RM™ plc

Annual report and financial statements

Year ended 30 November 2020

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

2020 PERFORMANCE

- **Financial performance materially impacted by COVID-19**
  with school closures and exam cancellations globally
- **Trading improved progressively through H2**
  as education establishments reopened
- **Focus on cash and cost enabled a robust financial position**
  with net debt reducing to £1m (2019: £15m)

2021 OUTLOOK

- **Short term outlook remains uncertain**
  following further restrictions and exam cancellations
- **Confidence in medium-term supports final dividend proposal at 3.00 pps**
- **Digital and automation investment programmes fully restarted**
  with longer-term operational and financial benefits

LONGER-TERM OPPORTUNITY

- **Well positioned to capitalise on structural trends in Education**

CHAIRMAN'S STATEMENT

Performance

RM's trading in 2020 was inevitably dominated by the consequences of COVID-19 and the response to its effects. These are covered in detail in the reports which follow and demanded rapid adaptation by management and all the employees, and thanks are due to all concerned. These efforts were successful insofar as the Company delivered a creditable, albeit reduced, level of profit and a strong year-end balance sheet.

RM Resources, one of the largest UK suppliers of teaching and learning products for schools and nurseries, experienced a collapse in demand in March as schools adapted to sudden closure. However, the market improved as the year progressed such that, in the latter months, running revenues were close to those enjoyed in 2019. Initial indications are that business in the 2021 school shutdown has fallen less precipitously, although the impact overall will depend on duration and is necessarily uncertain.

Both RM Results and its' examination awarding body customers had to react to last minute cancellations of public examinations. Planned provision was by then well-advanced and both revenues and associated costs were largely committed. As cancellations in 2021 have been announced earlier, revenues are likely to be reduced as mitigating action can be taken by all parties. New international contracts were secured, but overseas travel is essential to frame details around precise customer requirements, and this will remain an impediment well into 2021.

RM Education, supplying services and software support to schools, was less affected by closures as routine IT infrastructure support was maintained as a necessity.

The Board

During the year, Deena Mattar and Andy Blundell retired from the Board and I reiterate the Board's thanks for their service and valuable contribution.

Paul Dean was appointed as an NED and Chairman of the Audit Committee on 4 February 2020 and Vicky Griffiths was appointed as an NED on 1 July 2020. Their biographical details showing the relevance of their qualifications and experience to RM, follow later in this report.

Although not occurring during the year, and as previously announced, David Brooks, our current CEO, will be leaving the Company on 31st March 2021, shortly before the date of the AGM. That would normally be the occasion on which to thank him for his service and to wish him well. However, in anticipation of his absence, I should like to take this opportunity on behalf of the Board to do so in this report. David has worked at RM for over 25 years. During the past eight years, as CEO, the Company has undergone significant restructuring and development. RM has benefited greatly from his leadership and he leaves with the Board's thanks and best wishes for the future.

Dividend

The Board did not feel it prudent, in light of the prevailing uncertainty, to pay a dividend in 2020 but, given the Company's performance and current situation, payment of a final dividend of 3p a share is being recommended to shareholders.

Outlook

Having regard to the outlook for the individual divisions, the Board is confident that the continuing challenges will be effectively addressed, as in 2020, and that RM's future is secure.

John Poulter
Chairman
11 February 2021

OPERATING DIVISIONS

RM RESOURCES

Helping teachers to teach and learners to learn by developing engaging and inspiring resources

RM Resources' strategy is to grow its market share in the provision of resources to schools, early years and special educational needs establishments through a range of channels including catalogue, a direct sales force and online. Growth will continue to be underpinned by differentiation through own-developed and own-brand products and development of well-established international channels and markets.

WHAT WE DO

consortium

Provide education supplies and curriculum products for schools and nurseries in the UK and internationally

HOW WE ADD VALUE

Unique own-designed curriculum resources focused on improving learning outcomes

Offering the whole classroom proposition

THE OPPORTUNITY

Committed increases in education funding in the UK

Strong differentiation of own-developed products and brand pedigree in growing international market

Investment in automated warehouse program provides path to significantly improved efficiency

RM RESULTS

Driving the global modernisation of assessment

RM Results' strategy is to grow the digital assessment business through expanding the scope of solutions to existing customers and to win new customers globally. Software and services are provided through a growing portfolio of proprietary software covering the end-to-end assessment lifecycle.

WHAT WE DO

A global leader in providing digital assessment solutions that support lifelong learning

HOW WE ADD VALUE

Improve the quality, efficiency and speed of our customer's assessment cycle

Secure, seamless and hassle free e-assessment and data analysis

THE OPPORTUNITY

Market with strong structural growth opportunity in global assessment

End-to-end digital capability opens new channels and opportunities

Increasing technology adoption in global assessment and lifelong learning

RM EDUCATION

Helping UK schools to improve the impact of technology on teaching and learning

RM Education's strategy is to build on its strong presence and brand pedigree in UK schools and colleges, where it delivers schools software and services to a high standard, by investing in and growing annuity-based solutions that enable education leadership teams to improve outcomes.

