existing contracts. The Company has also agreed with the Pension Trustees to defer deficit repayments for this calendar year. In addition, management has taken the decision to pause certain discretionary spend, senior staff have taken voluntary reduction in remuneration and capital expenditure has been delayed. Under all scenarios the Group has headroom against its available facilities and considers there are sufficient controllable actions it can take, even if the severe downside case were to materialise, to operate within the facility's covenants. At present the Directors consider the severe downside case to be highly unlikely given the recent announcements by the UK Government for the phased reopening of schools from 1 June 2020 and that this is a necessary step in restarting the wider economy.

Furthermore, the banks supporting the Group funding facility have indicated their willingness to further extend the financial covenant ratios for the relevant periods to provide additional flexibility should the need arise. For the scenarios detailed above, these forecasts assume no change to the existing financial covenant ratios. Changes to the November 2020 covenant have been approved by the lender's Credit Committee but not yet contractually committed. The Directors fully expect amended loan documentation to be signed by early June 2020.

NOTES TO THE FINANCIAL STATEMENTS

Therefore, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of not less than 12 months from the date of this report. For this reason, the Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue

The Company has applied IFRS 15 in the current year in full and has elected to report the cumulative impact of applying IFRS15 as an adjustment to the opening balance of equity.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Revenue is recognised either when the performance obligation in the contract has been performed (so "point in time" recognition) or "over time" as control of the performance obligation is transferred to the customer. For all contracts, the Company determines if the arrangement with a customer creates enforceable rights and obligations.

At contract inception the total transaction price is estimated, being the amount to which the Company expects to be entitled and has rights to under the present contract.

Revenue accounting policy under IAS 18 applicable for the year ended 30 November 2018

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

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

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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (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; and
- b. an intention to complete the intangible asset and use or sell it; and
- c. ability to use or sell the intangible asset; and
- 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; and
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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.

Property, plant and equipment

Property, plant and equipment 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 is not depreciated):

Freehold buildings	3% per annum
Improvements to leasehold property	10 years
Plant & equipment	4 years
Vehicles	4 years

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)

Financial instruments

- Trade and other debtors

Trade and other debtors other than amounts owed by Group undertakings are not interest-bearing and are recognised initially at fair value. Subsequent to initial recognition they are recognised at amortised cost using the effective interest method, less any impairment losses.

The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and this is assessed between government and commercial organisations. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

- Cash at bank and in hand

Cash at bank and in hand comprises 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 creditors

Trade and other creditors other than amounts owed to Group undertakings on normal terms are non-interest bearing and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

- Amounts owed by/to Group undertakings

Balances incurred in the normal course of business are payable within 30 days and do not bear interest. Balances in relation to intra-Group funding bear interest of LIBOR plus 2% and are repayable on demand.

- 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 "effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

- 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.

Stocks

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. Stocks are recognised when the Company has the rights and obligations of ownership, which in the case of supply from the Far East may be from the point of production or the point of shipment. All stocks are reduced to net realisable value where lower than cost. Provision is made for obsolete, slow-moving and defective items where appropriate.

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 a finance cost.

- Dilapidations

A dilapidations provision is recognised when the Company has an obligation to rectify, repair or reinstate 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.

Operating leases

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

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. Over the vesting period and at vesting the cumulative expense is adjusted to take into account the number of awards expected to or actually vesting as a result of survivorship and where this reflects non-market-based performance conditions.

Share-based payment charges which are incurred by the Company are included as a capital contribution.

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. 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 Profit and Loss Account 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 Profit and Loss Account 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)

3. Turnover

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
By activity		
Sales of educational resources	49,573	62,251
Services	1,425	-
	50,998	62,251
By geographical region		
United Kingdom	36,683	43,899
Rest of Europe	5,929	8,330
North and South America	3,725	4,530
Asia and Middle East	3,075	4,021
Other regions	1,586	1,471
	50,998	62,251

Included in the UK are international sales via UK distributors of £1,266,000 (2018:£1,568,000).
Sales of educational resources represents trade that has been sold to RM Educational Resources Limited.
Services represents amounts charged to RM Educational Resources for continuing operations.

