

RM Data Solutions Limited

Directors' Report and financial statements

Registered number 01872571

30 November 2011

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Directors' Report

The directors present their Directors' Report and financial statements for the 14 month period ended 30 November 2011

Principal activity

The principal activity of the Company in the period under review was the provision of data services to central, regional and local government across the United Kingdom

Results and dividends

The profit on ordinary activities after taxation available to shareholders amounted to £158,789 (2010 £1,239,073) During the period an interim dividend of £530,000 was paid (2010 £1,070,000) The Directors are not recommending the payment of a final dividend (2010 £nil)

Business review

The Company is a wholly owned subsidiary of RM plc A detailed review of the RM plc Group's business is included in the Group's annual report and accounts, which are published on the Group website, www.rmeducation.com

Revenues for the 14 months to 30 November 2011 were £9,338,505 (2010 £9,000,804) Profit from operations fell to £13,720 for the 14 month period This was after charging provisions relating to dilapidations on leasehold properties of £122,070, onerous leases surplus to business needs of £730,087 and for restructuring, principally redundancies of £254,852 The underlying business remained profitable with an adjusted profit before these charges of £1,120,729

During the period, the Company was reappointed by the Department for Education (DfE) to provide the English schools National Pupil Database - Achievement and Attainment Tables (NPD-AAT) service The contract was due to finish in January 2011 and this extension, which is worth £7m, will run to January 2013

The Directors believe that the company is well positioned to provide valuable data services to its customers and has good future growth prospects

As described below within the Principal risks and uncertainties, the Company bears an ongoing risk in relation to UK Public Policy which may significantly impact upon future prospects

Principal risks and uncertainties

RM plc manages its operations on a business unit basis with Group risks being identified in RM plc's annual report

The Company has put in place processes designed to identify the principal risks and uncertainties it faces and to manage and mitigate their effect These risks are summarised below

Technology risk - The Company closely monitors technology developments, invests continually in keeping its products up to date, and maintains strong relationships with key technology providers.

Market risk - The Company seeks to mitigate general market risks by enhancing the educational value of its offerings and by creating innovative new solutions

Education policy risk - The Company seeks to understand the education policy environment through regular monitoring of the policy positions of the major political parties and through building relationships with education policy makers

Public policy risk - The majority of the Company's business is ultimately funded from UK government sources A change in the policy priorities of the current administration might result in a reduction in education spending or reduced commitment to data services within education spending

Directors' Report *(continued)*

Principal risks and uncertainties *(continued)*

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

Growth risk - As the Company grows it is important that it is able to adapt to the changing environment in which it operates. In doing this it needs to continue to listen to customers, look after staff and produce many new and innovative products and services at competitive prices. RM Data Solutions' position in the RM Group assists with the management of this risk by sharing development and management experience.

Credit risk - The Company's principal financial assets are bank balances and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. Credit checks are performed on new customers and before credit limits are increased. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has a concentration of credit risk but the majority of the exposure is with UK central government organisations.

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

Execution risk - The Company develops and markets complex solutions. It has strong internal management control processes in place, including detailed reporting to the Board, which is designed to manage the risk associated with this complexity. The Company employs highly skilled employees to assist with delivery.

Major customer reliance - The Company's business is heavily reliant upon contracts with a few key customers, in particular the English Department of Education.

Creditor payment policy

The Company agrees terms and conditions for its business transactions with suppliers. Payment is then made to these terms, subject to them being met by the supplier. Payment runs are made on a weekly basis and, wherever possible, are made using the Bankers' Automated Clearing Service ("BACS"). Trade creditor days for the period ended 30 November 2011 were 14 days (2010: 28 days) based on average trade creditors for the period to the amounts invoiced by suppliers during the period.

Going concern

The Directors have reviewed the business plan and forecast cash flows for the foreseeable future and have considered contingency planning in relation to a major contract renewal due in January 2013, potential changes in UK Government policy and the financial position of the wider RM Group. The Directors are satisfied that the Company's working capital facilities which are represented by Group managed facilities are sufficient to meet these cash flows. Details of the RM plc Group facilities can be found in note 16 to the financial statements.

Directors' Report *(continued)*

Going concern *(continued)*

Considering the above, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and 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 of accounting in preparing the annual financial statements. There have been no significant events since the balance sheet date.