WHAT WE DO

Software, services and technology provider to UK schools and colleges

HOW WE ADD VALUE

Delivering cost effective, reliable, secure technology for local and remote learning

Helping schools to make the most of their IT investment

THE OPPORTUNITY

Growth in multi-academy trusts provides aggregated buying in fragmented market

Committed increases in education funding in the UK

Increasing technology adoption in education

CHIEF EXECUTIVE OFFICER'S STATEMENT

RM showed good resilience in 2020 despite the business being significantly impacted by the closure of schools and nurseries and the cancellation of exams due to COVID-19.

Trading in the second and third quarters saw the biggest downturn when compared with 2019. Revenue and profit were materially down in RM Resources and RM Results while RM Education was less impacted, reflecting the nature of its work. Profit in RM Resources was the most affected as revenue declined sharply on the back of education establishment closures. Across the organisation we implemented a range of cost saving initiatives which enabled all three divisions to remain profitable.

For the year, Group revenue was down 16% and adjusted operating profit declined by 48% compared with 2019. Statutory profit after tax decreased by 56%, however despite the change in profit, careful financial management meant that RM finished the year with an improved net debt position of £1.3m (2019 - £15m).

OUR RESPONSE TO COVID-19

We responded to the pandemic in three phases:

1. Plan and Stabilise
    - Business continuity planning supported all office staff working from home immediately on lockdown.
    - Initial focus on safeguarding our people and supporting customers and suppliers.
    - COVID-19 stress test scenarios established, and activities initiated to manage funding and cost base.
    - Dividend cancelled and capital programmes deferred to conserve cash.
2. Run Lean
    - Permanent staff recruitment stopped, temporary staffing levels and discretionary spend materially reduce.
    - Board, Executive team and wider senior leaders temporarily reduced salaries by up to 25%.
    - Banks relaxed covenants and wider cash conservation activities put in place. Additional funding was not required.
    - Government job retention scheme used cautiously in the first half of the year with focus on RM Resources. Company maintained 100% employee pay. We stopped use of the scheme at the end of May ahead of schools reopening in June and paid back these receipts to the government by the end of September.
3. Recovery
    - Innovation teams established to assess COVID-19 impact on market and customers.
    - Customers engaged to assess short and longer term needs.
    - Capital programmes restarted alongside review of Target Operating Model and working practices.
    - Trading returned to more normal levels during Q4.

OPERATING REVIEW

RM Resources had a challenging year of trading as schools and nurseries both in the UK and internationally closed for extended periods of time. Revenue in the UK was impacted significantly in Q2 but recovered to more normal levels by the end of Q4. Following a strong Q1, international revenues were materially down on the prior year.

During 2020, we continued the programme to consolidate the current estate of distribution centres to a single, automated centre. The building construction was completed and formally handed over, with our 15 year lease starting in November 2020. 2021 will be spent equipping the centre with automation equipment, followed by transitioning stock from the current warehouses. Our current plan is to have the distribution centre fully operational in the first half of 2022. During the year we sold one of our freehold properties and have agreed heads of terms for the sale of the remaining two freehold properties.

In **RM Results** trading was impacted by the cancellation of exams and assessments around the world. The division has a mixture of recurring revenues and volume related fees associated with the volume of exams taken which, despite some contractual protection, clearly experienced a decline as many exams were cancelled or deferred around the world.

Whilst the development of the sales pipeline during the year has been significantly restricted by COVID-19 disruption and travel restrictions, we were pleased to win two contracts to provide full end-to-end digital assessment including, for the first time, remote invigilation and also a global research test which will be delivered across circa 70 countries.

The acquisition of SoNET Systems Pty Ltd ('SoNET') in 2019 has enabled RM Results to offer full end-to-end digital assessment services in the online testing and marking of exams to customers. During 2020 we have also started to partner with 3rd parties to provide remote invigilation (proctoring) of exams to both new and existing customers to facilitate the remote taking of high-stakes assessments safely and securely.

Trading in **RM Education** was less impacted by COVID-19 in 2020 than the other two divisions. The provision and support of technology was still needed in schools as they moved between in-class and remote learning models. There was a strong focus in schools to plan the move of their learning materials to the cloud and we see this as a continued opportunity for this division going forward. The sales pipeline has been impacted by COVID-19 as schools made operating safely their key priority.

CURRENT COVID SITUATION

In January UK governments announced a new set of school closures with immediate effect. In addition, England and Northern Ireland confirmed GCSEs and A levels in 2021 would not go ahead as planned. Scotland had already announced the cancellation of school 2021 exams late last year. It is too early to judge what the precise impact on trading in 2021 will be as the length of school closures, the contract covers for exam cancellations and the effect on international business remain uncertain. We intend to continue the investment in our digital and automation programmes to upgrade our IT systems and consolidate our distribution centres.

FUTURE MARKET TRENDS

The education marketplace is changing. Some of these trends are in response to COVID-19 while others have been in the pipeline for some time. If we look beyond the disruption of the current pandemic, there are longer-term market trends that should be positive for RM. To help understand this change and RM's response to it, this section maps out four key market trends and gives specific examples of opportunities for the business to deliver shareholder return.