4. Profit for the year

Profit for the year is stated after charging:

		Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
	Note		
Depreciation of property, plant and equipment	12	347	364
Amortisation:			
- other intangible assets	11	138	155
Cost of stocks recognised as expense		23,278	31,831
Staff costs	5	7,931	7,998
Operating lease expense		867	745
Auditor's remuneration for audit services		40	33

The auditor's remuneration for non-audit services is not disclosed as these are presented for the Group in the consolidated financial statements of the parent company, RM plc.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Profit for the year (continued)

Adjustments to administrative expenses

	Year ended 30 November 2019 Adjusted £000	Year ended 30 November 2018 Adjusted £000
Restructuring charges	133	123
	133	123

These adjustments are items that management judge to have a distorting effect on the underlying results of the Company or are not regularly monitored for the purpose of judging business performance. The restructuring charges relate to the reorganisation of the Resources division of RM plc following the acquisition of the parent company of RMER (formerly The Consortium for Purchasing and Distribution Limited) in 2017.

The adjustments have the following impact on key metrics:

	2019 Measure	2019 Adjustment	2019 Adjusted measure	2018 Measure	2018 Adjustment	2018 Adjusted measure
Operating profit (£000)	6,199	133	6,332	9,692	123	9,815
Profit before tax (£000)	5,872	133	6,005	9,467	123	9,590

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Staff numbers and costs

The average number of full-time equivalent persons (including Directors and contractors) employed by the Company during the year was:

	Year ended 30 November 2019	Year ended 30 November 2018
R&D, production and services	121	130
Marketing and sales	145	125
Corporate services/administration	28	32
	294	287

Their aggregate emoluments comprised:

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
Wages and salaries	6,424	6,523
Social security costs	749	642
Compensation for loss of office	132	143
Other pension costs	626	496
Share-based payments	-	194
	7,931	7,998

The remuneration of the Directors was:

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
Directors' emoluments	174	205
Compensation for loss of office	133	42
Amounts receivable under long-term incentive schemes	286	6
Contributions to pension schemes	15	25

In the year ended 30 November 2019, 1 Directors (2018: 3) accrued retirement benefits under money purchase schemes. In addition to the above, some of the Directors of the Company received remuneration and accrued pension benefits from other Group undertakings.

The remuneration of the highest paid Director was:

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
Director's emoluments	138	130
Compensation for loss of office	133	-
Amounts receivable under long-term incentive schemes	286	-
Contributions to pension schemes	8	13

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Interest receivable and similar income

	Year ended 30 November 2019	Year ended 30 November 2018
	£000	£000
Interest on amounts owed by Group companies	1	1
Other interest	5	-
	6	1

7. Interest payable and similar charges

	Year ended 30 November 2019	Year ended 30 November 2018
Note	£000	£000
Interest on amounts owed to Group companies	333	213
Unwind of discount on provisions	16 -	13
	333	226

8. Tax

Analysis of tax charge in the Profit and Loss Account

	Year ended 30 November 2019	Year ended 30 November 2018
	£000	£000
Current taxation		
- UK corporation tax	1,103	1,823
- Adjustment in respect of prior years	13	(14)
Total current tax charge	1,116	1,809
Deferred taxation		
- Temporary differences	33	(21)
- Adjustment in respect of prior years	12	(3)
Total deferred tax charge	45	(24)
Total Profit and Loss Account tax charge	1,161	1,785

Factors that may affect future tax charges

A reduction in the main rate of UK corporation tax from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will no longer occur and the UK main rate will instead remain at 19%. As this rate was not substantively enacted at the balance sheet date the deferred tax balances at 31 November 2019 continue to be measured at 17%. The estimated impact of the rate change is not deemed to be material.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax (continued)

Reconciliation of Profit and Loss Account tax charge

The tax charge in the Profit and Loss Account reconciles to the effective rate applied by the Company as follows:

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
Profit before tax	5,872	9,467
Tax at Standard rate of UK Corporation Tax 19.00% (2018: 19.00%) thereon:	1,115	1,798
Effects of:		
- Other expenses not deductible for tax purposes	22	28
- Other temporary differences	-	(23)
- Prior period adjustments	24	(18)
Total Profit and Loss Account tax charge	1,161	1,785

