RM Leasing Limited

Annual Report and Financial Statements

Registered number 05045231

30 November 2012

Contents

Directors' Report

The directors present their report and financial statements for the year ended 30 November 2012

Principal activity

The principal activity of the Company in the period under review was that of a finance lease company The company leased vehicles to fellow Group companies The directors expect that this activity will continue in forthcoming periods

Going concern

The Company's business is entirely with fellow Group companies and the Company is therefore not subject to market uncertainties

The Company is in a net current liability position as at 30 November 2012 The company has received a letter of support from its ultimate parent company RM plc The directors have satisfied themselves that the group is able to provide this support Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus, they continue to adopt the going concern basis in preparing the annual report and accounts

Directors

The directors who held office during the period were as follows

Douglas Muir	(resigned 31 January 2012)
Andy Robson	(appointed 31 January 2012, resigned 8 May 2012)
Greg Davidson	(appointed 8 May 2012)
Iain McIntosh	

Results and dividends

The loss for the year after taxation was £15,828 *(2011 Profit of £19,950)*

No dividend has been paid in 2012 *(2011 £nil)*

Statement regarding the disclosure of information to the auditor

In the case of each of the persons who are a director of the company at the date when this report was approved

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

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

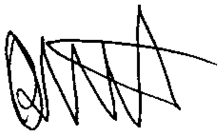
This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006

Directors' Report *(continued)*

Auditor

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

By order of the Board



I McIntosh
Director

New Mill House
183 Milton Park
Abingdon
Oxfordshire
OX14 4SE

21 February 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

KPMG

KPMG Audit Plc
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Independent auditor's report to the members of RM Leasing Limited

We have audited the financial statements of RM Leasing Limited for the year ended 30 November 2012, set out on pages 6 to 18 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of RM Leasing Limited *(continued)*

Matters on which we are required to report by exception

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

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

M. Hughes

Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

21 February 2013

Income Statement
for the year ended 30 November 2012

	Note	Year ended 30 November 2012 £	14 month period ended 30 November 2011 £
Revenue	3	**34,295**	93,496
Gross profit		**34,295**	93,496
Other operating income		-	6,782
Other operating costs		**(4,579)**	(4,510)
Profit from operations	4	**29,716**	95,768
Investment income	5	-	84
Finance costs	6	**(50,776)**	(69,129)
(Loss)/Profit before tax		**(21,060)**	26,723
Tax	7	**5,232**	(6,773)
(Loss)/Profit for the year/period attributable to equity holders of the company		**(15,828)**	19,950

All the amounts derive from continuing operations

There are no other comprehensive income items other than the loss for the year, and therefore a separate statement of comprehensive income has not been included

Statement of changes in equity

for the year ended 30 November 2012

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 October 2010	10,000	52,523	**62,523**
Profit for the period	-	19,950	**19,950**
At 1 December 2011	10,000	72,473	**82,473**
Loss for the year	-	(15,828)	**(15,828)**
At 30 November 2012	**10,000**	**56,645**	**66,645**

Balance Sheet
at 30 November 2012

	Note	2012	2011
		£	£
Non-current assets			
Finance lease receivables	8	**578,909**	792,022
Trade and other receivables	8	**10,000**	10,000
		588,909	802,022
Current assets			
Finance lease receivables	8	**593,892**	866,445
Trade and other receivables	8	**191,630**	628,278
Tax asset		**3,064**	-
		788,586	1,494,723
Total assets		**1,377,495**	2,296,745
Current liabilities			
Trade and other payables	9	**(1,310,850)**	(2,212,104)
Tax liabilities		**-**	(2,168)
		(1,310,850)	(2,214,272)
Net current liabilities		**(522,264)**	(719,549)
Net assets		**66,645**	82,473
Equity attributable to equity holders of the company			
Share capital	11	**10,000**	10,000
Retained earnings		**56,645**	72,473
Total equity		**66,645**	82,473

These financial statements were approved by the Board of Directors on 21 February 2013 and were signed on its behalf by

I McIntosh
Director

Company registered number 05045231

Cash Flow Statement
for the year ended 30 November 2012

	Year ended 30 November 2012 £	14 month period ended 30 November 2011 £
Profit from operations		
	29,716	95,768
Operating cash flows before movements in working capital	**29,716**	95,768
Decrease in receivables	**922,314**	940,016
Increase\(decrease) in payables	**15,395**	(178,898)
Cash generated by operations	**967,425**	856,886
Tax paid	**-**	(41,719)
Interest paid	**(50,776)**	(69,129)
Net cash from operating activities	**916,649**	746,038
Investing activities		
Interest received	-	84
Net cash used in investing activities	-	84
Financing activities		
Decrease in amounts due to Group undertakings	(916,649)	(746,122)
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of year/period	-	-
Cash and cash equivalents at the end of year/period	-	-