The education market trends we are seeing are:

1. Becoming more digital
2. Modernisation of assessment
3. Flexible learning
4. Buyer aggregation

Provided overleaf are further details on these trends, together with examples of emerging customer requirements as well as RM's response.

MARKET TRENDS IN ACTION

1. Becoming more digital

Education has traditionally lagged behind many sectors when it comes to digitisation. Whether it is the delivery of teaching and learning or the buying of products and services online, digital adoption has been slow. However, we are starting to see a change in the marketplace which has been accelerated by COVID-19 in 2020. There have been associated developments in curriculum as education systems around the world are starting to include the development of sequencing and coding skills into the curriculum. This is reflected by the growth for robotics within the education environment which is expected to more than double between 2019 and 2027. Schools and nurseries are increasingly ordering online and utilising more digitised materials in conjunction with physical resources to deliver a blended teaching solution. In parallel, schools and nurseries are increasingly using digital tools and channels to search and select learning resources.

Market trend

Customers are seeking digital resources for their children to engage with which are different to laptops or tablet.

Our response

Technology solutions which create immersive environments.

Robotics designed for Early Years enhancing cause and effect through ICT.

Example of progress

Launching two new robots in 2021 which promote independent thinking and computational skills for young learners in the classroom and beyond.

Market trend

Online purchasing of education supplies.

Our response

Investing in our e-commerce functionality.

Expanding marketing activities across a broader portfolio of digital marketing channels.

Example of progress

On our journey to 100% of orders being online, this figure increased to over 60% in 2020 (up 10%).

2. Modernisation of assessment

Many qualifications are still completed using paper-based exams. In the last five years we have seen these exams converted into a digitised form and marked on-screen. The digitisation of high-stakes assessments is complex and a niche area of expertise but we have seen COVID-19 start to accelerate the adoption of technologies that are modernising assessments. More exam awarding bodies in the UK and internationally are now moving towards a model of computer-based paperless assessments and utilising broader technology enablement around the end-to-end assessment process.

Market trend

Move to computer-based high-stakes testing in flexible locations to suit test takers (including home).

Our response

Providing end-to-end secure assessments onscreen.

Example of progress

Won two contracts in 2020 with Accountancy Awarding bodies to provide on screen testing, remote invigilation and on screen marking.

Market trend

Increasing use of digital technology for baseline assessments in international research studies – that inform education policy.

Our response

Providing digital assessment platforms designed to support standardised assessments in multiple countries, languages and with both online and offline delivery capabilities to deal with variations in infrastructure in different geographies.

Example of progress

Won contracts to provide digital assessment for international research studies, for example winning the Global Trends in International Mathematics and Science Study which will be delivered in c.70 countries in 2023.

3. Flexible learning

COVID-19 has forced many learners to remotely engage with their education, and technology underpins this shift. This is accelerating understanding in the market of the role technology can play in improving the flexibility of learning models, reducing the workload for teachers and driving value from ongoing digital assessment as part of the learning journey. We expect this increase in awareness to continue beyond the short term 'remote' learning demands of COVID-19 as focus shifts to the ongoing value technology can add to the delivery of educational outcomes.

Market trend

Schools needing to provide remote learning.

Our response

Helping schools move learning materials to the cloud.

Example of progress

Launching new managed services proposition – RM's unique cloud proposition for schools.

Market trend

Education bodies wanting to bring digital assessment into the curriculum as a learning tool, and as a precursor to enabling digital exams.

Our response

Helping curriculum authorities bring curriculum content and digital assessment into the schools setting to aid with learning.

Example of progress

Providing formative assessment solution to customers in Australia.

4. Buyer aggregation

England has seen Multi Academy Trusts (MAT) continue to grow. Over the next three years, the number of schools in MAT groupings of all sizes is set to continue to expand with the biggest continuous growth in this area predicted to come from MATs with between 6 and 11 schools. Correspondingly, spend through the MAT sector is predicted to grow in the same time frame. In addition, the provision of nursery education in the UK is consolidating with the larger chains acquiring and growing. Across the nursery sector, the market value of spend through nursery chains is predicted to increase each year over the next three years through the acquisition of single site nurseries. These changes are leading to a growing trend for central bodies to oversee, and step-in to, the purchasing for educational establishments.

Market trend

MAT and nursery chains buying products on behalf of their establishments.

Our response

Dedicated sales team engaging with MAT and nursery chains.

Customised product collections and bespoke marketing for consolidated groups.

Single dedicated ecommerce site across RM Resources entire portfolio.

Example of progress

Over 30 commercial agreements across MATs and nursery chains in 2020.

Targeting a material increase of new agreements in 2021.

Market trend

MATs looking for visibility of the purchasing habits of their schools.

Our response

Investing in increased self-service/data capability.

Example of progress

Our major IT programme delivering in stages through 2021 and 2022.

WORKFORCE

Average Group headcount for the year was 1,837 (2019: 2,011), which is comprised of 1,716 (2019: 1,811) permanent and 121 (2019: 200) temporary or contract staff, of which 1,072 (2019: 1,239) were located in the UK, 729 (2019: 754) in India and 36 in Australia (2019: 18).

