Co. Reg No. 01872571

RM Data Solutions Limited

Report and Financial Statements

30 September 2010

CONTENTS

COMPANY INFORMATION

DIRECTORS:

M Milner	
G Dewart	(deceased 1 October 2010)
A D Muir	(appointed 16 November 2009)
A Robson	(appointed 16 November 2009)

SECRETARY:

E Hollinrake

REGISTERED OFFICE:

New Mill House
183 Milton Park
Abingdon
Oxfordshire
OX14 4SE

REGISTERED NUMBER:

01872571 (England and Wales)

BANKERS:

Barclays Bank Plc
PO Box 15161
50 Pall Mall
London
SW1Y 5AX

AUDITORS:

Deloitte LLP
Reading, United Kingdom

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Company for the year ended 30 September 2010

PRINCIPAL ACTIVITY

The principal activity of the Company in the year 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 £1,239,073 (2009 £1,105,494) During the year an interim dividend of £1,070,000 was paid (2009 £1,040,000) The Directors are not recommending the payment of a final dividend (2009 £nil)

BUSINESS REVIEW AND FUTURE PROSPECTS

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 rm com

The Directors are pleased with the growth in revenue achieved by the Company and are hopeful of maintaining that performance There have been no significant events since the balance sheet date As described below within the Principle Risks and Uncertainties, the Company bears an ongoing risk in relation to UK Public Policy which may significantly impact upon future prospects However, the Directors believe that the company is well positioned to provide valuable data services to its customers and has good future growth prospects

The Company has been 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 continue to run for a further two years to January 2013

PRINCIPAL RISKS AND UNCERTAINTIES

RM plc manages its operations on a global 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 offer 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 ICT within education spending

Financial risk - The Company has introduced procedures to ensure that it is not exposed to bad debt and that its cash reserves are with safe and secure banks The Company has an exceptionally good record in relation to bad debts because of the good credit standing of most of its customers Where the Company deals with customers who are not public bodies and those customers constitute significant business, appropriate credit checks are performed and limits are put in place

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

DIRECTORS' REPORT (CONTINUED)

Growth risk - As the Company grows it is important that it remains positioned for simplicity In doing this it needs to continue to listen to 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 no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers including 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

GOING CONCERN

The Directors have reviewed the business plan and forecast cash flows for the next three years and have considered contingency planning in relation to 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

DIRECTORS

The Directors during the year under review and to the date of the signing of the accounts were

M Milner	
G Dewart	(deceased 1 October 2010)
A D Muir	(appointed 16 November 2009)
A Robson	(appointed 16 November 2009)

STATEMENT REGARDING THE DISCLOSURE OF INFORMATION TO AUDITORS

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 auditors are 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 auditors are aware of that information

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

DIRECTORS' REPORT (CONTINUED)

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting

By order of the Board

E Hollinrake
Secretary

22 November 2010

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern

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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RM DATA SOLUTIONS LIMITED

We have audited the financial statements of RM Data Solutions Limited for the year ended 30 September 2010 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' 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, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

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 September 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB) In our opinion the financial statements comply with IFRSs as issued by the IASB

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

John Clennett (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom

INCOME STATEMENT
For the year ended 30 September 2010

£	*Note*	2010	2009
Revenue	*3*	9,000,804	8,405,203
Cost of sales		(4,925,254)	(4,375,201)
Gross profit		**4,075,550**	**4,030,002**
Selling and distribution costs		(363,782)	(475,275)
Administrative expenses		(2,273,547)	(2,103,221)
Amortisation of acquisition related intangible assets		(132,264)	(141,897)
Total administrative expenses		**(2,769,593)**	**(2,720,393)**
Profit from operations	*5*	**1,305,957**	**1,309,609**
Investment income	*7*	47,178	79,522
Profit before tax		**1,353,135**	**1,389,131**
Tax	*8*	(114,062)	(283,637)
Profit for the year attributable to equity holders of the parent		**1,239,073**	**1,105,494**

All amounts derive from continuing operations

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2010

	2010	2009
	£	**£**
Profit for the year	**1,239,073**	**1,105,494**
Tax credit recognised directly in equity	822	-
Total comprehensive income for the year attributable to equity shareholders	**1,239,895**	1,105,494

