

Registered number 04373761

TTS Group Limited

Annual Report and Financial Statements

For the year ended 30 November 2020



TTS Group Limited
Annual Report and Financial Statements 2020

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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 2020.

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 the provision of distribution and contact centre activities to a fellow subsidiary RM Educational Resources Limited ('RMER'). During the year, the company ceased the provision of these services and no longer actively traded.

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 was classified as a discontinued operation during 2019.

Revenue decreased by 86% to £7.1m (2019: £51.0m). This resulted from the sale of the trade of TTS to RM Educational Resources Limited in Q4 2019 followed by the cessation of distribution and customer services to RM Educational Resources Limited in Q4 2020. This resulted in an operating profit was £1.7m (2019: £6.2m).

Going concern

As the company is no longer actively trading, the financial statements are prepared on a non-going concern basis, but there would be no changes to the financial statements if a break-up or going concern basis was adopted.

Principal risks and uncertainties

The Company has no remaining risks or uncertainties.

Employees

The Company was 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 gave proper consideration to applications for employment when these were received from disabled persons and did employ them in posts whenever suitable vacancies arise. Employees who became disabled were retained whenever possible through retraining, use of appropriate technology and making available suitable alternative employment.

The Company encouraged the participation of all employees in the operation and development of the business and had a policy of regular communications. The Company incentivised 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. All employees were transferred during the year to RM Educational Resources Limited.

By order of the Board



Mark Lagler
Director
8 April 2021

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 2020.

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 £nil (2019: £6,000,000) were paid during the year. This represents £ nil per ordinary share (2019: £8,333 per share).

Directors

The Directors who held office at the date of approval of these financial statements are listed on page 3.

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 (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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.

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 appointment of Deloitte 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



Mark Lagler
Director

8 April 2021

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 2020 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 2020 and of its loss 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.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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.

Directors' responsibilities

As explained more fully in their statement set out on page 5, 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.

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

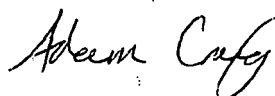
Auditor's responsibilities

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: 12 April 2021

PROFIT AND LOSS ACCOUNT

For the year ended 30 November 2020

		Year ended 30 November 2020			Year ended 30 November 2019
		Continuing £000	Discontinued £000	Total £000	Total £000
Turnover	3	-	7,125	7,125	50,998
Cost of sales		-	(2,628)	(2,628)	(30,179)
Gross profit / (loss)		-	4,497	4,497	20,819
Distribution costs	4	-	(2,728)	(2,728)	(11,702)
Administrative expenses - other	4	-	(58)	(58)	(2,785)
Adjustments (see Note 4)		-	-	-	(133)
Total Administrative expenses		-	(58)	(58)	(2,918)
Operating (loss) / profit		-	1,711	1,711	6,199
Interest receivable and similar income	6	-	57	57	6
Interest payable and similar charges	7	-	(90)	(90)	(333)
(Loss) / profit before tax		-	1,678	1,678	5,872
Tax	8	-	(376)	(376)	(1,161)
(Loss) / profit after tax		-	1,302	1,302	4,711

The amounts relating to continuing and discontinued operations is disclosed in Note 21.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 November 2020

		Year ended 30 November 2020			Year ended 30 November 2019
		Continuing £000	Discontinued £000	Total £000	Total £000
(Loss)/ profit for the year		-	1,302	1,302	4,711
Items that are or may be reclassified subsequently to profit and loss					
Fair value gain /(loss) on forward exchange contracts		-	-	-	(20)
Other comprehensive income / (expense) for the year		-	-	-	(20)
Total comprehensive (expense) /income for the year		-	1,302	1,302	4,691

The notes on pages 12 to 28 form an integral part of these financial statements.

BALANCE SHEET		At 30 November	At 30
At 30 November 2020		2020	November
	Note	£000	2019
			£000
Non current assets			
Other intangible assets	10	-	40
Property, plant and equipment	11	-	180
Right of Use assets	12	-	-
		-	220
Current assets			
Debtors	13	-	12,668
		-	12,668
Creditors: amounts falling due within one year	14	-	(7,378)
Provisions	15	-	(468)
Net current assets		-	4,822
Net assets		-	5,042
Capital and reserves			
Share capital	16	-	1
Capital contribution reserve		-	1,336
Hedging reserve		-	5
Profit and loss account		-	3,700
Shareholders' funds		-	5,042

The notes on pages 12 to 28 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 8 April 2021.