As at 30 November 2020, headcount was 1,853 (2019: 1,983). The following table sets out a more detailed summary of the permanent staff employed as at 30 November 2020:

	Male	Female
Executive Directors	2 (100%)	0 (0%)
Executive Committee and direct reports (excluding EAs and PAs)	23 (53.5%)	20 (46.5%)
Senior Managers (excluding Executive Directors)	33 (63.5%)	19 (36.5%)
All employees	1,055 (62%)	650 (38%)

The Company recognises that talented people are core to the success of the business. The Company is committed to promoting a culture of equal opportunity, diversity and inclusion and its policies, procedures and working practices are designed to attract, retain and motivate the best staff regardless of their age, race, gender, religious or philosophical belief, sexual orientation, disability or educational background. There is a flexible work policy and practices to encourage gender diversity.

The Company does not operate an employees' share scheme due to the size and geography of the Group's workforce. The Company's emphasis is on fair pay structures across the Group and bonus schemes that support and encourage a high-performance culture.

The Company wants to ensure that all employees receive fair and equal treatment, and this applies to recruitment and selection, terms and conditions of employment, promotion, training, development opportunities and employment benefits. HR policies and procedures, including pay and bonus processes, are reviewed to ensure there is no gender bias and last year we rolled out unconscious bias training to all recruiting managers. Our internal communications strategy ensures that diversity and inclusion is talked about on a frequent basis.

Last year we set ourselves the target of having at least 30% of senior positions held by females and we have met this target. There is now an increasingly balanced gender split across our Executive and their direct reports. We support employees with high potential through leadership development programmes.

The Group gives equal consideration to applications for employment received from candidates with disabilities. Employees who become disabled are retained whenever possible through retraining, use of appropriate technology and making available suitable alternative employment within the Group.

Regular assessments of the developmental needs of employees are carried out across the organisation and feedback on this is given and where appropriate training provided. The Group incentivises employees and senior management through the payment of bonuses linked to performance objectives, together with the other components of remuneration detailed in the Remuneration Report.

The Group has a wide range of other written policies designed to ensure that it operates in a legal and ethical manner. These include policies related to health and safety, 'whistle blowing', anti-bribery and corruption, business gifts, anti-harassment and bullying, equal opportunities, grievance, parental leave and systems and network security. All of RM's employment policies are published internally.

The Corporate Governance Report sets out the Company's Board Diversity Policy.

RM India

As at 30 November 2020, RM's operation in Trivandrum accounted for 41% of Group headcount (2019: 38%).

The Indian operation provides services solely to RM Group companies. Activities include software development, customer and operational support, back office shared service support (e.g. customer order entry, IT, finance and HR) and administration.

PURPOSE, VALUES, STRATEGY AND CULTURE

The Company has a clear and stated purpose of "Enriching the lives of learners worldwide."

Our vision is "Enabling the improvement of educational outcomes around the world."

Our strategic goals are:

In the RM Results and RM Education divisions we do this "through the innovative use of existing and emerging technologies" and in the RM Resources division we do this "with our innovative products and outstanding services"

Underpinning our culture are our set of '5 To Drive' behaviours:

Consider it Done: We hold ourselves accountable, as individuals and as a company, for delivering on our promises. We can be relied upon to get the job done for our customers and ourselves. We are tenacious in delivering positive results and respond energetically when faced with new challenges.

Make it Simple: We make complex issues easy to understand and we strive for the simplest solutions that deliver the most significant results for our customers and ourselves. We say it as it is and don't assume that how we have done it in the past will necessarily be how we do it in the future.

Win Together: We are at our best when working with our customers and with our colleagues - motivated by the belief that diverse teams are much more successful than the sum of their parts. We strive to see things from the point of view of others, building trust, showing humility and working collaboratively to get great results.

Be Brave: We are ambitious, and we push the boundaries to deliver great results for our customers and for our business. We do not settle for less than great, or shy away from the difficult, and we don't let fear stifle our true potential.

Be Curious: We have an intense desire to understand our customers and to imagine new possibilities for our business and theirs. We are hungry to learn, seek out new ideas and best practice, to expand our networks and to develop our understanding. We are inquisitive, creative and we question how things are and can be done.

These are intended to drive positive and aligned behaviours throughout the organisation. They are intended to benefit not just the Company itself and its staff but also all stakeholders with whom we do business.

Each month, employees that demonstrate these behaviours are given awards recognising this.

The Board receives regular reports and updates from the CEO, CFO and General Counsel as well as other members of the Executive and the Group. These reports and updates cover a wide range of matters in order to ensure that policy, practices and behaviour in the Group are aligned with the Company's purpose, values and strategy and that any issues that may give rise to concerns are brought to the attention of the Board. This has included reviews on particular parts of the business, any significant customer issues, compliance updates, disputes and whistle-blower concerns. The Board requests further information on any matters that they consider relevant. The Board requires ongoing updates, seeks assurance as to the proposed actions to resolve such matters and receives information on the corrective actions taken.

Section 172 (1) Statement

The Company's Directors, individually and collectively, have acted in a way that they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole.

Examples of how the Board has had regard, in its principal decisions made during the year, to the various factors set out in Section 172(1), and the impact that regard has had, are set out below. Additionally, examples appear throughout this Annual Report and these are incorporated into this Section 172(1) Statement.