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2010

	Share capital	Capital contribution reserve	Retained earnings	Total equity
	£	£	£	£
At 1 October 2008	**10,000**	**6,372**	**1,292,990**	**1,309,362**
Profit for the year	-	-	1,105,494	**1,105,494**
Total other comprehensive income and expense	-	-	-	-
Dividends paid	-	-	(1,040,000)	**(1,040,000)**
Credit to equity for equity settled share-based payment charge	-	6,019	-	**6,019**
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 30 September 2010	**10,000**	**29,315**	**1,528,379**	**1,567,694**

BALANCE SHEET
As at 30 September 2010

£	*Note*	2010	2009
Non-current assets			
Acquisition related intangible assets	*10*	70,091	194,647
Other intangible assets	*11*	184,397	142,954
Property, plant and equipment	*12*	338,695	272,303
Deferred tax assets	*8*	65,276	67,748
		658,459	**677,652**
Current assets			
Tax assets		77,335	-
Trade and other receivables	*14*	4,125,489	3,536,410
Cash and cash equivalents	*14*	-	-
		4,202,824	**3,536,410**
Total assets		**4,861,283**	**4,214,062**
Current liabilities			
Trade and other payables	*15*	(3,293,589)	(2,749,832)
Tax liabilities	*15*	-	(83,355)
		(3,293,589)	**(2,833,187)**
Net current assets		**909,235**	**703,223**
Net assets		**1,567,694**	**1,380,875**
Equity attributable to equity holders of the parent			
Share capital	*17*	10,000	10,000
Capital contribution reserve		29,315	12,391
Retained earnings		1,528,379	1,358,484
Total equity		**1,567,694**	**1,380,875**

These financial statements of RM Data Solutions Limited, registered number 01872571, were approved and authorised for issue by the Board of Directors on 22 November 2010

Signed on behalf of the Board of Directors

M Milner
Director

22 November 2010

CASH FLOW STATEMENT

For the year ended 30 September 2010

£	2010	2009
Profit from operations	1,305,957	1,309,609
Adjustments for		
Depreciation of property, plant and equipment	115,977	102,046
Amortisation of other intangible assets	104,490	94,795
Amortisation of acquisition related intangible assets	132,056	141,897
Share-based payment	16,924	6,019
Operating cash flows before movements in working capital	**1,675,404**	**1,654,366**
Increase in receivables	(544,839)	(107,778)
Decrease in payables	(526,243)	(1,005,346)
Cash generated by operations	**604,322**	**541,242**
Tax paid	(268,520)	(214,548)
Net cash inflow from operating activities	**335,802**	**326,694**
Investing activities		
Purchases of property, plant and equipment	(212,877)	(225,036)
Purchases of other intangible assets	(115,425)	(104,572)
Acquisition of business combination, net of cash acquired	(7,500)	-
Net cash used in investing activities	**(335,802)**	**(329,608)**
Net decrease in cash and cash equivalents	**-**	**(2,914)**
Cash and cash equivalents at the beginning of year	-	2,914
Cash and cash equivalents at the end of year	**-**	**-**

NOTES TO 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 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 IFRSs 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 October 2009 have been adopted Adoption of these standards has impacted the disclosures on the results and financial position as follows

- IAS 1 (revised) Presentation of Financial Statements, effective for periods commencing on or after 1 January 2009, requires the presentation of a statement of changes in equity as a primary statement, separate from the Income statement and Statement of comprehensive income As a result, a statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented
- IFRS 8 'Operating segments', became effective for periods commencing on or after 1 January 2009 The Company operates in one operating segment

Additionally the following new standards and interpretations have been adopted in the current year but have not impacted the reported results or the financial position

- IAS 23 'Borrowing costs' amendment became effective for periods commencing on or after 1 January 2009 and requires borrowing costs which meet certain criteria to be capitalised The Company does not currently have any material borrowings or interest costs, which are covered by this standard
- Amendments to IFRS 2 'Share-based payment' and IFRS 7 'Financial instruments Disclosures' became effective and did not have a material impact on the Company
- IFRIC 9 and IAS 39 Embedded derivatives
- IFRIC 12 Service concession arrangements
- IFRS 3 (revised 2008) Business combinations
- IAS 27 (revised 2008) Consolidated and separate financial statements
- IAS 39 (amended) Eligible hedged items
- IFRS 2 (amended) Vesting conditions and cancellations