On behalf of the Board of Directors,



Neil Martin
Director
8 April 2021

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 November 2020

	Note	Share capital £000	Capital contribution reserve £000	Hedging reserve £000	Profit and loss account £000	Total £000
At 1 December 2018		1	1,441	25	4,989	6,456
Profit for the year		-	-	-	4,711	4,711
Other comprehensive 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 contributions by/(distributions to) owners		-	(105)	-	(6,000)	(6,105)
At 30 November 2019		1	1,336	5	3,700	5,042
Profit for the year		-	-	-	1,302	1,302
Other comprehensive income/ (expense) for the year		-	-	-	-	-
Total comprehensive income/ (expense) for the year		-	-	-	1,302	1,302
Transactions with the owners, recorded directly in equity						
Share capital reduction		(1)	(1,336)	(5)	1,342	-
Foregiveness of intragroup loan		-	-	-	(6,344)	(6,344)
Total distributions to owners		(1)	(1,336)	(5)	(5,002)	(6,344)
At 30 November 2020		-	-	-	-	-

The notes on pages 12 to 28 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 20.

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 20.

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.

Going concern

The financial statements have been prepared on a non-going concern basis, as the company is no longer actively trading, which the directors consider to be appropriate. The directors believe the financial statements would not change if they were prepared on a break up basis or a going concern basis.

Revenue

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.

Intangible assets

All intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

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.

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):

Improvements to leasehold property	10 years
Plant & equipment	4 years

Impairment of tangible and intangible assets

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

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.

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 (for the year ended 30 November 2019)

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

Leases (for the year ended 30 November 2020)

At the inception of the lease, the Group recognises a right-of-use asset at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life or the lease term. Depreciation is included within administrative expenses in the consolidated income statement. Amendment to lease terms resulting in a change in payments or the length of the lease results in an adjustment to the right-of-use asset and liability. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable. Right-of-use assets (excluding

NOTES TO THE FINANCIAL STATEMENTS (continued)

property leases) exclude leases with a low value and term of 12 months or less. These leases are expensed to the income statement as incurred.

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.

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 2020 £000	Year ended 30 November 2019 £000
By activity		
Sales of educational resources	-	49,573
Services	7,125	1,425
	7,125	50,998
By geographical region		
United Kingdom	7,125	36,683
Rest of Europe	-	5,929
North and South America	-	3,725
Asia and Middle East	-	3,075
Other regions	-	1,586
	7,125	50,998

Included in the UK are international sales via UK distributors of £nil (2019: £1,266,000).

Sales of educational resources represents trade that has been sold to RM Educational Resources Limited during 2019.

Services represents amounts charged to RM Educational Resources Limited.

4. (Loss)/profit for the year

(Loss)/ profit for the year is stated after charging:

		Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
	Note		
Depreciation of property, plant and equipment	11	40	347
Depreciation of right of use assets	12	298	-
Amortisation:			
- other intangible assets	10	22	138
Cost of stocks recognised as expense		-	23,278
Staff costs	5	2,695	7,931
Operating lease expense		-	867
Auditor's remuneration for audit services		15	40

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Profit for the year (continued)

Adjustments to administrative expenses

	Year ended 30 November 2020 Adjusted £000	Year ended 30 November 2019 Adjusted £000
Restructuring charges	-	133
	-	133

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:

	2020 Measure	2020 Adjustment	2020 Adjusted measure	2019 Measure	2019 Adjustment	2019 Adjusted measure
Operating (loss)/profit (£000)	1,711	-	1,711	6,199	133	6,332
(Loss)/ profit before tax (£000)	1,678	-	1,678	5,872	133	6,005

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 2020	Year ended 30 November 2019
R&D, production and services	49	121
Marketing and sales	65	145
Corporate services/administration	-	28
	114	294

Their aggregate emoluments comprised:

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Wages and salaries	2,480	6,424
Social security costs	144	749
Compensation for loss of office	-	132
Other pension costs	71	626
	2,695	7,931

The remuneration of the Directors was:

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Directors' emoluments	-	174
Compensation for loss of office	-	133
Amounts receivable under long-term incentive schemes	-	286
Contributions to pension schemes	-	15

In the year ended 30 November 2020, no Directors (2019: 1) accrued retirement benefits under money purchase schemes. In addition to the above, the current 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 2020 £000	Year ended 30 November 2019 £000
Director's emoluments	-	138
Compensation for loss of office	-	133
Amounts receivable under long-term incentive schemes	-	286
Contributions to pension schemes	-	8

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Interest receivable and similar income

	Year ended 30 November 2020	Year ended 30 November 2019
	£000	£000
Interest on amounts owed by Group companies	57	1
Other interest	-	5
	57	6

7. Interest payable and similar charges

	Year ended 30 November 2020	Year ended 30 November 2019
	£000	£000
Interest on amounts owed to Group companies	88	333
Interest on operating leases	2	-
	90	333