Board Decision	Factors	Factors considered in accordance with s.172(1) and effect
Continue to keep distribution centres open to supply schools with resources and maintain the IT systems of schools during the COVID-19 lockdown	LT, £, R, BR	This would maintain our relationship and reputation with schools as a trusted partner
	C	This would enable schools to stay open for the benefit of the wider community
	W	The need to ensure employees are able to continue to work safely
Investments in a new IT system and a new fully automated national distribution centre	£, LT, W	This is an important investment for the long-term future of the business
	BR, R	This would enable RM Resources to provide a market leading fully digital service to customers with enhanced user experience
Extension of Board's workforce engagement	W	This would enable the Board to hear the views of the workforce more clearly, helping the Board to have regard to these issues when making decisions
	R	This would enhance the Company's reputation as a good employer
Maintaining the Company's financial position during the COVID-19 crisis	£, Sh, LT	This would help maintain the liquidity of the Group in the face of the uncertainty caused by the COVID-19 crisis and prevent it impacting long-term plans
	W	Senior management should demonstrate personal commitment to the future of the business by a salary sacrifice
	BR, R, C	That the Group should only take government support when necessary

Key of factors considered:

£ Financial impact **Sh** Acting fairly between members **R** Reputation **W** Employees

LT Long-term impact **C** Community & environment **BR** Fostering business relationships

NON-FINANCIAL INFORMATION STATEMENT

This Strategic Report together with the Directors' Report, Corporate Governance Report and Audit Committee Report provide details of the non-financial matters required by sections 414CA and 414CB of the Companies Act 2006.

Environmental Policy and Reporting

The Environmental Policy and Reporting section in the Directors' Report is incorporated into this report.

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The Company has a structured approach to the assessment and management of risks. A detailed risk register is maintained, in which risks are categorised under the following categories: political, strategic, operational, financial and emerging. The full register is reviewed at least annually by each division to ensure that the risks that could potentially affect each division are properly captured. The register also includes a summary of the steps taken to manage or mitigate against those risks and the person or people responsible for the relevant actions. This register is then consolidated and Group-wide risks added, to ensure that the register covers the entire Group's operations. This is then reviewed by the Executive Committee, the Audit Committee and the Board. As such, the Board confirms that it has carried out a robust assessment of the principal and emerging risks facing the Group and appropriate processes have been put in place to monitor and mitigate them. Further details are also set out in the Corporate Governance Report.

The key business risks for the Group are set out in the table below.

Risk and categorisation	Description and likely impact	Mitigation
Public policy (Political Risk)	The majority of RM's business is funded from UK government sources. Changes in political administration, or changes in policy priorities, might result in major changes to the exam system or a reduction in education spending, leading to a decline in market size. UK government funding in the education sector is constrained by fiscal policy. Global economic conditions might result in a reduction in budgets available for public spending generally and education spending specifically in the area in which RM specialise.	The Company reviews the education policy environment by regular monitoring of policy positions and by building relationships with education policy makers. The Group's three divisions have diverse revenue streams and product/service offerings. The Company's strategy is to focus on areas of education spend which are important to meet customers' objectives. Where the revenue of an individual business is in decline, management seeks to ensure that the cost base is adjusted accordingly.
Education practice (Political Risk)	Education and assessment practices and priorities may change and, as a result, RM's products and services may no longer meet customer requirements, leading to a risk of lower revenue.	The Company maintains knowledge of current education practice and priorities by maintaining close relationships with customers. The Company is evolving its product and service offering to helps its customers with their developing requirements.
Impact of UK's exit from the European Union (Political Risk)	There may be an adverse change in the economic and/or fiscal environment as a result of the UK's exit from the EU and costs could increase and/or revenues reduce as a result.	The Group has adapted its processes to support the Brexit deal, is managing the principal risk areas identified and will continue to monitor developments.

Risk and categorisation	Description and likely impact	Mitigation
Operational execution (Operational Risk)	RM provides sophisticated products and services, which require a high level of technical expertise to develop and support, and on which its customers place a high level of reliance. Any significant operational / system failure would result in reputational damage and increased costs. RM is engaged in the delivery of large, multi-year projects, typically involving the development and integration of complex IT systems and may have liability for failure to deliver on time. RM's increasing international business make it subject to laws in other countries and higher risk jurisdictions.	The Company invests in maintaining a high level of technical expertise. Internal management control processes are in place to govern the delivery of all projects (including internal projects), including regular reviews by relevant management. The operational and financial performance of projects, including future obligations, the expected costs of these and potential risks are regularly monitored by management and, as appropriate, the Board. The Company has internal policies and procedures across a wide range of areas including bribery and corruption, health and safety, privacy, employment, competition law and tax which are regularly monitored and reviewed to ensure we assess and take account of higher risks levels and comply with all relevant laws and regulations.
Data and business continuity (Operational and Emerging Risk)	RM is engaged in storing and processing personal data, where accuracy, privacy and security are important. Any significant security breach could damage reputation, impact future profit streams and lead to potential regulatory action. The Group would be significantly impacted if, as a result of a major incident, one of its key buildings, systems, key supply chain partners or infrastructure components could not function for a long period of time or at a key time.	The Company has made a commitment to maintain effective Information Security and Business Continuity management systems and achieve ISO27001 and ISO22301 certifications for all business areas to demonstrate the robustness and effectiveness of those systems. The Company has a rolling investment programme managed by a dedicated security and compliance function and overseen by the Group Security and Business Continuity Committee, which reports into the Group Executive Committee. This programme covers data integrity and protection, defence against external threats (including cyber risks) and business continuity planning. The Company analyses all information security and data protection incidents (including their root cause), changes in the regulatory framework, and breaches that have occurred in other companies to identify opportunities for improvement. The Group seeks to protect itself against the consequences of a major incident by implementing a series of back-up and safety measures. It also manages risks with key suppliers by regularly reviewing their security and business continuity systems, conducting assessments and running joint tests. The Group has cyber insurance and property and business interruption insurance cover.

