

**Registered number 05259733**

**RM Books Limited**

**Annual Report and Financial Statements**

**For the year ended 30 November 2014**

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**RM Books Limited**  
**Annual Report and Financial Statements 2014**

**COMPANY INFORMATION**

**Registered Office:** RM Books Limited  
140 Eastern Avenue  
Milton Park  
Milton  
ABINGDON  
Oxfordshire  
OX14 4SB

**Registered Number:** 05259733

**Directors:** Greg Davidson  
Iain McIntosh

**Company Secretary:** Greg Davidson

**Auditor:** KPMG LLP  
Arlington Business Park  
Theale  
READING  
RG7 4SD

## DIRECTORS' REPORT

The Directors submit their annual report for RM Books Limited ("*Company*") together with the financial statements and auditor's report for the year ended 30 November 2014.

The Company is a wholly owned subsidiary of RM plc ("*Parent Company*"), which is the parent company of a group of companies ("*Group*") including RM Books Limited. The detailed review of the Group's strategy, results for the year and prospects is included in the Group's annual report and accounts which are published on the Group's web site, [www.rmplc.com](http://www.rmplc.com).

### Principal activity

The principal activity of the Company in the year under review was the development and supply of an e-book system specifically for schools.

### Results

RM Books Limited provides the first e-book solution designed for UK schools. The majority of leading UK textbook publishers are now participating. The service is free to schools with the Company taking a share of revenue from content sold through the system. The market penetration of e-books in consumer markets has increased dramatically in recent years but e-book adoption in schools is still limited. The current focus is on demonstrating the educational value added.

### Directors

The Directors who held office throughout the year and at the date of approval of the financial statements are listed on page 2.

### Going concern

The Company recorded a loss from operations for the financial year, and is in a net current liability position as at 30 November 2014. The Company has received a letter of support from its ultimate Parent Company RM plc. The Directors have satisfied themselves that the Group is able to provide this support. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

### Statement of directors' responsibilities

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 Financial Reporting Standard 101 *Reduced Disclosure Framework* 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with FRS 101; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

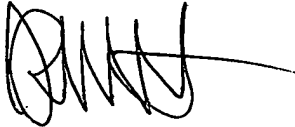
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

**DIRECTORS' REPORT (continued)**

**Statement regarding the disclosure of information to the auditor**

As far as the Directors are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor is unaware and each of the Directors have taken reasonable steps in order to make themselves aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Iain McIntosh', with a long horizontal stroke extending to the right.

Iain McIntosh  
Director

2 February 2015

## INDEPENDENT AUDITOR'S REPORT

### Independent auditor's report to the members of RM Books Limited

We have audited the financial statements of RM Books Limited for the year ended 30 November 2014, set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

### Respective responsibilities of Directors and auditor

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

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

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

### 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic report.



Neil Hughes (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Arlington Business Park  
Theale  
Reading RG7 4SD

2 February 2015

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 November 2014**

		Year ended 30 November 2014	Year ended 30 November 2013
	Note	£000	£000
Turnover		28	7
Cost of sales		(355)	(162)
Gross profit/(loss)		(327)	(155)
Distribution costs		(1,041)	(721)
Research and development costs		(717)	(930)
Administrative expenses	3	(127)	(29)
Loss from operations		(2,212)	(1,835)
Interest payable and similar charges			
- Interest due on amounts owed to group undertakings		(84)	(34)
Loss on ordinary activities before tax		(2,296)	(1,869)
Tax	4	927	(38)
Loss for the year		(1,369)	(1,907)

All activities relate to continuing operations.

There are no other comprehensive income items other than the losses for the year and the prior year, and therefore a separate Statement of Comprehensive Income has not been included.

**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 November 2014**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 December 2012	-	(630)	(630)
Loss and total comprehensive expense for the year	-	(1,907)	(1,907)
At 30 November 2013	-	(2,537)	(2,537)
Loss and total comprehensive expense for the year	-	(1,369)	(1,369)
At 30 November 2014	-	(3,906)	(3,906)

**BALANCE SHEET**  
**at 30 November 2014**

	Note	2014 £000	2013 £000
<b>Current assets</b>			
Debtors	5	1,095	183
<b>Total assets</b>		<b>1,095</b>	<b>183</b>
<b>Creditors: amounts falling due within one year</b>	6	<b>(5,001)</b>	<b>(2,720)</b>
		<b>(5,001)</b>	<b>(2,720)</b>
<b>Net liabilities</b>		<b>(3,906)</b>	<b>(2,537)</b>
<b>Capital and reserves</b>			
Share capital	7	-	-
Retained earnings		(3,906)	(2,537)
<b>Total deficit</b>		<b>(3,906)</b>	<b>(2,537)</b>

These financial statements of RM Books Limited were approved and authorised for issue by the Board of Directors on 2 February 2015.

On behalf of the Board of Directors,



Iain McIntosh  
Director

NOTES TO THE FINANCIAL STATEMENTS (continued)

**1. General information**

RM Books Limited is a company incorporated in the United Kingdom. The Company is part of a European listed group, whose ultimate parent is RM plc.

**2. Significant accounting policies**

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 *Application of Financial Reporting Requirements* issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

FRS 101 addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that would otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. Financial statements prepared under FRS 101 are Companies Act individual accounts (in accordance with UK GAAP) and not IAS accounts, both per section 395 (1) of the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party. Where relevant, equivalent disclosures have been given in the Annual Report and Accounts of the ultimate parent company, RM plc.

