DACTA LIMITED

Directors' Report and financial statements

Registered number 05067708

30 November 2011

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Contents

Directors' Report

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

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 382 of the Companies Act 2006.

Principal activity

The principal activity of the Company in the period under review was the sale of branded products for the education sector. From 1 January 2011, the Company also provided support services to LEGO Education Europe Limited, a joint venture company owned partly by RM plc

Business review

The Company is a wholly owned subsidiary of RM plc

From 1 January 2011, the LEGO distribution business was transferred to LEGO Education Europe Limited (LEE), a joint venture company of the RM Group Subsequent to this date, DACTA provided a shared service function to LEE including finance and logistics support.

Following the RM Group September 2011 Strategic Review, it was concluded that businesses that were core to the overall group strategy would be operationally consolidated with other areas in the RM business Where businesses were non-core to the Group's continuing strategy, an active disposal programme was initiated

On 17 November 2011, the residual distribution business which sold principally TOLO products, was sold to Tolo Toys Learning Limited.

On 1 January 2012, the Company's trade and assets relating to the shared service function were sold to Lego A/S. Subsequent to the sale, the Company continues to provide limited support services to LEE to assist LEE with the transition of the internal processes and controls.

As shown in the Company's income statement on page 6, the Company's revenue from continuing operations for the 14 month period ended 30 November 2011 was €nil (12 months to 30 September *2010 €nil*) The revenue from discontinued operations for the 14 month period ended 30 November 2011 €6,425,893, (12 months to 30 September *2010 €14,038,774*) and the loss after tax (including both continuing and discontinued operations) for the 14 month period ended 30 November 2011 was €1,106,504 (12 months to 30 September *2010 profit of €963,119*) The balance sheet on page 8 of the financial statements shows that the Company's net assets at 30 November 2011 were €388,370 (*as at 30 September 2010 €1,536,257*). No interim dividend was paid during the period (*2010 €740,000*) No final dividend has been proposed during either the current period or the prior year.

These accounts have been prepared for the 14 month period ended 30 November 2011 with comparatives for the 12 month period ended 30 September 2010. A detailed review of the Group's business for this period is included in the Group's annual report and accounts, which are published on the Group's website, www rmeducation com.

Change of year end

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 month period 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

Going concern

The balance sheet on page 8 of the financial statements shows that the company's net assets at 30 November 2011 were €388,370 (at 30 September 2010 – net assets of €1,536,257) On 1 January 2012, certain trade and assets of the Company were sold to Lego A/S Subsequent to the sale, the Company continues to provide support services to LEGO Education Europe Limited, which was a joint venture company owned partly by RM plc during the period The Company also continued to convert working capital to cash and to meet future obligations under non-cancellable onerous lease obligations and other provisions (see note 16)

Directors' Report *(continued)*

Accordingly, the Company has received a letter of support from RM plc which states that it will continue to provide adequate financial support for the foreseeable future, and for a minimum period of twelve months from the date of signing the accounts for the period ended 30 November 2011 to enable the Company to meet its debts as they fall due The directors have satisfied themselves that RM plc is able to provide this support Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and accounts There are economic uncertainties at present, however, in spite of this the directors consider the going concern basis of preparation to be appropriate

Principal risks and uncertainties

Prior to the sale of the business referred to above, the Company mainly transacted with trade partners who subsequently sold to schools and pre-schools Maintaining the Company's order book, accurately forecasting sales demand and providing high levels of customer satisfaction were the principal risk areas which contributed to the Company's success The Company sought to manage these risks by maintaining its market differentiation and investing in high calibre staff focused on sales, customer satisfaction and project management

The main risks arising from the Company's financial assets and liabilities are foreign currency risk, credit risk, liquidity risk and interest rate risk The Board reviews and agrees policies on a regular basis for managing the risks associated with these assets and liabilities

Market Risk: The Company sought to mitigate general market risks by enhancing the educational value of its offer and by creating innovative new solutions

Education policy risk: The Company sought 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

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 During the period, credit checks were performed on new customers and before credit limits were 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

Presentation currency

The Company operates primarily within a Euro based economic environment and has chosen the Euro as its functional and presentation currency

Financial Instruments

Details of the Company's financial risk management objectives and policies are included in note 15 to the accounts

Directors

The directors who held office during the period were as follows

G Farrow	(resigned 4 October 2011)
N Martin-Rhind	(resigned 4 October 2011)
D Self	(appointed 20 October 2011, resigned 31 January 2012)
RA Sirs	(resigned 31 January 2012)
I McIntosh	(appointed 31 January 2012)
A Robson	(appointed 31 January 2012, resigned 8 May 2012)
M Symes	(appointed 20 October 2011)

Directors' report *(continued)*

Statement regarding the disclosure of information to auditor

Each of the persons who are a director at the date of the approval of this report confirms that.