Notes

(forming part of the financial statements)

1 General information

RM Leasing Limited is a company incorporated in the United Kingdom under the Companies Act 2006 The nature of the Company's operations and its principal activities are set out in the Directors' Report

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

Adoption of new and revised International Financial Reporting Standards

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

- IAS 34 Interim Financial Reporting, significant events and transactions
- IFRS 7 Financial Instruments Disclosures, transfers of financial assets

New standards and interpretations not yet adopted

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

- IAS 1 Presentation of Financial Statements, presentation of items of Other comprehensive income
- IAS 1 Presentation of Financial Statements, classification of the requirements for comparative data
- IAS 16 Property, Plant and Equipment, classification of servicing equipment
- IAS 19 Employee Benefits, mandatory effective date and transitional requirements
- IAS 27 Consolidated and Separate Financial Statements, investment entities
- IAS 32 Financial Instruments Presentation, tax effect of distribution to holders of equity instruments, offsetting financial assets and liabilities
- IAS 34 Interim Financial Reporting, interim financial reporting and segment information for total assets and liabilities
- IFRS 1 First-time Adoption of IFRS – repeated application, borrowing costs, Government loans
- IFRS 7 Financial Instruments, Disclosure – offsetting financial assets and financial liabilities
- IFRS 9 Financial instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair value measurement

Notes
(forming part of the financial statements)

1 General information *(continued)*

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

- IFRS 9 will impact both the measurement and disclosures of Financial Instruments,
- IFRS 13 will impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures,

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

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

2 Significant accounting policies

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

Basis of preparation

The financial statements have been prepared on the historical cost basis The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period

Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates

Going concern

The Company's business activities are set out in the Directors' Report on pages 1 and 2

The Company's business is entirely with fellow Group companies and the Company is therefore not subject to market uncertainties

The Company is in a net current liability position as at 30 November 2012 The Company has received a letter of support from its ultimate parent company RM plc The Directors have satisfied themselves that the Group is able to provide this support Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus, they continue to adopt the going concern basis in preparing the annual report and financial statements

Revenue

Revenue represents interest income in respect of finance lease agreements where the company is lessor and amounts receivable for services provided to group companies net of VAT

The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance lease Revenue from the administration of the sale of cars is recognised upon transfer to the purchaser of the significant risks and rewards of ownership

Notes *(continued)*

2 Accounting policies *(continued)*

Finance leases

Where the company enters into a lease arrangement as lessor and substantially all the risks and rewards incidental to legal ownership are transferred to the lessee the arrangement is treated as a finance lease Assets held under a finance lease are recognised in the statement of financial position, presented as a receivable at an amount equal to the net investment in the lease

Financial instruments

Trade and other receivables

Trade and other receivables are not interest bearing and are stated at their original invoiced value

Amounts due to Group companies

Amounts due to group companies are interest bearing and are stated at the original amount advanced

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

Dividends

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

3 Revenue

An analysis of the Company's revenue is as follows

	Year ended 30 November 2012 £	14 month period ended 30 November 2011 £
Revenue from finance lease agreements	**34,295**	93,496
Investment income	**-**	84
Total revenue	**34,295**	93,580

Notes *(continued)*

4 Profit from operations

(Loss)/Profit is stated after charging

	Year ended 30 November 2012 £	14 month period ended 30 November 2011 £
Auditor's remuneration for audit services	**2,500**	2,500

There were no staff employed in the current year or preceding period The amount of directors' emoluments charged to the Company by the parent, RM Education Ltd (formerly RM Education plc), is £nil *(2011 £nil)*

5 Investment income

	Year ended 30 November 2012	14 month period ended 30 November 2011
Other finance income	-	84

6 Finance costs

	Year ended 30 November 2012 £	14 month period ended 30 November 2011 £
Interest on amounts due to Group companies	**50,776**	69,129

Notes *(continued)*

7 Tax

a) Analysis of tax (income)/charged in income statement

	Year ended 30 November 2012 £	14 month period ended 30 November 2011 £
Current taxation		
UK corporation tax	**(5,232)**	6,773
Total current tax (income)/expense	**(5,232)**	6,773

b) Factors affecting the tax income/charge for the year

There is no difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax

c) Factors that may affect future tax charges

The Autumn Statement on 5 December 2012 included an announcement that the UK corporation tax rate will reduce to 21% by 2014 Prior to that statement, a reduction in the rate from 26% to 25% (effective from 1 April 2012) had been substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the Company's future current tax charge accordingly