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Tax

Analysis of tax charge in the Profit and Loss Account

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Current taxation		
- UK corporation tax	294	1,103
- Adjustment in respect of prior years	56	13
Total current tax charge	350	1,116
Deferred taxation		
- Temporary differences	-	33
- Permanent differences	104	-
- Change in tax rate	(8)	-
- Adjustment in respect of prior years	(70)	12
Total deferred tax charge	26	45
Total Profit and Loss Account tax charge	376	1,161

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 2020 £000	Year ended 30 November 2019 £000
Profit before tax	1,678	5,872
Tax at Standard rate of UK Corporation Tax 19.00% (2019: 19.00%) thereon:	319	1,115
Effects of:		
- Other expenses not deductible for tax purposes	6	22
- Other permanent differences	72	-
- Prior period adjustments	(14)	24
- Adjustment due to change in tax rate	(8)	-
Total Profit and Loss Account tax charge	376	1,161

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	Gain on disposal of building £000	Share-based payments £000	Short-term timing differences £000	Total £000
At 1 December 2018	113	(30)	93	19	195
Transfer out	(60)	30	(79)	(19)	(128)
To Profit and Loss	(31)	-	(14)	-	(45)
At 30 November 2019	22	-	-	-	22
Transfer out	4	-	-	-	4
To Profit and Loss	(26)	-	-	-	(26)
At 30 November 2020	-	-	-	-	-

9. Dividends

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
The aggregate amount of dividends comprises:		
Dividend paid of £nil (2019: £8,333) per ordinary share	-	6,000

10. Other intangible assets

	Note	Software £000
Cost		
At 1 December 2019		129
Disposal of assets to fellow subsidiary	21	(129)
At 30 November 2020		-
Amortisation		
At 1 December 2019		89
Charge for the year		22
Disposal of assets to fellow subsidiary	21	(111)
At 30 November 2020		-
Carrying value		
At 30 November 2020		-
At 30 November 2019		40

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Property, plant and equipment

	Note	Improvements to leasehold property £000	Plant and equipment £000	Total £000
Cost				
At 1 December 2019		880	444	1,324
Disposal of assets to fellow subsidiary	21	(880)	(444)	(1,324)
At 30 November 2020		-	-	-
Accumulated depreciation				
At 1 December 2019		747	397	1,144
Charge for the year		22	18	40
Disposal of assets to fellow subsidiary	21	(769)	(415)	(1,184)
At 30 November 2020		-	-	-
Carrying value				
At 30 November 2020		-	-	-
At 30 November 2019		133	47	180

12. Right of use assets

	Note	Leasehold property £000	Plant and equipment £000	Total £000
Cost				
On inception IFRS16 as at 1 December 2019	23	225	173	398
Additions		-	-	-
Disposal		-	-	-
Disposal of assets to fellow subsidiary	21	(225)	(173)	(398)
At 30 November 2020		-	-	-
Accumulated depreciation				
On inception IFRS16 as at 1 December 2019		-	-	-
Charge for the year		225	73	298
Disposal		-	-	-
Disposal of assets to fellow subsidiary	21	(225)	(73)	(298)
At 30 November 2020		-	-	-
Carrying value				
At 30 November 2020		-	-	-

13. Debtors

	Note	2020 £000	2019 £000
Amounts owed by Group undertakings		-	12,646
Deferred tax assets	8	-	22
		-	12,668

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)

14. Creditors

	2020 £000	2019 £000
Amounts owed to Group undertakings	-	6,000
UK Corporation Tax	-	1,332
Accruals	-	46
	-	7,378

Analysis of amounts owed to Group undertakings

	2020 £000	2019 £000
Owed to Group undertakings - interest-free	-	-
Owed to Group undertakings - interest at LIBOR plus 2%	-	6,000
	-	6,000

Amounts owed to Group undertakings are payable on demand.

15. Provisions

The dilapidations provision of £nil (2019: £468,000) relates to an amount held for dilapidations rectification on a property lease contract and was sold to RM Educational Resources Limited when they took on a lease of the same building.

16. Share capital

	30 November 2020		30 November 2019	
	Number	£'000	Number	£'000
Allotted, called up and fully paid ordinary shares of £1 each	1	-	720	1

In the year, the Company cancelled all but one of the issued shares in Company, reducing the share holding to 1 share with a value of £1.

17. Commitments

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

	2020 £000	2019 £000
Within 1 year	-	312
In years 2 to 5 inclusive	-	87
	-	399

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Retirement benefit schemes

The Company operated or contributed 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 £71,000 (2019: £626,000) represents contributions payable to these schemes by the Company at rates specified in employment contracts. As at 30 November 2020 £nil (2019: £nil) due in respect of the current reporting year had not been paid over to the schemes.

19. Related party transactions

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

20. 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.