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 the provisions of 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

29 August 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 year Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

KPMG

Independent auditor's report to the members of Dacta Limited

We have audited the financial statements of Dacta Limited for the 14 month period ended 30 November 2011, set out on pages 6 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 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 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 loss for the 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

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

C N Parkin *(Senior Statutory Auditor)*

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

29 August 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 €
Continuing operations			
Administrative expenses		(307,418)	(222,739)
Increase in provision for dilapidations on leased properties and onerous lease contracts		(727,038)	-
Loss from operations		(1,034,456)	(222,739)
Investment income		-	2
Finance costs		(7,608)	(5,829)
Loss before tax		(1,042,064)	(228,566)
Tax	9	273,825	57,136
Loss for the period/year from continuing operations		(768,239)	(171,430)
Discontinued operations			
(Loss)/profit for the period/year from discontinued operations	22	(338,265)	1,134,549
(Loss)/profit for the period/year attributable to equity holders of the Company		(1,106,504)	963,119

Statement of comprehensive income
for the 14 month period ended 30 November 2011

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
(Loss)/profit for the period/year	(1,106,504)	963,119
Total comprehensive (expense)/income for the period/year attributable to equity shareholders	(1,106,504)	963,119

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	109	6,386	1,242,905	1,249,400
Effect on reserves of change in presentational and functional currency	-	-	(8,265)	(8,265)
Profit for the year	-	-	963,119	963,119
Total other comprehensive income and expense	-	-	-	-
Dividends paid	-	-	(740,000)	(740,000)
Credit to equity for equity settled share-based payment charge	-	72,003	-	72,003
At 1 October 2010	**109**	**78,389**	**1,457,759**	**1,536,257**
Loss for the period	-	-	**(1,106,504)**	**(1,106,504)**
Total other comprehensive income and expense	-	-	-	-
Deferred tax charge to equity			**(2,489)**	**(2,489)**
Debit to equity for equity settled share-based payment charge	-	**(38,894)**	-	**(38,894)**
At 30 November 2011	**109**	**39,495**	**348,766**	**388,370**

Balance Sheet
at 30 November 2011

	Note	At 30 November 2011 €	At 30 September 2010 €
Non-current assets			
Other intangible assets	*10*	**25,231**	12,085
Property, plant and equipment	*11*	**195,594**	94,617
Deferred tax assets	*9c*	**24,957**	27,661
		245,782	134,363
Current assets			
Inventories	*12*	**-**	1,629,818
Trade and other receivables	*13a*	**1,268,939**	3,362,556
Cash and cash equivalents		**240,968**	804,532
Tax assets		**305,467**	-
Assets held for sale	22	**67,487**	-
		1,882,861	5,796,906
Total assets		**2,128,643**	5,931,269
Current liabilities			
Trade and other payables	*14*	**(451,061)**	(4,162,638)
Tax liabilities		**-**	(232,374)
Provisions	*16*	**(500,032)**	-
Liabilities directly associated with assets held for sale	*22*	**(298,000)**	-
		(1,249,093)	(4,395,012)
Net current assets		**633,768**	1,401,894
Non-current liabilities			
Provisions	*16*	**(491,180)**	-
		(491,180)	-
Total liabilities		**(1,740,273)**	(4,395,012)
Net assets		**388,370**	1,536,257
Equity attributable to equity holders of the parent			
Share capital	*17*	**109**	109
Capital contribution reserve		**39,495**	78,389
Retained earnings		**348,766**	1,457,759
Total equity		**388,370**	1,536,257

These financial statements were approved by the board of directors on 29 August 2012 and were signed on its behalf by