Directors

The directors who held office during the period and subsequently were as follows:

A Robson	
D Brooks	
M Milner	(resigned 21 October 2011)
AD Muir	(resigned 31 January 2012)
I McIntosh	(appointed 31 January 2012)

Statement regarding the disclosure of information to the auditors

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

- i) so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- ii) the directors have taken all the steps that they ought to have 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.

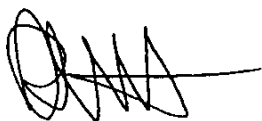
This confirmation is given and should be interpreted in accordance with s418 of the Companies Act 2006.

Auditor

During the period KPMG Audit Plc was appointed by the Directors.

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

6 February 2012

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 period. 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 Audit Plc

Arlington Business Park

Theale

Reading

RG7 4SD

United Kingdom

Independent auditor's report to the members of RM Data Solutions Limited

We have audited the financial statements of RM Data Solutions Limited for the 14 month period ended 30 November 2011, set out on pages 7 to 30. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2011 and of its profit for the 14 month period 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 period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of RM Data Solutions 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

A handwritten signature in black ink, appearing to read 'NM Hughes', with a long horizontal line extending from the end of the signature.

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

6 February 2012

Income Statement

for the 14 month period ended 30 November 2011

	Note	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Revenue	3	9,338,505	9,000,804
Cost of sales		(5,750,420)	(4,925,254)
Gross profit		3,588,085	4,075,550
Selling and distribution costs		(227,305)	(363,782)
Administrative expenses		(2,172,255)	(2,273,547)
Exceptional provisions for onerous lease obligations, dilapidations and restructuring		(1,107,009)	-
Amortisation of acquisition related intangible assets		(67,796)	(132,264)
Profit from operations	5	13,720	1,305,957
<i>Profit from operations before exceptional provisions</i>		<i>1,120,729</i>	<i>1,305,957</i>
<i>Exceptional provisions for onerous lease obligations, dilapidations and restructuring</i>	17	<i>(1,107,009)</i>	
Profit from operations		13,720	1,305,957
Investment income	7	73,482	47,178
Profit before tax		87,202	1,353,135
Tax	8	71,587	(114,062)
Profit for the period/year attributable to equity shareholders of the company		158,789	1,239,073

All the amounts derive from continuing operations

Statement of comprehensive income

for the 14 month period ended 30 November 2011

	Note	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Profit for the period/year		158,789	1,239,073
Tax (charge)/credit recognised directly in equity		(1,146)	822
Total comprehensive income for the period/year attributable to equity shareholders of the company		157,643	1,239,895

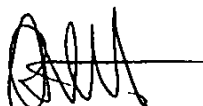
Statement of changes in equity
for the 14 month period ended 30 November 2011

	Share capital £	Capital contribution reserve £	Retained earnings £	Total equity £
At 1 October 2009	10,000	12,391	1,358,484	1,380,875
Profit for the year	-	-	1,239,073	1,239,073
Total other comprehensive income and expense	-	-	822	822
Dividends paid	-	-	(1,070,000)	(1,070,000)
Credit to equity for equity settled share-based payment charge	-	16,924	-	16,924
At 1 October 2010	10,000	29,315	1,528,379	1,567,694
Profit for the period	-	-	158,789	158,789
Total other comprehensive income/(expense) – tax charged directly in equity	-	-	(1,146)	(1,146)
Dividends paid	-	-	(530,000)	(530,000)
Credit to equity for equity settled share-based payment charge	-	4,756	-	4,756
At 30 November 2011	10,000	34,071	1,156,022	1,200,093