21. Discontinued operations

For the year ended 30 November 2020:

The principal activity of the Company during the majority of the financial year was the provision of distribution and contact centre activities to a fellow subsidiary RM Educational Resources Limited. On 1 October 2020, the Company sold the trade and associated assets to RM Educational Resources Limited. The consideration was £6,344,000 representing the book value of the assets acquired.

The net assets of the discontinued operation at 1 October 2020 were as follows:

	£000
Tangible fixed assets	140
Intangible assets	18
Trade and other receivables	8,378
Trade and other payables	(2,192)
Consideration	6,344

Cash flows from discontinued operations :

	30 November 2020	30 November 2019
Operating activities	127	(6,021)
Investing activities	158	-
Financing activities	(170)	-
Net cash from discontinued operations	115	(6,021)

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Discontinued operations (continued)

For the year ended 30 November 2019:

The principal activity of the Company during the majority of the prior 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 continued to undertake distribution and contact centre activities on behalf of RMER until 1 October 2020. This was 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	30 November
	2019	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

22. Post balance sheet events

There are no post balance sheet events.

23. Impact of adoption of IFRS 16 – Leases

IFRS 16 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. It has replaced existing lease guidance, including IAS 17 Leases and IFRIC14. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The company has used the modified retrospective adoption approach under which the company has applied all of the requirements of IFRS 16 with effect from 1 December 2019.

The company has made opening balance sheet adjustments arising from changes to the accounting for lease contracts. The impact of the new standard at 1 December 2019 is set out below:

	As reported £000	Impact of IFRS 16 £000	Amounts before the adoption of IFRS 16 £000
Turnover	7,125	-	7,125
Cost of sales	(2,628)	-	(2,628)
Gross profit / (loss)	4,497	-	4,497
Distribution costs	(2,728)	36	(2,692)
Administrative expenses - other	(58)	-	(58)
Operating (loss) / profit	1,711	36	1,747
Interest receivable and similar income	57	-	57
Interest payable and similar charges	(90)	2	(88)
(Loss) / profit before tax	1,678	38	1,716
Tax	(376)	-	(376)
(Loss) / profit after tax	1,302	38	1,340

As a lessee, the company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the company. Under IFRS 16, the company recognises right-of-use assets and lease liabilities for all the leases on its balance sheet. The company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases:

- applied the exemption not to recognise right-of-use assets and liabilities for leases of low value or for which the lease term ends within 12 months of the date of initial application if the lease is not anticipated to renew, on a lease-by-lease basis
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease
- applied the exemption not to separate non-lease components such as service charges from lease rental charges

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 2.

On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 December 2019.

Under transition rules for leases classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at 1 December 2019. The weighted average discount rate on transition was 1.64%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	01-Dec-19 £'000
Operating lease commitment at 30 November 2019	399
Discounted using incremental borrowing rate at 1 Dec 2019	10
Short term and low value leases	(31)
Extension and termination options reasonably certain to be exercised	20
Lease liabilities recognised at 1 December 2019	398

Right-of-use assets are measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date. At 1 December 2019 the company had no lease commitments previously classified as finance leases under IAS 17. The company is not required to make any adjustments on transition to IFRS 16 for which it acts as a lessor.

Detailed primary statement restatements

Detailed primary statement restatements arising from the adoption of IFRS 16 are set out below.

Impact on the Income Statement

	As stated £000	Impact of IFRS 16 £000	As restated £000
Turnover	7,125	-	7,125
Cost of sales	(2,628)	-	(2,628)
Gross profit / (loss)	4,497	-	4,497
Distribution costs	(2,728)	36	(2,692)
Administrative expenses - other	(58)	-	(58)
Operating (loss) / profit	1,711	36	1,747
Interest receivable and similar income	57	-	57
Interest payable and similar charges	(90)	2	(88)
(Loss) / profit before tax	1,678	38	1,716
Tax	(376)	-	(376)
(Loss) / profit after tax	1,302	38	1,340

The IFRS16 impact includes an increase in depreciation of £0.9m and a reduction of lease expenses of £1.0m.

Impact on the Statement of Financial Position

All right of use assets and liabilities have been transferred to RM Educational Resources Limited as at 1 October 2020 and therefore the impact on closing statement of financial position is nil.

Right-of-use assets: non-current assets have been impacted due to recognition of right-of-use assets on 1 December 2019. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date less any lease incentives received at or before the adoption date (reclassified on the opening balance sheet).

Lease liabilities: Financial liabilities have been impacted due to the recognition of lease liabilities. This liability is initially measured at the present value of the lease payments that are not paid at the adoption date, discounted using the company's

NOTES TO THE FINANCIAL STATEMENTS (continued)

incremental borrowing rate. The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at commencement date. The lease liabilities have been classified between current and non-current.

Impact on the Statement of Changes in Equity

The statement of changes in equity as at 1 December 2019 shows the cumulative effect of initially applying IFRS 16 as nil impact.