I McIntosh
Director

Company registered number 05067708

Cash Flow Statement
for the 14 month period ended 30 November 2011

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
(Loss)/profit for the year	**(1,106,504)**	963,119
Adjustments for		
Depreciation of property, plant and equipment	**78,448**	37,897
Amortisation of other intangible assets	**9,233**	1,361
Share-based payment (credit)/charge	**(38,894)**	72,003
Increase in provisions	**991,212**	-
Net foreign exchange loss	**7,542**	-
Net finance costs	**7,608**	5,827
Income tax (credit)/expense	**(353,830)**	418,991
Loss on sale of discontinued operation	**116,442**	-
Operating cash flows before movements in working capital	**(288,743)**	1,499,198
Decrease/(increase) in inventories	**1,244,321**	(26,585)
Decrease/(increase) in receivables	**2,093,618**	(1,202,808)
Increase/(decrease) in payables	**(3,413,578)**	627,149
Cash generated by operations	**(364,382)**	896,954
Tax paid	**(251,283)**	(378,748)
Interest paid	**(7,608)**	(5,829)
Net cash (outflow)/inflow from operating activities	**(623,273)**	512,377
Investing activities		
Interest received	**-**	2
Purchases of property, plant and equipment	**(179,425)**	(4,667)
Purchases of other intangible assets	**(22,379)**	(13,446)
Proceeds from disposal of discontinued operations	**269,055**	-
Net cash from/(used in) investing activities	**67,251**	(18,111)
Financing activities		
Dividends paid	**-**	-
Net cash used in financing activities	**-**	-
Net (decrease)/increase in cash and cash equivalents	**(556,022)**	494,266
Cash and cash equivalents at the beginning of period/year	**804,532**	311,236
Effect of foreign exchange rate changes	**(7,542)**	(970)
Cash and cash equivalents at the end of period/year	**240,968**	804,532

Notes
(forming part of the financial statements)

1 General information

DACTA 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

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 *(continued)*

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 Principal accounting policies

Basis of preparation
The financial statements have been prepared on the historical cost basis except for certain financial instruments and share-based payments which are measured at fair value. The preparation of financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Going concern
The directors have, at the time of approving the financial statements, 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 financial statements. Further detail is contained in the Business Review in the Directors' Report

Revenue
Revenue represents amounts receivable for goods supplied and services provided to third-parties 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 received by, or services performed for, customers

Appropriate provisions for returns, trade discounts and other allowances are deducted from revenue

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.

Plant & equipment	3 - 10 years
Computer equipment	2 - 5 years

Notes *(continued)*

2 Principal 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 3 years

Impairment of tangible assets
At each balance sheet date, the Company reviews the carrying amounts of its tangible 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

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

Inventories
Finished goods, work-in-progress and raw materials are valued at first in – first out, including duty and transport. All inventories are reduced to net realisable value where lower than cost. Provision is made for obsolete, slow moving and defective items where appropriate.

Notes *(continued)*

2 Principal accounting policies *(continued)*

Share-based payments
The Group operates a number of executive and employee share schemes. For all grants of share-based payments, the fair value as at the date of grant is calculated using a pricing model and the corresponding expense is recognised over the vesting period At vesting the cumulative expense is adjusted to take into account the number of awards actually vesting as a result of survivorship and where this reflects non-market-based performance conditions

The fair value charge is recharged to the subsidiary companies within the Group, being reflected in a capital contribution reserve within equity

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

Assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition The identification of disposal groups includes the allocation of goodwill from the relevant cash generating unit subject to the transaction

Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Company's accounting policies Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated

Discontinued operations
A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year

Notes *(continued)*

2 Principal accounting policies *(continued)*

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

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

Foreign currencies
The functional and presentation currency of the Company is Euros. Transactions denominated in foreign currencies are translated into Euros at rates prevailing at the dates of the individual transactions Foreign currency monetary assets and liabilities are translated at the rates prevailing at the balance sheet date Exchange gains and losses arising are charged or credited to the income statement within operating expenses Foreign currency non-monetary amounts are translated at rates prevailing at the time of establishing the fair value of the asset or liability

The functional and presentation currency of the Company has changed from Sterling to Euros effective from 1 October 2009 On change of functional currency from Sterling to Euro, the financial performance and financial position of the Company were translated as follows

(a) assets and liabilities at the balance sheet date were translated at the closing rate at the date of that balance sheet,

(b) income and expenses in the income statement were translated at average rates, and

(c) all resulting exchange differences were recognised as a separate component of equity.