Balance Sheet
at 30 November 2011

	<i>Note</i>	At 30 November 2011 £	At 30 September 2010 £
Non-current assets			
Acquisition related intangible assets	10	2,295	70,091
Other intangible assets	11	156,350	184,397
Property, plant and equipment	12	315,650	338,695
Deferred tax asset	8	104,908	65,276
		579,203	658,459
Current assets			
Tax assets		94,926	77,335
Trade and other receivables	14	4,080,694	4,125,489
Cash and cash equivalents		3,674	-
		4,179,294	4,202,824
Total assets		4,758,497	4,861,283
Current liabilities			
Trade and other payables	15	(2,451,395)	(3,293,589)
Provisions	17	(555,350)	-
		(3,006,745)	(3,293,589)
Net current assets		1,172,549	909,235
Non-current liabilities			
Provisions	17	(551,659)	-
Total liabilities		(3,558,404)	(3,293,589)
Net assets		1,200,093	1,567,694
Equity attributable to equity holders of the company			
Share capital	18	10,000	10,000
Capital contribution reserve		34,071	29,315
Retained earnings		1,156,022	1,528,379
Total equity		1,200,093	1,567,694

These financial statements were approved by the board of directors on 6 February 2012 and were signed on its behalf by



I McIntosh
Director

Company registered number 1872571

Cash Flow Statement

for the 14 month period ended 30 November 2011

	Note	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Profit from operations		13,720	1,305,957
Adjustments for:			
Depreciation of property, plant and equipment		160,275	115,977
Amortisation of other intangible assets		157,647	104,490
Amortisation of acquisition related intangible assets		67,796	132,056
Share-based payment expense		4,756	16,924
Increase in Provisions		1,107,009	-
Operating cash flows before movements in working capital		1,511,203	1,675,404
Decrease /(increase) in receivables		2,137,226	(544,839)
Decrease in payables		(3,461,149)	(526,243)
Cash generated by operations		187,280	604,322
Tax received/(paid)		13,217	(268,520)
Net cash inflow from operating activities		200,497	335,802
Investing activities			
Purchases of property, plant and equipment		(137,230)	(212,877)
Purchase of other intangible assets		(133,075)	(115,425)
Acquisition of business, net of cash acquired		-	(7,500)
Other Finance Income		73,482	-
Net cash used in investing activities		(196,823)	(335,802)
Net increase in cash and cash equivalents		3,674	-
Cash and cash equivalents at the beginning of period/year		-	-
Cash and cash equivalents at the end of period/year		3,674	-

Notes

(forming part of the financial statements)

1 General information

RM Data Solutions 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 Business Review.

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.

The financial year end of the Company has changed from 30 September to 30 November. Following the change of accounting reference date, these audited accounts disclose the financial performance and cash flows for the 14 months ended 30 November 2011 and the financial position as at 30 November 2011. The decision to change the financial year end was made in order to separate both the annual financial year planning and financial year end activity from the busiest operational period of the Group's year.

Adoption of new and revised IFRS

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 October 2010 have been adopted. The following new standards and interpretations have been adopted in the current period but have not impacted the reported results or the financial position.

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments Disclosures
- IAS 27 Consolidated and Separate Financial Statements
- Improvements to IFRSs 2010

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).

- IFRS 7 (amended) Disclosures – Transfers of Financial Assets
- 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
- IAS 1 (amended) Presentation of Items of Other Comprehensive Income
- IAS 12 (amended) Deferred Tax Recovery of Underlying Assets
- IAS 19 (revised) Employee Benefits
- IAS 24 (2009) Related Party Disclosures
- IAS 27 (revised) Separate Financial Statements
- IAS 34 Interim Financial Reporting – Significant events and transactions

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 principal IFRS accounting policies adopted by the Company are listed below

2 Accounting policies

Basis of preparation

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

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

The Directors have assessed forecast future cash flows for the foreseeable future, being a period of at least a year following the approval of the Accounts and have considered contingency planning in relation to a major contract renewal due in January 2013, potential changes in UK Government policy and the financial position of the wider RM Group. The Directors are satisfied that the Company's working capital facilities which are represented by Group managed facilities are sufficient to meet these cash flows.

Considering the above, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and 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 of accounting in preparing the annual financial statements.

Revenue

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

Notes (continued)

2 Accounting policies (continued)

Revenue (continued)

Revenue from the sale of goods and services is recognised upon transfer to the customer of the significant risks and rewards of ownership. This is generally when goods are despatched to, or services performed for, customers. Revenue on hardware and perpetual software licences is recognised on shipment providing there are no unfulfilled obligations that are essential to the functionality of the delivered product. If such obligations exist, revenue is recognised as they are fulfilled. Revenue from term licences is spread over the period of the licence, reflecting the Company's obligation to support the relevant software products or update their content over the term of the licence. Revenue from contracts for maintenance, support and annually and other periodically contracted products and services is recognised on a pro-rata basis over the contract period. Revenue from installation, consultancy and other services is recognised when the service has been provided. Appropriate provisions for returns, trade discounts and other allowances are deducted from revenue.