Notes *(continued)*

8 Other financial assets

	2012 £	2011 £
Non current		
Finance lease receivables - Amounts owed by Group companies	**578,909**	792,022
Other debtors – Amounts owed by Group companies	**10,000**	10,000
	588,909	802,022
Current		
Finance lease receivables - Amounts owed by Group companies	**593,892**	866,445
Trade receivables – Amounts owed by Group companies	**185,872**	626,378
Other debtors	**5,758**	1,900
	785,522	1,494,723
	1,374,431	2,296,745

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	**2012**	2011
Amounts receivable under finance lease contracts				
Within one year	**614,377**	896,902	**593,892**	866,445
In the second to fifth years inclusive	**592,773**	808,356	**578,909**	792,022
	1,207,150	1,705,258	**1,172,801**	1,658,467
Less unearned finance income	**(34,349)**	(46,791)	**-**	-
Present value of minimum lease payments receivable	**1,172,801**	1,658,467	**1,172,801**	1,658,467
Analysed as				
Non-current finance lease receivables (recoverable after 12 months)			**578,909**	792,022
Current finance lease receivables (recoverable within 12 months)			**593,892**	866,445
			1,172,801	1,658,467

The directors consider that the carrying amount of trade and other receivables approximates their fair value

The directors do not believe any of the receivables to be impaired

Amounts owed by group companies are interest free and repayable on demand

Notes *(continued)*

9 Other financial liabilities – Trade and other payables

	2012	2011
	£	£
Current		
Other taxation and social security	**25,536**	61,000
Other creditors and accruals	**55,159**	4,300
Amounts due to Group companies	**1,230,155**	2,146,804
	1,310,850	2,212 104

Other creditors and accruals principally comprise amounts outstanding for the purchase of vehicles and ongoing costs The average credit period taken for trade purchases is 29 days *(2011 36 days)*

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

Amounts due to group companies are interest bearing at LIBOR plus 2% *(2011 LIBOR plus 2%)*

10 Financial instruments

	Note	2012	2011
		£	£
Carrying value of financial assets and financial liabilities			
Financial assets – Loans and receivables			
Finance lease receivables		**1,172,801**	1,658,467
Trade and other receivables	*8*	**201,630**	638,278
		1,374,431	2,296,745
Financial liabilities – Loans and payables			
Trade and other payables	*9*	**1,310,850**	2,212,104

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

Notes *(continued)*

11 Financial instruments *(continued)*

Interest rate risk

The interest bearing financial assets and liabilities held by the Company are the finance lease receivable and payables with other Group companies Interest on finance lease contracts is charged at base rate + 2%, which is fixed at the date of acquiring the asset Therefore there is no exposure to interest rate movements on finance lease agreements entered into prior to 1 December 2011 If interest rates had been 1% higher during the period, interest income would have been £1,818 higher (1% lower £1,692 lower) The Company does not hedge this exposure

Interest on payables due to Group companies is charged at LIBOR + 2% *(2011 LIBOR + 2%)*

Interest rate risk sensitivity on payables (assuming all other variables remain constant)

	2012		2011	
	Income sensitivity	Equity sensitivity	Income sensitivity	Equity sensitivity
1% increase in interest rates	**(19,245)**	**(19,245)**	(26,349)	(26,349)
1% decrease in interest rates	**19,245**	**19,245**	26,349	26,349

Credit risk

The Company's principal financial assets are other receivables The Company's credit risk is primarily attributable to its trade and other receivables which arise from fellow Group companies

Liquidity risk

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

Capital risk management

The Company's capital risk is managed at a Group level Capital employed is measured as shareholder's equity less net funds

Notes *(continued)*

11 Share capital

	2012	2011
	£	£
Allotted, called up but not fully paid		
10,000 ordinary shares of £1 each	**10,000**	10,000

12 Related party transactions

During the period, there were no transactions between the Company and its ultimate parent undertaking, RM plc The Company entered into the following transactions with other Group companies

	2012	2011
	£	£
Revenue from finance lease agreements	**34,295**	93,496
Capital charges received under finance lease agreements	**979,245**	1,706,052
Finance charges incurred on funding advances	**50,776**	(69,129)
Net transfers to fellow subsidiary under finance arrangements	**(967,509)**	(746,122)

All balances payable to and receivable from as disclosed in notes 9 and 10 are with fellow subsidiaries of the Group

13 Ultimate parent undertaking

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

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