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

Notes *(continued)*

2 Principal accounting policies *(continued)*

Critical accounting judgements
In the application of the Company's accounting policies (as described above), the directors have made judgements, estimates and assumptions about the carrying amount of assets and liabilities not readily apparent from other sources

The most significant of these judgements is in relation to the estimation of accruals (note 14) and provisions (note 16) Estimates are based on historical experience and other factors considered to be relevant Actual results may differ from these estimates

3 Revenue

An analysis of the Company's revenue is as follows

	14 month period ended 30 November 2011	Year ended 30 September 2010
	€	€
Discontinued operations		
Revenue from the supply of products	**4,489,982**	14,038,774
Revenue from the supply of services	**1,935,911**	-
Investment income	**-**	2
Total revenue	**6,425,893**	14,038,776

Notes *(continued)*

4 Business segments

The business operates in one primary segment, being the supply of products and services to the education sector This includes distributing products to resellers and providing support services to a distributer

The following table presents an analysis of revenue and operating profit by country of destination and an analysis of the carrying amount of segment assets and capital expenditure by the geographical area in which those assets are located

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
Revenue		
United Kingdom	2,509,268	2,579,952
Rest of Europe	3,910,180	11,458,822
Other	6,445	-
	6,425,893	14,038,774
All revenue is generated by discontinued operations		
Operating (loss)/profit		
United Kingdom	(408,617)	255,066
Rest of Europe	(926,141)	1,132,871
Other	(1,526)	-
	(1,336,284)	1,387,937
The operating (loss)/profit reconciles to the income statement as follows		
Operating (loss)/profit from continuing operations	(1,034,456)	(222,739)
Operating (loss)/profit from discontinued operations	(301,828)	1,610,676
Total operating (loss)/profit	**(1,336,284)**	1,387,937
Segment assets		
United Kingdom	2,128,643	5,931,269
	2,128,643	5,931,269
Capital expenditure – property, plant and equipment		
United Kingdom	179,425	4,667
	179,425	4,667

Notes *(continued)*

5 Loss from operations

Loss from operations is stated after charging:

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
Depreciation of property, plant and equipment	**78,448**	37,897
Amortisation of other intangible assets – licences	**9,233**	1,361
Cost of inventories recognised as an expense	**3,506,627**	10,301,943
Staff costs (see note 6)	**1,904,017**	1,254,450
Minimum lease payments recorded as operating lease expense	**187,929**	154,293
Foreign exchange loss	**-**	20,130
Auditors' remuneration for audit services	**9,500**	12,120

6 Staff costs

All staff costs are derived from discontinued operations

The average monthly number of employees (excluding executive directors) was	Discontinued operations 14 month period ended 30 November 2011 No.	Discontinued operations Year ended 30 September 2010 No
Number of administration staff	**25**	17
Number of management staff	**3**	2
	28	19

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 € 19
Wages and salaries	**1,686,373**	986,516
Social security costs	**202,540**	144,047
Staff pension costs	**53,998**	51,884
Share based payments (credit)/charge	**(38,894)**	72,003
	1,904,017	1,254,450

Notes *(continued)*

7 Investment income

	14 month period ended 30 November 2011	Year ended 30 September 2010
	€	€
Bank Interest	-	2

8 Finance costs

	14 month period ended 30 November 2011	Year ended 30 September 2010
	€	€
Interest on amounts due to group companies	7,608	5,829

9 Tax

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	(305,467)	421,899
Adjustments in respect of prior years	18,909	8,076
Total current tax (credit)/charge	**(286,558)**	429,975
Deferred taxation		
Origination and reversal of timing differences	(62,690)	(14,524)
Adjustments in respect of prior years	(4,582)	3,540
Total deferred tax charge/(credit)	**(67,272)**	(10,984)
Total income statement tax (credit)/charge	**(353,830)**	418,991

This reconciles to the income statement as follows

Income statement tax (credit)/charge from continuing operations	(273,825)	(57,136)
Income statement tax (credit)/charge from discontinued operations	(80,005)	476,127
Total current tax (credit)/charge	**(353,830)**	418,991

Further analysis of the Company's deferred tax assets and liabilities is shown below

Notes *(continued)*

9 Tax *(continued)*

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
	€	€
(Loss)/profit on ordinary activities before tax – continuing operations	(1,042,064)	(228,566)
(Loss)/profit on ordinary activities before tax – discontinued operations	(418,270)	1,610,676
	(1,460,334)	1,382,110
Tax at 26 86% (2010 28%) thereon	(392,246)	386,991
Effects of		
- expenses not deductible for tax purposes	1,880	2,551
- other temporary timing differences	32,265	16,809
- prior period adjustments	14,327	11,616
- Change of rate	(10,056)	1,024
Total income statement tax (credit)/charge	(353,830)	418,991