Interest income is recognised on an accruals basis according to applicable interest rates.

Revenue on long-term contracts is recognised while contracts are in progress. Revenue is recognised proportionally to the stage of completion of the contract, based on the fair value of goods and services provided to date.

Long-term contracts

Long-term contracts represent those accounted for in accordance with the principles of IAS 18 Revenue and related linkage with IAS 11 Construction Contracts.

Profit on long-term contracts is recognised when the outcome of the contract can be assessed with reasonable certainty. Thereafter profit is recognised based upon the expected outcome of the contract and the revenue recognised at the balance sheet date as a proportion of total contract revenue.

If the outcome of a long-term contract cannot be assessed with reasonable certainty, no profit is recognised. Any expected loss, on a contract as a whole, is recognised as soon as it is foreseen. The loss is calculated using a discounted cash flow model utilising a discount rate that reflects an estimate of the markets' assessment of the time value of money and the risks specific to the liability. Any unwinding of the discount is included in the income statement in finance costs.

The balance of total cost incurred on work carried out, net of any amounts recognised in cost of sales, is taken to the balance sheet within trade and other receivables or trade and other payables as long-term contract balances.

Where the cumulative fair value of goods and services provided exceeds amounts invoiced, the balance is included within trade and other receivables as long-term contract balances. Where amounts invoiced exceed the fair value of goods and services provided, the excess is first set off against long-term contract balances and then included in amounts due to long-term contract customers within trade and other payables.

Pre-contract costs are expensed until the awarding of the contract to the Company is considered to be virtually certain which is not before the Company has been appointed sole preferred bidder. Once virtual certainty has been established and the contract is expected to be awarded within a reasonable timescale and pre-contract costs are expected to be recovered from the contract's net cash flows, then pre-contract costs are recognised as an asset and accounted for as long-term contract costs.

Property, plant and equipment

Property, plant and equipment assets are stated at cost, less depreciation and provision for impairment where appropriate. Property, plant and equipment are depreciated by equal annual instalments to write down the assets to their estimated disposal value at the end of their useful lives as follows:

Leasehold improvements	10 years (length of lease)
Plant & equipment	3-4 years

Notes (continued)

2 Accounting policies (continued)

Intangible assets

All intangible assets, except goodwill, 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 2-5 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 (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 (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Trade and other receivables

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

Notes (continued)

2 Accounting policies (continued)

Cash and cash equivalents

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

Trade and other payables

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

Provisions

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

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Dilapidations provision

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

Employee benefits

The Company operates a defined contribution pension scheme. Contributions 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 and it is probable that the temporary difference will reverse in the foreseeable future.

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

Notes (continued)

2 Accounting policies (continued)

Taxation (continued)

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

Operating leases

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

Key sources of estimation uncertainty and critical accounting judgements

In applying the Company's accounting policies the Directors are required to make judgements, estimates and assumptions. Actual results may differ from these estimates.

The Company's key risks are set out in the Business Review and give rise to the following estimations and judgements which are disclosed within the relevant note to the Report and Accounts:

- Long-term contract outcome – see note 13
- Onerous lease contract obligations – see note 17

Dividends

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

3 Revenue

An analysis of the Company's revenue is as follows:

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Revenue from supply of data services	9,338,505	9,000,804
Investment income	73,482	47,178
Total revenue per IAS 18 Revenue	9,411,987	9,047,982

4 Business segments

The business operates in one primary segment, being the provision of data services and data analysis.

The Company operates primarily in the UK, with no other geographical segment being material for disclosure.