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 9 Financial instruments
- IAS 24 (revised) Related party disclosure
- IFRIC 14 (amended) Prepayments of a minimum funding requirement
- IFRIC 17 Distributions of non-cash assets to owners
- IFRIC 18 Transfer of assets from customers
- IFRIC 19 Extinguishing financial liabilities with equity instruments
- Improvements to IFRSs 2010 (May 2010) and 2009 (April 2009)

The Directors are finalising their analysis and do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial adoption

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

NOTES TO THE FINANCIAL STATEMENTS

2. Principal 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 over the coming year and are satisfied that the Company's agreed working capital 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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Principal accounting policies (continued)

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 probable which is not before the Company has been appointed sole preferred bidder Once probability 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

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

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

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

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 An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Principal accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)
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

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

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 except in respect of investments in subsidiaries where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Principal accounting policies (continued)

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

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

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

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

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

£	2010	2009
Revenue from the provision of data services and data analysis	9,000,804	8,405,203
Investment income	47,178	79,522
Total revenue	**9,047,982**	**8,484,725**

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

5. Profit for the year
Profit is stated after charging

£	2010	2009
Depreciation of property, plant and equipment (charged in administrative expenses)	115,977	102,046
Amortisation of other intangible assets - licences	104,490	94,794
Amortisation of acquisition related intangible assets	132,056	141,897
Staff costs (see note 6)	5,375,965	5,225,117
Minimum lease payments recorded as operating lease expense	404,868	199,762
Auditors' remuneration for audit services	10,565	10,565

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Staff costs

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

	2010	2009
Number employed		
Administration	14	9
Selling and marketing	5	4
Operational	90	82
	109	**95**

Their aggregate remuneration comprised

£	2010	2009
Wages and salaries	4,807,499	4,656,326
Social security costs	398,981	351,696
Other pension cost	152,561	211,076
Share based payments	16,924	6,019
	5,375,965	**5,225,117**

An accrual is maintained for employees' holiday entitlements which have accrued to them but have not been taken at the year end As at 30 September 2010 the accrual stood at £108,265 (2009 £134,030)

7 Investment income

£	2010	2009
Interest on amounts owed by group companies	47,178	79,522
	47,178	**79,522**

8. Taxation

a) Analysis of tax charged in income statement

£	2010	2009
Current taxation		
UK corporation tax based on the profit for the year	261,004	372,824
Adjustment in respect of prior years	(150,236)	(76,564)
Total current tax	**110,768**	**296,260**
Deferred taxation		
Temporary differences	20,514	32,466
Adjustment in respect of prior years	(17,220)	(45,089)
Total deferred tax	**3,294**	**(12,623)**
Total income statement tax charge	**114,062**	**283,637**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Taxation (continued)
In addition to the amount charged to the income statement, a deferred tax credit of £822 has been credited directly to equity (2009 £nil) This resulted from tax deductions 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

£	2010	2009
Profit on ordinary activities before tax	1,353,135	1,389,131
Tax at 28% (2008 29%) thereon	378,878	388,956
Effects of		
- Expenses not deductible for tax purposes	5,600	13,280
- Temporary timing differences	6,853	3,054
- Effects of current year R&D tax relief	(109,813)	-
- Prior period adjustments	(167,456)	(121,653)
Tax	**114,062**	**283,637**

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 2008	-	**28,733**	**26,392**	**55,125**
(Charge)/credit to income	-	(5,824)	18,447	12,623
At 1 October 2009	-	22,909	44,839	67,748
(Charge)/credit to income	1,324	(3,015)	(1,603)	(3,294)
(Charge)/credit to equity	822	-	-	822
At 30 September 2010	**2,146**	**19,894**	**43,236**	**65,276**

Deferred tax assets are recorded at the prevailing UK corporation tax rate of 28%

The total tax credit to equity as disclosed in the Statement of Changes in Equity is £822 (2009 £nil), resulting from a deferred tax credit from tax deductions on equity settled remuneration

Deferred tax assets have been recognised at the rate at which they are expected to reverse In the UK this is the standard rate of corporation tax which will be 27% from 1 April 2011 and has resulted in a credit to deferred tax of £2,418

9 Dividends

£	2010	2009
Interim paid of £107 per share (2009 £104 per share)	1,070,000	1,040,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Acquisition related intangible assets