The total income statement tax (credit)/charge reconciles to the income statement as follows

(Loss)/profit on ordinary activities before tax – continuing operations	(273,825)	(57,136)
(Loss)/profit on ordinary activities before tax – discontinued operations	(80,005)	476,127
	(353,830)	418,991

c) 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

	Accelerated tax depreciation	Share based payments	Short term timing differences	Total
	€	€	€	€
At 1 October 2009	(1,711)	3,697	14,053	16,039
Credit to income	3,469	6,665	850	10,984
Credit to equity	-	638	-	638
At 30 September 2010	1,758	11,000	14,903	27,661
Credit to income	6,112	(6,321)	67,481	67,272
Credit to equity	-	(2,489)	-	(2,489)
Reclassified to held for sale	-	-	(67,487)	(67,487)
At 30 November 2011	7,870	2,190	14,897	24,957

Notes *(continued)*

9 Tax *(continued)*

c) Deferred tax *(continued)*

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%

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 30 November 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by £2,000.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

10 Other intangible assets

	Licences €
Cost	
At 1 October 2009	-
Additions	13,446
At 30 September 2010	13,446
Additions	22,379
At 30 November 2011	**35,825**
Depreciation	
At 1 October 2009	-
Charge for the year	1,361
At 30 September 2010	1,361
Charge for the period	9,233
At 30 November 2011	**10,594**
Net book value	
At 30 November 2011	**25,231**
At 30 September 2010	12,085

Notes *(continued)*

11 Property, plant and equipment

	Plant and equipment €
Cost	
At 1 October 2009	265,504
Additions	4,667
At 1 October 2010	270,171
Additions	179,425
At 30 November 2011	449,596
Depreciation	
At 1 October 2009	137,657
Charge for the year	37,897
At 30 September 2010	175,554
Charge for the period	78,448
At 30 November 2011	254,002
Net Book Value	
At 30 November 2011	**195,594**
At 30 September 2010	94,617

12 Inventories

	At 30 November 2011 €	At 30 September 2010 €
Finished goods	-	1,629,818

Notes *(continued)*

13 Other financial assets

a) Trade and other receivables

	At 30 November 2011 €	At 30 September 2010 €
Current		
Financial assets:		
Trade receivables	416,118	3,084,454
Other receivables	5,918	-
Amount owed by group companies	802,203	136,535
	1,224,239	3,220,989
Non Financial assets		
Prepayments	44,700	141,567
	1,268,939	3,362,556

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 48 days (2010: 59 days) No interest is charged on the receivables. An allowance has been made for estimated irrecoverable amounts of trade receivables of €16,862 (2010. €11,561). This allowance has been determined by reference to specific receivable balances and past default experience

Analysis of allowance for estimated irrecoverable trade receivables:

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
At 1 October	11,561	18,456
Charged to income	5,301	(6,895)
At end of period / year	16,862	11,561

Ageing of trade receivables

	At 30 November 2011 €	At 30 September 2010 €
Neither impaired nor past due date	415,250	2,105,132
Not impaired but overdue by less than 60 days	5,488	762,640
Not impaired but overdue by between 60 and 90 days	12,242	65,544
Not impaired by overdue by more than 90 days	-	162,699
Allowance for estimated irrecoverable amounts	(16,862)	(11,561)
	416,118	3,084,454

The Directors consider that the carrying amount of trade and other receivables approximates their fair value Impaired receivables are all over 120 days overdue (2010. all over 120 days overdue).

b) 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)*

14 Other financial liabilities

Trade and other payables

	At 30 November 2011	At 30 September 2010
Current	**€**	€
Financial liabilities:		
Trade payables	**69,200**	2,266,884
Amounts due to group companies	**166,502**	1,142,694
Other taxation and social security	**114,296**	60,620
Accruals	**100,650**	692,440
Other payables	**413**	-
	451,061	4,162,638

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 35 days (2010: 57 days). Of the amounts owed by group companies €166,502 (2010 €143,060) is interest free and €nil (2010. €999,634) bears interest at LIBOR plus a margin of 2%. Amounts owed from group companies of €796,739 (2010 €nil) receives interest at LIBOR plus a margin of 2%. All balances are repayable on demand