Notes (continued)

5 Profit for the period/year

Profit is stated after charging

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Depreciation of property, plant and equipment (charged in administrative expenses)	160,275	115,977
Amortisation of other intangible assets	157,647	104,490
Amortisation of acquisition related intangibles	67,796	132,056
Staff costs (see note 6)	5,057,648	5,375,965
Minimum lease payments recorded as operating lease expense	388,106	404,868
Auditor's remuneration for the audit of the company's annual financial statements	9,500	10,565

6 Staff costs

The average monthly number of persons (including Executive Directors and temporary employees) employed by the Company during the period/year was as follows

	14 month period ended 30 November 2011 No.	Year ended 30 September 2010 No.
Average number of persons employed		
Administration	5	14
Sales and marketing	2	5
Operational	83	90
	90	109

Their aggregate remuneration comprised

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Staff costs during the period/year		
Wages and salaries	4,546,512	4,807,499
Social security costs	347,182	398,981
Other pension costs	159,198	152,561
Share based payments	4,756	16,924
	5,057,648	5,375,965

7 Investment income

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Investment income Inter-group balances	73,482	47,178

Notes (continued)

8 Taxation

a) Analysis of tax charged in income statement

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Current taxation		
UK corporation tax	(26,620)	261,004
Adjustment in respect of prior years	(4,189)	(150,236)
Total current tax (credit)/charge	(30,809)	110,768
Deferred taxation		
Temporary differences	(32,860)	20,514
Adjustment in respect of prior years	(7,918)	(17,220)
Total deferred tax (credit)/charge	(40,778)	3,294
Total income statement tax (credit)/charge	(71,587)	114,062

In addition to the amount charged to the income statement, a deferred tax amount of £1,146 has been charged directly to equity (2010 credit of £822). This resulted from tax on equity settled remuneration. Further analysis of the Company's deferred tax assets and liabilities is shown below.

b) Factors affecting the tax charge for the period

The 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 is as follows:

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Profit on ordinary activities before tax	87,202	1,353,135
Tax at 26.86% (2010 28%) thereon	23,422	378,878
Effects of		
expenses not deductible for tax purposes	8,059	5,600
temporary timing differences	(1,442)	6,853
Effects of current year R&D tax relief	(97,831)	(109,813)
Prior year adjustments	(12,108)	(167,456)
Adjustment due to change in rate	8,313	-
Tax (credit)/charge	(71,587)	114,062

Notes (continued)

8 Taxation (continued)

Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting period

	Share-based payments £	Accelerated tax depreciation £	Short term timing differences £	Total £
At 1 October 2009	-	22,909	44,839	67,748
Credit/(charge) to income statement	1,324	(3,015)	(1,603)	(3,294)
Credit to equity	822	-	-	822
At 1 October 2010	2,146	19,894	43,236	65,276
Credit/(charge) to income statement		17,496	23,282	40,778
Charge to equity	(1,146)	-	-	(1,146)
At 30 November 2011	1,000	37,390	66,518	104,908

The Company has recognised deferred tax assets as these are anticipated to be recoverable against profits in future periods

Deferred tax assets are recorded at the prevailing UK corporation tax rate of 25%

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 and a further reduction to 25% with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively and therefore the effect of these rate reductions creates a reduction in the deferred tax asset which has been included in the figures above.

The Chancellor proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 25% to 23%, if these applied to the deferred tax balance at 30 November 2011, would be to further reduce the deferred tax asset by approximately £8k.

9 Dividends

The aggregate amount of dividends comprises:

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Interim dividend paid of £53 per share (2010 £107)	530,000	1,070,000

Notes (continued)

10 Acquisition related intangible assets

	Customer contracts	Database assets	Educational Intellectual Property	Total
	£	£	£	£
Cost				
At 1 October 2009	158,603	317,201	-	475,804
Additions	-	-	7,500	7,500
At 1 October 2010	158,603	317,201	7,500	483,304
At 30 November 2011	158,603	317,201	7,500	483,304
Amortisation				
At 1 October 2009	93,720	187,437	-	281,157
Charge for the year	43,255	88,801	-	132,056
At 1 October 2010	136,975	276,238	-	413,213
Charge for the period	21,628	40,963	5,205	67,796
At 30 November 2011	158,603	317,201	5,205	481,009
Net book value				
At 30 November 2011	-	-	2,295	2,295
At 30 September 2010	21,628	40,963	7,500	70,091

Notes (continued)