£	Serap contracts	Serap database	Edulution Intellectual Property	Total
Cost				
At 1 October 2008 and at 1 October 2009	158,603	317,201	-	475,804
Additions	-		7,500	7,500
At 30 September 2010	**158,603**	**317,201**	**7,500**	**483,304**
Amortisation				
At 1 October 2008	46,420	92,840	-	139,260
Charge for the year	47,300	94,597	-	141,897
At 1 October 2009	93,720	187,437	-	281,157
Charge for the year	43,255	88,801	-	132,056
At 30 September 2010	**136,975**	**276,238**	**-**	**413,213**
Net Book Value				
At 30 September 2010	**21,628**	**40,963**	**7,500**	**70,091**
At 30 September 2009	64,883	129,764	-	194,647

11. Other intangible assets

£	Licences
Cost	
At 1 October 2008	188,181
Additions	104,572
At 1 October 2009	**292,753**
Additions	115,425
Transfers	31,632
At 30 September 2010	**439,810**
Amortisation	
At 1 October 2008	55,004
Charge for the year	94,795
At 1 October 2009	**149,799**
Charge for the year	104,490
Transfers	1,124
At 30 September 2010	**255,413**
Net Book Value	
At 30 September 2010	**184,397**
At 30 September 2009	142,954

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Property, plant and equipment

£	Leasehold improvements	Plant & equipment	Total
Cost			
At 1 October 2008	-	490,594	490,594
Additions	88,708	136,328	225,036
At 1 October 2009	**88,708**	**626,922**	**715,630**
Additions	41,887	170,990	212,877
Transfers	-	(31,632)	(31,632)
At 30 September 2010	**130,595**	**766,280**	**896,875**
Depreciation			
At 1 October 2008	-	341,281	341,281
Charge for the year	1,478	100,568	102,046
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)
At 30 September 2010	**22,915**	**535,265**	**558,180**
Net Book Value			
At 30 September 2010	**107,680**	**231,015**	**338,695**
At 30 September 2009	87,230	185,073	272,303

13. Long-term contracts

£	2010	2009
Contracts in progress at the balance sheet date		
Contract cost incurred plus recognised profits less recognised losses to date	21,296,606	15,345,784
Less progress billings	(21,796,005)	(15,933,082)
	(499,399)	**(587,298)**
Amounts due from contract customers included in trade and other receivables	42,000	213,324
Amounts due to contract customers included in trade and other payables	(541,399)	(800,622)
	(499,399)	**(587,298)**

Total revenue recognised from long-term contracts amounted to £6,154,256 (2009 £5,937,716)

At 30 September 2010 no (2009 £nil) amounts due from contract customers are due for settlement after more than 12 months

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 TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Trade and other receivables

£	2010	2009
Current		
Financial assets		
Trade receivables	505,716	558,578
Other receivables	29,863	40,676
Amounts owed by group companies	3,414,537	2,377,743
	3,950,116	2,976,997
Non financial assets		
Prepayments and accrued income	175,373	559,413
	4,125,489	**3,536,410**

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 57 days (2009 55 days) No interest is charged on the receivables outstanding No allowance has been made for estimated irrecoverable amounts of trade receivables (2009 £nil) This allowance has been determined by reference to specific receivable balances and past default experience

Ageing of trade receivables:

£	2010	2009
Neither impaired nor past due date	323,597	381,848
Not impaired but overdue by less than 60 days	141,043	138,920
Not impaired but overdue by between 60 and 90 days	1,228	23,336
Not impaired but overdue by more than 90 days	39,848	14,474
Impaired	-	-
Allowance for estimated irrecoverable amounts	-	-
	505,716	558,578

Of the amounts owed by group companies £1,828,346 (2009 £1,508,635) is interest free and £1,586,191 (2009 £869,108) bears interest at LIBOR plus a margin of 2% All balances are repayable on demand

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Trade and other payables

£	2010	2009
Current		
Financial liabilities:		
Trade payables	279,968	72,907
Amounts due to group companies	730,071	310,524
Other taxation and social security	426,151	443,499
Other payables – other	144,348	142,627
Accruals	1,042,525	853,537
Amounts due to long term contract customers	541,399	806,588
	3,164,462	2,629,682
Non financial liabilities:		
Deferred income	129,127	120,150
	3,293,589	**2,749,832**