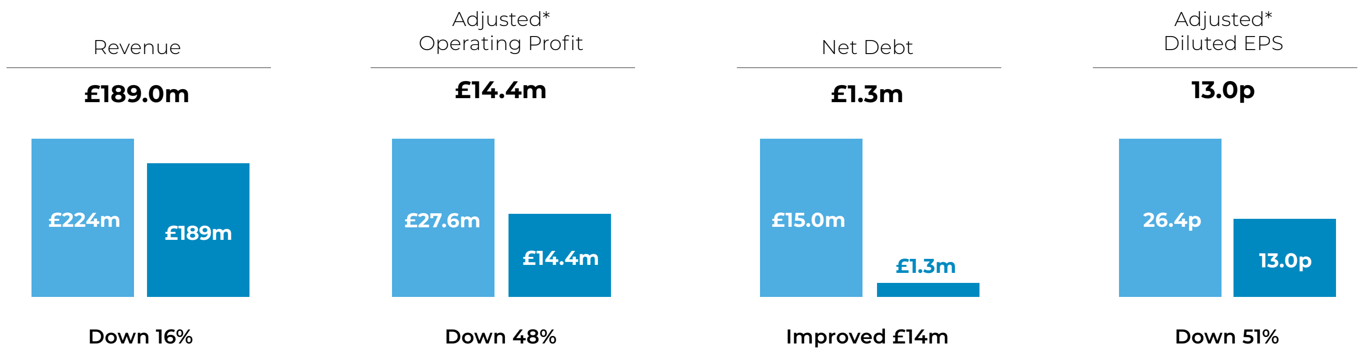
Risk and categorisation	Description and likely impact	Mitigation
People (Operational Risk)	RM's business depends on highly skilled employees. Failing to recruit and retain such employees could impact operationally on RM's ability to deliver contractual commitments.	The Company seeks to be an attractive employer and regularly monitors the engagement of its employees. The Company has talent management and career planning programmes.
Transformation (Operational Risk)	Issues in implementing major programs could lead to business disruption and loss of intended benefits.	Steering committees are established for all major programs which will include a member of the Executive Committee. Currently there are 2 major programmes to develop a new automated warehouse and migrate to new CRM and ERP systems. A number of mechanisms are in place to monitor the ongoing impact of the various activities, including where appropriate staff consultations and satisfaction surveys, and ongoing customer feedback. The Board is kept appraised of the current status of such activities and projects on a regular and ongoing basis.
Innovation (Strategic Risk)	The IT market and elements of the education resources market are subject to rapid, and often unpredictable, change. As a result of inappropriate technology, product and marketing choices or a failure to adopt and develop new technologies quickly enough, the Group's products and services might become unattractive to its customer base, or new market opportunities missed. The Group's continued success depends on developing and/or sourcing a stream of innovative and effective products for the education market and marketing these effectively to customers.	The Company actively monitors technology and market developments and invests to keep its existing products, services and sales methods up to date, as well as seeking out new opportunities and initiatives. The Group works with teachers and educators to understand opportunities and requirements.
Dependence on key contracts (Strategic Risk)	The performance of the RM Education and RM Results divisions is dependent on the winning and extension of long-term contracts with government, local authorities, examination boards and commercial customers.	The Company invests in maintaining a high level of technical expertise and in building effective working relationships with its customers. The Company has in place a range of customer satisfaction programmes, which include management processes designed to address the causes of customers' dissatisfaction.
Impact of the COVID-19 pandemic (Operational Risk)	The impact of the COVID-19 pandemic has put pressure on those with whom we trade and there are risks from customer closures, pricing pressures and service delivery pressures from delays to exams.	The Company manages its relationship with its customers, supplier and other stakeholders. It works closely with customers to avoid potential bad debts and to manage the impact of costs increases from key suppliers. The Company worked closely with customers after the exam cancellations in 2020 and is doing so again with the cancellation of summer 2021 exams.