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:

	Note	Accelerated tax depreciation £000	Gain on disposal of building £000	Share-based payments £000	Short-term timing differences £000	Total £000
At 1 December 2017		119	(30)	69	13	171
to Profit and Loss		(6)	-	24	6	24
At 30 November 2018		113	(30)	93	19	195
Transfer out	24	(60)	30	(79)	(19)	(128)
to Profit and Loss		(31)	-	(14)	-	(45)
At 30 November 2019		22	-	-	-	22

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Dividends

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
The aggregate amount of dividends comprises:		
Dividend paid of £8,333 (2018: £8,333) per ordinary share	6,000	6,000

10. Goodwill

	Year ended 30 November 2019 £000	Year ended 30 November 2018 £000
Cost and carrying amount	-	2,179

On 1 October 2019, goodwill was sold to a fellow subsidiary undertaking at the carrying amount value (Note 24).

11. Other intangible assets

	Note	Acquisition- related brands £000	Software £000	Total £000
Cost				
At 1 December 2018		116	1,314	1,430
Disposal of assets to fellow subsidiary	24	(116)	(1,185)	(1,301)
At 30 November 2019		-	129	129
Amortisation				
At 1 December 2018		116	874	990
Charge for the year		-	138	138
Disposal of assets to fellow subsidiary	24	(116)	(923)	(1,039)
At 30 November 2019		-	89	89
Carrying value				
At 30 November 2019		-	40	40
At 30 November 2018		-	440	440

The amortisation charge is recorded in administrative expenses in the Profit and Loss Account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. 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 December 2018		3,002	1,165	1,705	5	5,877
Additions		-	-	558	-	558
Disposal of assets to fellow subsidiary	24	(3,002)	(285)	(1,788)	-	(5,075)
Disposals		-	-	(31)	(5)	(36)
At 30 November 2019		-	880	444	-	1,324
Accumulated depreciation						
At 1 December 2018		1,110	945	1,265	5	3,325
Charge for the year		80	87	180	-	347
Disposal of assets to fellow subsidiary	24	(1,190)	(285)	(1,033)	-	(2,508)
Disposals		-	-	(15)	(5)	(20)
At 30 November 2019		-	747	397	-	1,144
Carrying value						
At 30 November 2019		-	133	47	-	180
At 30 November 2018		1,892	220	440	-	2,552

13. Stocks

	2019 £000	2018 £000
Finished goods	-	11,025

Finished goods stocks include stocks in transit from suppliers of £nil (2018: £286,000).

Changes in finished goods recognised as cost of sales in the year amounted to £23,278,000 (2018: £31,831,000).

14. Debtors

	Note	2019 £000	2018 £000
Trade debtors		-	6,838
Other debtors		-	41
Amounts owed by Group undertakings		12,645	1,140
Deferred tax assets	8	22	195
Prepayments		-	2,919
		12,667	11,133

Amounts owed by Group undertakings comprise funding loans which carry interest at LIBOR plus 2% and are payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors

	2019 £000	2018 £000
Trade creditors	-	5,175
Amounts owed to Group undertakings	6,000	13,154
Other taxation and social security	-	93
UK Corporation Tax	1,332	1,799
Accruals	46	2,235
	7,378	22,456

Analysis of amounts owed to Group undertakings

	2019 £000	2018 £000
Owed to Group undertakings - interest-free	-	895
Owed to Group undertakings - interest at LIBOR plus 2%	6,000	12,259
	6,000	13,154

16. Provisions

The dilapidations provision of £468,000 (2018: £468,000) relates to an amount held for dilapidations rectification on the property lease contract and is expected to be utilised at the end of the lease in May 2020.