11 Other intangible assets

	Licences £
Cost	
At 1 October 2009	292,753
Additions	115,425
Transfers	31,632
	<hr/>
At 1 October 2010	439,810
Additions	129,600
Disposals	(166,576)
	<hr/>
At 30 November 2011	402,834
	<hr/> <hr/>
Amortisation	
At 1 October 2009	149,799
Charge for the year	104,490
Transfers	1,124
	<hr/>
At 1 October 2010	255,413
Charge for the period	157,647
On disposals	(166,576)
	<hr/>
At 30 November 2011	246,484
	<hr/> <hr/>
Net book value	
At 30 November 2011	156,350
	<hr/> <hr/>
At 30 September 2010	184,397
	<hr/> <hr/>

Notes (continued)

12 Property, plant and equipment

	Leasehold improvements £	Plant and equipment £	Total £
<i>Cost</i>			
At 1 October 2009	88,708	626,922	715,630
Additions	41,887	170,990	212,877
Transfers	-	(31,632)	(31,632)
	<hr/>	<hr/>	<hr/>
At 1 October 2010	130,595	766,280	896,875
Additions	102,235	34,995	137,230
Disposals	-	(350,413)	(350,413)
	<hr/>	<hr/>	<hr/>
At 30 November 2011	232,830	450,862	683,692
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 October 2009	1,478	441,849	443,327
Charge for the year	21,437	94,540	115,977
Transfers	-	(1,124)	(1,124)
	<hr/>	<hr/>	<hr/>
At 30 September 2010	22,915	535,265	558,180
Charge for the period	38,029	122,246	160,275
Disposals	-	(350,413)	(350,413)
	<hr/>	<hr/>	<hr/>
At 30 November 2011	60,944	307,098	368,042
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 November 2011	171,886	143,764	315,650
	<hr/>	<hr/>	<hr/>
At 30 September 2010	107,680	231,015	338,695
	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Long-term contracts

	At 30 November 2011 £	At 30 September 2010 £
Contracts in progress at the balance sheet date		
Contract cost incurred plus recognised profits less recognised losses to date	27,464,416	21,296,606
Less progress billings	(28,065,433)	(21,796,005)
	<u>(601,017)</u>	<u>(499,399)</u>
Amounts due from contract customers included in trade and other receivables	-	42,000
Amounts due to contract customers included in trade and other payables	<u>(601,017)</u>	<u>(541,399)</u>

Total revenue recognised from long-term contracts amounted to £6,227,426 (2010 £6,154,256)

At 30 November 2011 no amounts due from contract customers are due for settlement after more than 12 months (30 September 2010 £nil)

Long-term contract outcome – estimation uncertainty

The Company's long-term contracts represent a significant part of the Company's business. As a result of the accounting for these contracts, as outlined in note 2, it is necessary for the Directors to assess the outcome of each contract and also estimate future costs and revenues to establish ultimate contract profitability. Profit is then recognised based on these judgements and therefore, depending on the maturity of the contract portfolio, a greater or lesser proportion of Company profit will arise from long-term contracts.

Notes (continued)

14 Trade and other receivables

	At 30 November 2011 £	At 30 September 2010 £
Current		
Financial assets		
Trade receivables	264,007	505,716
Other receivables	25,627	29,863
Amounts owed by group companies	3,706,027	3,414,537
	<u>3,995,661</u>	<u>3,950,116</u>
Non financial assets		
Prepayments and accrued income	85,033	175,373
	<u>4,080,694</u>	<u>4,125,489</u>

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

The average credit period taken on sales of goods is 17 days (2010 57 days) No interest is charged on the receivables outstanding An allowance has been made for estimated irrecoverable amounts of trade receivables of £45,763 (2010 £nil) This allowance has been determined by reference to specific receivable balances and past default experience

Ageing of trade receivables:

	At 30 November 2011 £	At 30 September 2010 £
Neither impaired not past due date	60,073	323,597
Not impaired but overdue by less than 60 days	112,532	141,043
Not impaired but overdue by between 60 and 90 days	102,410	1,228
Not impaired but overdue by more than 90 days	34,755	39,848
Impaired	-	-
Allowance for estimated irrecoverable amounts	(45,763)	-
	<u>264,007</u>	<u>505,716</u>