15 Financial instruments

Carrying value of financial assets and financial liabilities

	At 30 November 2011	At 30 September 2010
	€	€
Financial assets – Loans and receivables:		
Trade and other receivables	**1,224,239**	3,220,989
Cash and cash equivalents	**240,968**	804,532
Assets held for sale	**67,487**	-
Financial liabilities – Loans and payables:		
Trade and other payables	**(451,061)**	(4,162,638)
Liabilities directly associated with assets held for sale	**(298,000)**	-

The main risks arising from the Company's financial assets and liabilities are market risk (foreign currency risk and 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

Foreign currency risk

a) Translation

The Company maintains foreign currency denominated cash accounts, which it holds for settlement of receivables and payables balances

Notes *(continued)*

15 Financial instruments *(continued)*

b) Transaction

Operations in foreign currencies are managed via bank accounts in each currency DACTA makes purchases and sales in Euros its main currency and so has a natural hedge against currency risk here With regards to the other foreign currencies, no currency risk hedging takes place

c) Foreign exchange rate sensitivity

The following table details how the Company's income and equity would increase if there were a 10% increase in the respective currency against the euro assuming all other variables remain constant). A 10% decrease would have the equal and opposite effect

		At 30 November 2011		At 30 September 2010
	Income sensitivity	**Equity sensitivity**	Income sensitivity	Equity sensitivity
	€	**€**	€	€
Sterling	1,464	1,464	50,262	50,262
Euro	-	-	-	-
Danish Kroner	(1,768)	(1,768)	(56,630)	(56,630)
US Dollar	(1,085)	(1,085)	1,526	1,526

Interest rate risk

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

Financial assets and financial liabilities comprise cash and cash equivalents and borrowings from fellow subsidiary undertakings of the group which have the following interest rate profiles·

	At 30 November 2011 Floating rate	At 30 September 2010 Floating rate
	€	€
Cash and cash equivalents		
Sterling	**48,970**	243,512
Euros	**168,106**	409,395
Danish Kroner	**18,612**	114,711
US Dollars	**5,280**	36,914
	240,968	804,532
Inter-company borrowings due to/(by) the Company (Sterling, LIBOR + 2%)	**796,739**	(999,634)

Notes *(continued)*

15 Financial instruments *(continued)*

Interest rate risk sensitivity on inter-group borrowings (assuming all other variables remain constant)

	At 30 November 2011		At 30 September 2010	
	Income sensitivity	Equity sensitivity	Income sensitivity	Equity sensitivity
	€	€	€	€
1% increase in interest rates	(2,478)	(2,478)	(3,135)	(3,135)
1% decrease in interest rates	2,478	2,478	3,135	3,135

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, these receivables are insured against to mitigate any risk 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 and derivative financial instruments 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

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

The Company's bank provides standard trading facilities which are secured by a fixed and floating charge over the Company's assets

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

Financial Guarantees
At the balance sheet date, the Company had no financial guarantees At the end of the previous year, the Company had entered into two letter of credit agreements with its suppliers The first was due for settlement on 15th October 2010 for $82,202, the other due for settlement on 29th October 2010 for $82,659

Notes *(continued)*

16 Provisions

	Redundancy provision €	Dilapidation provision €	Onerous lease provision €	Other €	Total €
At 1 October 2009 and 1 October 2010	-	-	-	-	-
Increase in provision	219,000	87,795	639,243	45,174	991,212
At end of period	219,000	87,795	639,243	45,174	991,212

Provisions are anticipated to be utilised as follows:

	Redundancy provision €	Dilapidation provision €	Onerous lease provision €	Other €	Total €
Within one year	219,000	32,588	203,270	45,174	500,032
Within two to five years	-	55,207	435,973	-	491,180
At end of period	219,000	87,795	639,243	45,174	991,212

As part of the RM Group's September 2011 Strategic Review a full assessment was made of the Company's use of its leasing portfolio. As a result, the Company has identified that, with its reduced space requirements, provisions are required for ongoing lease obligations and associated costs These provisions are expected to be utilised over the remaining lives of the leases

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.