17. Share capital

	Number	£
At 1 December 2018 and 30 November 2019		
Allotted, called up and fully paid ordinary shares of £1 each	720	720

18. Commitments

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

	2019 £000	2018 £000
Within 1 year	312	718
In years 2 to 5 inclusive	87	309
	399	1,027

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

The lease commitments disclosed above include land and buildings of £219,000 (2018: £784,000) with a lease termination date of May 2020, together with plant and machinery and motor vehicles of £180,000 (2018: £243,000) typically with a five-year term, having on average 1.9 years (2018: 2.0 years) left to the date of expiry or renewal.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Share-based payments

The Company's parent uses performance share plans for the remuneration of senior executives and senior management. The plans are subject to various vesting conditions, total shareholder return and share-price conditions. If the vesting conditions are either not met or the participants leave the Group's employment, then in most circumstances the award lapses. If the vesting conditions are not met or the participants leave the Group's employment, the award lapses.

At 30 November 2019 there are no outstanding awards under the Performance share plans. In 2018 they had an average remaining contractual life of 1 year.

20. Retirement benefit 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 the Profit and Loss Account of £626,000 (2018: £496,000) represents contributions payable to these schemes by the Company at rates specified in employment contracts. As at 30 November 2019 £nil (2018: £53,000) due in respect of the current reporting year had not been paid over to the schemes.

21. Subsidiary undertakings

At 30 November 2019, the Company wholly owned a subsidiary undertaking, RM Schools Limited, a Company registered in the United Kingdom, whose registered address is 142B Park Drive, Milton Park, Milton, Abingdon, Oxfordshire, OX14 4SE. This undertaking was dormant and had only ordinary share capital. The carrying value of the investment is £nil (2018: £nil).

22. Related party transactions

There were no related party transactions not covered by the FRS 101 disclosure exemption.

23. Parent undertaking

The Company's immediate and ultimate parent undertaking is RM plc, a Company incorporated in the United Kingdom whose registered office is 142B Park Drive, Milton Park, Milton, Abingdon, Oxfordshire, OX14 4SE.

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 at its registered office.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Discontinued operations

The principal activity of the Company during the majority of the financial year was developing, sourcing, marketing and distributing educational resources via curriculum-specific catalogues and online. On 1 October 2019, the Company sold the trade and associated assets to a fellow subsidiary, RM Educational Resources Limited (RMER) with the exception of the distribution and contact centre activities. The consideration was £12,175,000 representing the book value of the assets acquired.

The Company continues to undertake distribution and contact centre activities on behalf of RMER. This is classified as a continuing operation.

The Company provided education resources used in schools through a mainly direct marketing business model with goods supplied from large centralised UK distribution centres. Products supplied were a mix of third-party branded and TTS own IPR-branded items manufactured by a network of third-party suppliers with a focus on specialist curriculum resources. This activity has now been classified as a discontinued operation.

The net assets of the discontinued operation at 1 October 2019 were as follows:

	£000
Tangible fixed assets	2,568
Intangible assets	262
Inventories	15,253
Accounts receivables	8,801
Other assets	1,600
Cash and cash equivalents	360
Goodwill	2,179
Accounts payable	(4,463)
Other liabilities	(14,384)
Consideration	12,175

Cash flows from discontinued operations :

	30 November 2019	30 November 2018
Operating activities	4,735	15,160
Investing activities	(554)	(335)
Financing activities	(266)	(6,404)
Net cash from discontinued operations	3,916	8,421

25. Impact of adoption of IFRS 15 – Revenue from Contracts with Customers

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

During the year to 30 November 2019, revenue was recognised as "point in time" and shown in note 3. TTS Group Limited provides goods to educational organisations and as such revenue is recognised at point of sale.

The Company has elected to take the modified retrospective approach to applying IFRS 15. As such the impact of IFRS 15 on prior years is taken through opening reserves in equity. The impact on opening reserves was £54,000 reflecting the point in time recognition of some revenue. There is no impact to the profit and loss account as a result of applying IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Post balance sheet events

As a result of the COVID-19 pandemic the UK Government has temporarily closed UK schools and have cancelled all summer exams. In addition some international schools and exams have also been affected. The Company has continues to provide distribution and contact centre activities for RM Educational Resources Limited and receives the service fee for these activities.

The Company has also reduced discretionary spend and have managed our cash and funding facilities as set out in the Going Concern section of the Strategic Report.

There are no other post balance sheet events.