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

*Basis of preparation*

The financial statements have been prepared on the historical cost basis. 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 financial statements are prepared on a going concern basis. The Directors reasons for continuing to adopt this basis are set out in the 'Going concern' section in the Directors' Report.

*Turnover*

The Company supplies an e-book system and turnover comprises revenue earned when a school rents an ebook. Revenue is recognised rateably over the period of rental.

Turnover is stated net of VAT and other sales-related taxes.

*Financial instruments*

*-Trade and other debtors*

Trade and other debtors are not interest bearing and are stated at their original invoiced value reduced by appropriate allowances for estimated irrecoverable amounts.

*-Trade and other creditors*

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Significant accounting policies (continued)

#### *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

#### *Research and development*

Research and development costs associated with the development of software products or enhancements and their related intellectual property rights are expensed as incurred until all of the following criteria can be demonstrated, in which case they are capitalised as an intangible asset:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- b. an intention to complete the intangible asset and use or sell it.
- c. ability to use or sell the intangible asset.
- d. how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- f. an ability to measure reliably the expenditure attributable to the intangible asset during its development.

The technological feasibility for the Company's software products is assessed on an individual basis and is generally reached shortly before the products are released to manufacturing, and late in the development cycle. Capitalised development costs are amortised on a straight-line basis over their useful lives, once the product is available for use. Useful lives are assessed on a project-by-project basis.

#### *Dividends*

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

#### *Adoption of new and revised International Financial Reporting Standards*

The IFRIC interpretations, amendments to existing standards and new standards that are mandatory and relevant for the Company's accounting periods beginning on or after 1 December 2013 have been adopted. The following new standards and interpretations have been adopted in the current year but have not impacted the reported results or the financial position:

- IFRS 1 *First time Adoption of IFRS*, amendments to repeat application, borrowing costs
- IFRS 2 *Share-based Payment* amendment for grant dates after 30 June 2014
- IFRS 3 *Business Combinations* amendment for acquisitions after 30 June 2014
- IFRS 7 *Financial Instruments: Disclosures*, amendments relating to offsetting of assets and liabilities
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*

NOTES TO THE FINANCIAL STATEMENTS (continued)

- IFRS 13 *Fair Value Measurement*
- IAS 1 *Presentation of Financial Statements* amendment relating to comparative information
- IAS 16 *Property, Plant and Equipment* amendment relating to servicing equipment
- IAS 27 *Separate Financial Statements* (2011)
- IAS 28 *Investments in Associates and Joint Ventures* issued 2011
- IAS 32 *Financial Instruments: Presentation* amendments relating to offsetting of assets and liabilities, and tax effect of equity distributions
- IAS 33 *Interim Reporting* amendment relating to interim reporting of segment assets

**3. Loss for the year**

The loss for the year is stated after charging:

	Year ended 30 November 2014	Year ended 30 November 2013
	£000	£000
Auditor's remuneration for audit services	4	4

The Company had no employees and the Directors were not remunerated by the Company in the current and prior years.

**4. Tax**

a) Analysis of tax (credit)/charge in the Profit and Loss Account	Year ended 30 November 2014	Year ended 30 November 2013
	£000	£000
Current taxation		
- UK corporation tax:	(494)	-
- Adjustment in respect of prior years	(433)	38
Total tax (credit)/charge	(927)	38

*Factors that may affect future tax charges*

The Finance Act 2013 confirmed the reduction in the UK corporation tax rate to 20% in 2015. This will reduce the Company's future tax charge accordingly.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Tax (continued)

b) Reconciliation of Profit and Loss Account tax (credit)/charge

The tax (credit)/charge in the Profit and Loss Account reconciles to the effective rate applied by the Company as follows:

	Year ended 30 November 2014 £000	Year ended 30 November 2013 £000
Loss from operations	(2,296)	(1,869)
Tax at 21.67% (2013: 23.3%) thereon:	(497)	(436)
Effects of:		
- Other expenses not deductible for tax purposes	3	2
- Group relief surrendered	-	434
- Prior year adjustments	(433)	38
Tax (credit)/charge in the Profit and Loss Account	(927)	38

5. Debtors

	2014 £000	2013 £000
Due within one year:		
Trade debtors	20	24
Other debtors	144	159
Corporation tax	927	-
Prepayments	4	-
	1,095	183

NOTES TO THE FINANCIAL STATEMENTS (continued)

**6. Creditors**

	2014	2013
	£000	£000
Trade creditors	3	-
Bank loans and overdrafts	1	1
Amounts owed to Group undertakings	4,871	2,670
Accruals and deferred income	126	49
	<b>5,001</b>	<b>2,720</b>

**Analysis of amounts owed to Group undertakings**

	2014	2013
	£000	£000
Amounts owed to fellow Group undertakings - interest free	449	460
Amounts owed to fellow Group undertakings - interest at LIBOR plus 2%	4,422	2,210
	<b>4,871</b>	<b>2,670</b>

Amounts owed to Group undertakings are payable on demand, however the Parent Company has confirmed that other Group undertakings will not request repayment without due consideration to the ongoing ability of the Company to continue trading.

**7. Share capital**

At 30 November 2013 and 30 November 2014	Number	£
Allotted, called-up and fully paid ordinary shares of £1 each	1	1

**8. Parent undertaking**

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

The largest and the smallest group of undertakings for which group accounts are drawn up and of which the Company is a member is RM plc. The financial statements of RM plc are publicly available and may be obtained from RM plc, 140 Eastern Avenue, Milton Park, Abingdon, Oxfordshire, OX14 4SB.