Risk and categorisation	Description and likely impact	Mitigation
Pensions (Financial Risk)	The Group operates two defined benefit pension schemes in the UK (the "RM Education Scheme" and the "CARE Scheme" respectively) both of which are closed to future accrual. It also participates in a third defined benefit pension scheme (the "Platinum Scheme"). Scheme deficits can adversely impact the net assets position of the trading subsidiaries RM Education Ltd and RM Educational Resources Ltd. Pension costs can be significant in respect of staff that transfer across to us, where they are members of Local Authority pension schemes.	The Company evaluates risk mitigation proposals with the trustees of these respective Schemes. The Platinum Scheme is a multi-employer scheme over which the Company has no direct control. However, due to the small number of the Company's employees who are in this Scheme, the risk to the Company from this Scheme is limited. The Company assesses potential pension costs of staff from other employers that would transfer across to the Company and take this into account in its bids for new contracts.
Treasury (Financial Risk)	The Group is exposed to treasury risks including fluctuating exchange rates and liquidity.	The Company regularly monitors treasury risks. It actively looks to create natural currency hedges where possible balancing foreign currency sales and purchase levels and hedges net balances 9-12 months into the future for material imbalances. The Company remains cautious with liquidity risk and carefully manages its debt leverage position.

David Brooks
Chief Executive Officer
11 February 2021

CHIEF FINANCIAL OFFICER'S STATEMENT

RM's financial performance was materially impacted by COVID-19 in 2020. Following a positive start to the year with revenue growth in the first quarter, the closure of schools at the end of March and subsequent cancellation of exams around the world had a significant impact on the Group through the remainder of the year and resulted in full year revenue decline of 16%. The organisation implemented a range of cost savings initiatives which enabled all three divisions to remain profitable but the impact of the pandemic broadly halved profit levels and adjusted diluted earnings per share. Net debt levels reduced by £14m, benefiting from a number of activities that were initiated to conserve cash, ending the year at £1.3m.



* Adjusted operating profit is before the amortisation of acquisition related intangible assets; acquisition related costs; one time property related items, Pension GMP equalisation costs and restructuring costs.

GROUP FINANCIAL PERFORMANCE

Group revenue decreased by 16% to £189.0m (2019: £223.8m).

£m Unaudited	2020[1] Adjusted	Adjustment[2]	Statutory	2019[1] Adjusted	Adjustment[2]	Statutory
Revenue	**189.0**	**-**	**189.0**	223.8	-	223.8
Operating profit	**14.4**	**(2.9)**	**11.5**	27.6	(3.5)	24.2
Profit before tax	**13.4**	**(2.9)**	**10.5**	26.6	(3.5)	23.2
Tax	**(2.6)**	**0.5**	**(2.1)**	(4.7)	0.6	(4.1)
Profit after tax	**10.8**	**(2.4)**	**8.4**	21.9	(2.8)	19.1

1. 2020 results reflect the adoption of the new accounting standard IFRS 16. Results in the table for 2019 are presented as reported at the time and not restated as RM took the modified approach to adoption. This approach has been taken throughout the narrative below and explanations are provided in the notes to the accounts to highlight the impacts. IFRS 16 has impacted the profit before tax by less than £0.1m in 2020.
2. Adjustments reflect the amortisation of acquisition related intangible assets; one time property related items, including a stock write down, restructuring costs, costs associated with GMP equalisation and profits on the sale of non-core assets. Further details are defined and reconciled in Note 5 of the notes to the financial statements.

The pandemic impacted revenues in the UK and internationally. UK revenues fell by 14% with international revenues down 25% reflecting a 41% reduction in RM Resources international revenues.

Adjusted operating profit margins reduced to 7.6% (2019: 12.4%). Adjusted operating profit reduced by 48% to £14.4m (2019: £27.6m).

In order to provide a better understanding of underlying business performance, some costs are identified as 'adjustments' [2] to underlying business performance. In 2020 these are broken down as follows:

Amortisation charges associated with acquisition-related intangible assets	£2.0m
Impairment of intangible software	£0.7m
Restructuring costs	£1.0m
One time property-related items	£-0.6m
One time sale of investment	£-0.7m
Stock obsolescence associated with revised warehouse strategy	£0.4m
Pension GMP equalisation	£0.2m
Total adjustments[2]	**£2.9m**

Taking into consideration the adjustments of £2.9m (2019: £3.5m), statutory operating profit decreased to £11.5m (2019: £24.2m).

The Group generated a statutory profit before tax of £10.5m (2019: £23.2m) with a net interest charge of £1.0m which relates to the Group credit facility and finance costs related to the defined benefit pension schemes.

The total tax charge within the Income Statement was £2.1m (2019: £4.1m). The Group's tax charge for the year, measured as a percentage of profit before tax, was 19.8% (2019: 17.7%) and was impacted by the increase in the deferred tax rate which raised the effective tax rate by 2.4% as a percentage of profit before tax. Statutory profit after tax decreased 56% to £8.4m (2019: £19.1m).

Adjusted diluted earnings per share decreased to 13.0 pence (2019: 26.4 pence). Statutory basic earnings per share were 10.2 pence (2019: 23.2 pence) and statutory diluted earnings per share were 10.1 pence (2019: 23.0 pence).

RM generated cash from operations for the year of £27.8m (2019: £19.9m).