Of the amounts owed by group companies £1,613,597 (2010 £1,828,346) is interest free and £2,092,430 (2010 £1,586,191) bears interest at LIBOR plus a margin of 2% All balances are repayable on demand

Notes (continued)

15 Trade and other payables

	At 30 November 2011 £	At 30 September 2010 £
Current		
Financial liabilities:		
Trade payables	219,297	279,968
Amounts due to group companies	624,600	730,071
Other taxation and social security	99,557	426,151
Other payables - other	109,847	144,348
Accruals	718,790	1,042,525
Amounts due to long term contract customers	601,017	541,399
	<u>2,373,108</u>	<u>3,164,462</u>
Non financial liabilities:		
Deferred income	78,287	129,127
	<u>2,451,395</u>	<u>3,293,589</u>

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

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 14 days (2010: 28 days)

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

16 Financial instruments

Carrying value of financial assets and financial liabilities

Note

		At 30 November 2011 £	At 30 September 2010 £
Financial assets – Loans and receivables			
Trade and other receivables	14	3,995,661	3,950,116
Cash and cash equivalents		3,674	-
		<u>3,999,335</u>	<u>3,950,116</u>
Financial liabilities – Loans and payables:			
Trade and other payables	15	2,373,108	3,164,462
		<u>2,373,108</u>	<u>3,164,462</u>

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)

16 Financial instruments (continued)

Subsequent to the balance sheet date, on 27 January 2012 a £30 million three year committed revolving credit facility was agreed by the Group with Barclays Bank. The Company is a beneficiary and obligor of this facility. The Group also has a £3 million Barclays overdraft facility.

Interest rate risk

The only interest bearing financial assets and liabilities held by the Company are cash and cash equivalents and current receivables with other group companies arising from cash surpluses.

Non inter group financial assets and liabilities comprise cash and cash equivalents. Financial assets have the following interest rate profile:

	At 30 November 2011 £	At 30 September 2010 £
Cash and cash equivalents (Sterling, floating rate)	3,674	-
Inter-company borrowing (Sterling, LIBOR +2%)	2,092,430	1,586,191

Interest rate risk sensitivity (assuming all other variables remain constant and assuming that interest payable on payables is not significant during the period)

	2011		2010	
	Income sensitivity	Equity sensitivity	Income sensitivity	Equity sensitivity
1% increase in interest rates	27,659	27,659	16,766	16,766
1% decrease in interest rates	(27,659)	(27,659)	(16,766)	(16,766)

Credit risk

The Company's principal financial assets are bank balances and trade and other receivables, including amounts owed by Group companies.

Credit checks are performed on new customers and before credit limits are increased. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company has a significant concentration of credit risk but the majority of the exposure is with UK central government organisations.

Liquidity risk

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

Cash and cash equivalents

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

Notes (continued)

16 Financial instruments (continued)

Bank Guarantees

The Company has provided certain financial guarantees and indemnities in respect of loans from banking institutions to its fellow subsidiaries. The actual commitment outstanding at 30 November 2011 is £13.0m and the guarantees and indemnities are not expected to result in any financial loss to the Company. The Company remains an obligor under the Group's new banking facilities which are explained above.

Capital risk management

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

17 Provisions

	Dilapidation provision £	Onerous lease provision £	Restructuring provision £	Total £
At 1 October 2009 and 1 October 2010	-	-	-	-
Increase in provision	122,070	730,087	254,852	1,107,009
Utilised	-	-	-	-
At 30 November 2011	122,070	730,087	254,852	1,107,009

Provisions are anticipated to be utilised as follows:

	Dilapidation provision £	Onerous lease provision £	Restructuring provision £	Total £
Within one year	19,950	280,548	254,852	555,350
Within two to five years	102,120	449,539	-	551,659
At 30 November 2011	122,070	730,087	254,852	1,107,009

The dilapidation provision relates to an amount held for dilapidation rectification on the property lease contract and is expected to be utilised over the remaining life of the lease.

Provisions for onerous leases and dilapidations have been recognised at the present value of the expected obligation at discount rates of 3% reflecting a risk free discount rate, applicable to the liabilities. These discounts will unwind to their undiscounted value over the remaining lives of the leases via a finance charge within the income statement.

Restructuring provisions relate to employee related costs arising from the Group's September 2011 Strategic Review and are all expected to be utilised during the following financial period.