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 28 days (2009 17 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*	2010	2009
Financial assets – Loans and receivables:			
Trade and other receivables	*14*	3,950,116	2,976,997
Cash and cash equivalents	*14*	-	-
Financial liabilities – Loans and payables:			
Trade and other payables	*15*	3,164,462	2,629,682

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

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/deficits

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Financial instruments (continued)

Non inter group financial assets and liabilities comprise cash and cash equivalents, which have the following interest rate profile

£	2010	2009
Cash and cash equivalents (Sterling, floating rate)	-	-
Inter-company borrowing (Sterling, LIBOR + 2%)	1,586,191	869,108

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

	2010		2009	
	Income sensitivity	Equity sensitivity	Income sensitivity	Equity sensitivity
1% increase in interest rates	16,766	16,766	380	380
1% decrease in interest rates	(16,766)	(16,766)	(380)	(380)

Credit risk
The Company's principal financial assets are bank balances and trade and other receivables The Company's credit risk is managed at Group level

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

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

Bank Guarantees
The Company has provided certain financial guarantees and indemnities in respect of loans from banking institutions to its fellow subsidiaries The actual commitment outstanding at 30 September 2010 is £11 5m and the guarantees and indemnities are not expected to result in any financial loss to the Company

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 less deferred consideration

17. Share capital

£			2010	2009
Authorised				
Number	Class	Nominal value		
100,000	Ordinary	£1	100,000	100,000
Allotted, issued and fully paid				
Number	Class	Nominal value		
10,000	Ordinary	£1	10,000	10,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. 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

£	2010	2009
Within one year	389,766	104,096
In the second to fifth years inclusive	901,135	1,134,466
After five years	-	1,128,640

Operating lease payments represent rentals payable by the Company for land and buildings The terms are subject to renegotiation on an average term of 5 years and rentals are fixed for an average of 5 years

19. 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 £152,561 (2009 £211,076) represents contributions payable to these schemes by the Company at rates specified in employment contracts As at 30 September 2010 £29,433 (2009 £26,163) due in respect of the current reporting period had not been paid over to the schemes

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. 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 is provided in the audited part of the Remuneration Report within RM plc accounts

£	2010	2009
Short-term employee benefits	168,622	165,368
Post-employment benefits	9,127	12,599
	177,749	**177,967**

During the year, 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

£	2010	2009
Purchases or sales of goods and services	5,161,237	5,283,180
Transfers under finance arrangements	(717,083)	(2,516,847)
Settlement of liabilities on behalf of the Company	-	(2,215,089)

21 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 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 Payment

Employee share 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 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Share based payments (continued)
Employee share option schemes (continued)

Details of share options outstanding during the year are as follows

	Number of share options	Weighted average exercise price (£)	Exercise price range £
Outstanding at 1 October 2008	**22,500**	**2.96**	**0.72-7.62**
Granted during the year	9,000	1 61	
Lapsed during the year	-	-	
Outstanding at 1 October 2009	**31,500**	**2.53**	**0.72-7.62**
Granted during the year	6,000	1 65	
Lapsed during the year	-	-	
Outstanding at 30 September 2010	**37,500**	**1.72**	**0 79-2.05**

The options outstanding at 30 September 2010 had a weighted average contractual life of 6 9 years (2009 6 0 years)

In the year to 30 September 2010, options were granted on 2 December 2009 (2009 3 December 2008) The estimated fair value of the options granted is £0 29 per option share (2009 £0 31 per option for 3 December 2008) These fair values are determined using a Black-Scholes model and are charged to income evenly over the vesting period Inputs to the model are as follows

	2 December 2009	3 December 2008
Share price at grant	1 72	1 58
Exercise price	1 65	1 59
Expected volatility	23%	30%
Expected life	5 years	5 years
Risk free rate	2 7%	3 00%
Expected dividends	3 6%	3 70%

Expected volatility was determined by calculating the historic volatility of RM plc's share price over the previous five years, excluding two time periods of extraordinary volatility The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

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

22. Acquisition of business combinations
On 17 December 2009 the Company acquired the intellectual property rights and certain other assets of Edulution Limited for a consideration of £7,500 Fair values have not been disclosed on the grounds of materiality

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