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

17 Share capital

	At 30 November 2011 €	At 30 September 2010 €
Allotted and fully paid share capital		
100 Ordinary Shares of £1 each	109	109

Notes *(continued)*

18 Operating lease arrangements

The Company leases certain assets under operating leases and is committed to the following payments in the coming year

	14 month period ended 30 November 2011	Year ended 30 September 2010
	€	€
Minimum lease payments under operating leases recognised in income for the period/year	**187,929**	154,293

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	**4,038**	163,092
In the second to fifth years inclusive	**-**	128,961
	4,038	292,053

Operating lease payments mainly represent rentals payable by the Company for plant and equipment at the balance sheet date (2010 land & buildings, plant and equipment). The terms are subject to renegotiation in 3 years and rentals are fixed for an average of 3 years

At the balance sheet date, the Company made full provision for all future operating lease payments to the lease termination date of 1 April 2015 under an onerous lease provision (see note 16). This provision has been made on the basis that the Company has no intention of using these premises

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 €53,998 (2010 €51,884) represents contributions payable to these schemes by the Company at rates specified in employment contracts As at 30 November 2011 no amounts were due in respect of the current reporting period which had not been paid over to the schemes (2010 €nil)

Notes *(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"

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
	Highest paid director		**Total**	
Short-term employee benefits	**224,496**	183,326	**446,708**	357,457
Post-employment benefits	**22,665**	-	**47,418**	-
Other long-term benefits	**-**	36,928	**-**	72,003
	247,161	220,254	**494,126**	429,460

During the period, there were no transactions between the Company and its ultimate parent undertaking, RM plc, except for Share-based payment transactions. The Company entered into the following transactions with fellow subsidiaries in the RM Group

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
Sales of goods and services	157,190	635,077
Purchases of goods and services	178,638	73,624
Transfers of cash	(1,803,981)	(782,359)

Unless stated otherwise, all balances and transactions with related parties are with fellow subsidiaries

The Company also entered into the following transactions with other non-group companies which are owned by the directors of the Company

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
Purchases from companies owned by the directors	149,720	143,950

As at 30 November 2011, €nil (at 30 September 2010. €35,847) was due to companies owned by the directors

At 30 November 2011, a balance of €104,000 (2010. €nil) was owed by Lego Education Europe Limited, a company in which the parent undertaking has a joint venture interest. The balance is included within trade receivables. During the 14 months period ended 30 November 2011, the company provided services of €1,768,217 (2010 €nil) to its joint venture undertaking Lego Education Europe Ltd.

Notes *(continued)*

21 Ultimate parent undertaking

The Company's immediate and ultimate parent undertaking is RM plc, a company incorporated in the UK, being the only Group into which the company is consolidated. 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

22 Held for sale and discontinued operations

Following the RM Group September 2011 Strategic Review, the residual distribution business which sold principally TOLO products and the shared service function were identified as being non-core to the RM Group's continuing strategy and an active disposal programme was initiated prior to the period end.

On 17 November 2011, the residual distribution business which sold principally TOLO products was sold to Tolo Toys Learning Limited for €269,055

Further, the trade and assets relating to the shared service function was sold to Lego A/S during the period between the balance sheet date and the date of approval of these accounts.

Held for sale assets and liabilities:
The assets and liabilities identified for disposal but not sold prior to the balance date have been classified as a disposal group held for sale and presented separately in the balance sheet No impairment of the held for sale balance has been identified because the sales proceeds exceeds the net held for sale balance at the reporting date

The major classes of assets and liabilities comprising the operation classified as held for sale are as follows

	Net assets classified as held for sale at 30 November 2011 €
Deferred tax asset	67,487
Total assets held for sale	**67,487**
Trade and other payables	(298,000)
Total liabilities directly associated with assets held for sale	**(298,000)**
Net liabilities of disposal group	**(230,513)**

Notes *(continued)*

22 Held for sale and discontinued operations *(continued)*

Discontinued operations:

The residual distribution business and the shared service function meet the definition of a discontinued operation and hence the results of these businesses have been separately reported in the income statement The net loss attributable to discontinued operations is derived as follows.

	14 month period ended 30 November 2011 €	Year ended 30 September 2010 €
Results of discontinued operations		
Revenue	6,425,893	14,038,774
Expenses	(6,727,721)	(12,428,098)
Results from operating activities	(301,828)	1,610,676
Attributable tax credit/(expense)	80,005	(476,127)
Results from operating activities net of tax	(221,823)	1,134,549
Loss on sale of discontinued operations	(116,442)	-
(Loss)/profit for the period	(338,265)	1,134,549

The effect of the disposal on the financial position of the company was as follows

	2011 €
Inventories disposed of	385,497
Net assets	385,497
Consideration received	269,055
Net cash inflow	269,055

23 Subsequent events

On 1 January 2012, the shared service function was sold to Lego A/S (refer to note 22)