18 Share capital

	At 30 November 2011 £	At 30 September 2010 £
Allotted, issued and fully paid 10,000 ordinary shares of £1 each	10,000	10,000

Notes (continued)

19 Operating lease arrangements

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	At 30 November 2011 £	At 30 September 2010 £
Within one year	326,783	389,766
In the second to fifth years inclusive	671,740	901,135

Operating lease payments represent rentals payable by the Company for land and buildings. The terms are subject to renegotiation on an average of 5 years and rentals are fixed for an average of 5 years. The balances disclosed above exclude commitments of £421,280 (2010 £nil) which have been included within onerous lease provisions at the balance sheet date.

20 Retirement benefit schemes

Defined contribution schemes

The Company contributes to a number of personal pension schemes for the benefit of qualifying employees. The assets of these schemes are held separately from those of the Company. The total cost charged to income of £159,198 (2010 £152,561) represents contributions payable to these schemes by the Company at rates specified in employment contracts. As at 30 November 2011 no amounts (2010 £29,433) due in respect of the current reporting period had not been paid over to the schemes.

Notes (continued)

21 Related party transactions

The remuneration of the key management personnel of the Company, recognised in the income statement, is set out below in aggregate. Key management are defined as the executive directors of the Company and other persons classified as "persons discharging management responsibility under the rules of the Financial Services Authority". Further information about the remuneration of individual Directors who are also RM plc Directors is provided in the audited part of the Remuneration Report within RM plc accounts.

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Short term employee benefits	327,641	168,622
Post-employment benefits	18,818	9,127
	<u>346,459</u>	<u>177,749</u>

During the period, the only transaction between the Company and its ultimate parent undertaking, RM plc was the declaration of dividends. The Company entered into the following transactions with other group companies:

	14 month period ended 30 November 2011 £	Year ended 30 September 2010 £
Sales of goods and services	6,020,351	6,470,000
Purchases of goods and services	1,050,638	1,308,763
Funding transfers	(506,239)	(717,083)

22 Share based payments

Certain employees of the Company benefit from awards made by the Company's parent RM plc in its shares.

The Group operates a number of executive and employee equity settled share-based payment schemes including co-investment performance share and deferred bonus plans, share options and staff share schemes. The fair values of these schemes have been assessed using Black-Scholes and Monte-Carlo models, as appropriate to the scheme, at the date of grant. The fair values of the schemes are expensed over the period between grant and vesting.

Charges for share-based payments under IFRS have been recognised only for issues that were made after 7 November 2002 and had not vested at the transition date as prescribed by IFRS 1 First-time Adoption and IFRS 2 Share-based Payments.

Notes (continued)

22 Share based payments (continued)

Employee option schemes

The Group has in place share option schemes which issue options over shares in RM plc. Options are exercisable at a price equal to the average quoted market price of the RM plc's shares over a 5 working day period up to the date of grant. The vesting period for options is three years. There are various performance conditions applicable over the whole vesting period attaching to share option grants, including Group EPS related conditions. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

	Number of share options	Weighted average exercise price £	Exercise price range £
Outstanding at 1 October 2009	31,500	2.53	0.72-7.62
Granted during the year	9,000	1.65	
	<hr/>	<hr/>	<hr/>
Outstanding at 1 October 2010	37,500	1.72	0.79-2.05
Lapsed during the period	(6,000)	1.72	
	<hr/>	<hr/>	<hr/>
Outstanding at 30 November 2011	31,500	1.45	0.79 - 2.05
	<hr/>	<hr/>	<hr/>

The options outstanding at 30 November 2011 had a weighted average contractual life of 6.7 years (2010: 6.9 years).

During the period to 30 November 2011, no options were granted.

Performance conditions – estimation uncertainty

Assigning a fair value charge to share-based payments requires estimation of the number of instruments which are likely to vest and for non-market based performance conditions, continuing reassessment of these estimates.

23 Ultimate parent undertaking

The Company's immediate and ultimate parent undertaking is RM plc, a company incorporated in the UK. The financial statements of the Group are publicly available and may be obtained from RM plc, New Mill House, 183 Milton Park, Abingdon, Oxfordshire, OX14 4SE.