Cash generation benefited from reduced inventory levels, a favourable movement in trade and other payables, including positive trading impacts of £8.1m and VAT deferral of £2.4m, and gains through the sale of non-core property and investments of £1.6m. This cash generated was utilised through capital expenditure of £8.5m (2019: £6.0m), contributions to the defined benefit pension scheme of £4.1m (2019: £4.6m) and tax payments of £2.6m (2019: £3.6m). Dividends were suspended in 2020 as part of the activities to conserve cash. As a result, net debt was reduced to £1.3m at the end of the year (2019: £15.0m).

RM is currently progressing two large capital projects; consolidation of five distribution centres into a single automated facility and a Group-wide IT system implementation. In March we paused the capital spend associated with the single automated facility and the IT system implementation. The construction of the building continued under contract and was completed at the end of November when RM commenced the lease of this facility. These projects, alongside wider capital investments, will drive further elevated capital expenditure over the next two years, likely to be more than £20m in total. A proportion of this spend will be recovered by the subsequent sale of a further two freehold properties following the completion of the sale of one freehold property in 2020 generating £2.9m of cash and an exceptional profit on sale of £0.7m. Heads of terms are agreed for sales on the remaining two properties with exchange expected in the first half of 2021. Both projects are scheduled to conclude by the end of 2022 and deliver good financial and operational benefits.

Dividend

Following the impact of COVID-19 and subsequent lockdown, RM took the decision to cancel the 2019 final dividend. No interim dividend was paid in the year (2019: 2.0p). The Board proposes a 2020 final dividend of 3.0 pence per share (2019: nil) which is subject to shareholder approval. The estimated cost of the ordinary dividend proposed is £2.5m (2019: £1.7m paid).

The Board is committed to a long-term sustainable dividend policy and the Company has £36.2m of distributable reserves, as at 30 November 2020, available to support the dividend policy.

RM plc is a non-trading investment holding Company and derives its profits from dividends paid by subsidiary companies. The Directors consider the Group's capital structure and dividend policy at least twice a year, ahead of announcing results and during the annual budgeting process, looking at longer-term sustainability. The Directors do so in the context of the Company's ability to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

The dividend policy is influenced by a number of the principal risks identified in the table of 'Principal and Emerging Risks and Uncertainties' set out above which could have a negative impact on the performance of the Group or its ability to distribute profits.

Defined Benefit Pension Schemes ('Schemes')

The Company operates two defined benefit pension schemes ('RM Education Scheme' and 'Care Scheme') and participates in a third, multi-employer, defined benefit pension scheme (the "Platinum Scheme"). Following the closure of one warehouse during the year (which impacted the Platinum Scheme), all schemes are closed to future accrual of benefits.

The IAS 19 net deficit (pre-tax) across the Group increased by £12.7m to £18.7m (2019: £6.0m) with the Platinum Scheme being in surplus. This increase was caused by an increase in the liabilities of the Schemes driven primarily by lower discount rates.

The Group deficit recovery plan payments across all schemes in 2020 were £4.1m which was down slightly on the £4.6m in the prior year. Following the triennial review at 31 December 2019, the Group agreed with the Trustee of the Consortium Care Scheme to contribute £0.7m per annum until 31 December 2027.

RM RESOURCES

RM Resources revenues decreased by 19% to £92.4m (2019: £114.5) resulting from the widespread school closures in the UK and internationally in response to the COVID-19 pandemic. UK education revenue reduced by 15% with international revenues down 41% .

Divisional adjusted operating profit reduced to £3.1m (2019: £13.7m) and operating margins decreased to 3.3% (2019: 12.0%). The reduction was predominantly driven by lower revenues. Underlying operating costs were reduced by 13% but these were offset by a cost of £2.1m associated with higher debtor and stock write down charges largely associated with the impact of COVID-19.

UK

UK education revenues decreased by 13% to £78.5m (2019: £90.1m). This decline was broadly in line with the UK key competitor market set representing the impact of the pandemic and school closures. This performance reflects an improvement in underlying performance in the schools' market offset by two areas that disproportionally impacted RM Resources. The most impacted market sector was the Early Years sector which declined by more than double that of the schools' market. This is also the sector in which RM Resources has the highest market share. Furthermore, revenues were negatively impacted by the loss of the Wales framework agreement at the end of 2019 and the break-up of a nursery chain contract into small agreements in which the business did not win all the sub-agreements.

Revenues arising from the TTS brand fell only 9% in the UK benefiting from its clearly differentiated position and innovative, own-developed product portfolio. The Consortium brand saw its revenues decline more than the comparative market set as trading was disproportionately impacted by the contract loss and Early Years market.

International

International sales are made through two key channels, international distributors, through which we sell own-developed products to over 80 countries, and international English curriculum schools to whom we sell a wider portfolio of education supplies. International revenues declined by 41% to £12.8m (2019: £21.4m). This was again as a direct result of school closures, which in some countries was for a more extended period than that encountered in the UK. There were fewer students in International schools which also saw higher remote learning adoption. The region most impacted was the US which saw sales down 81%.

RM RESULTS

Revenue decreased by 16% on the prior year to £31.6m (2019: £37.7m) as growth in new contracts was materially reduced as a result of the large number of exams cancelled globally resulting from the COVID-19 pandemic which impacted the variable element of many of our contracts.

Geography	RM Customer Exam Bodies	Exam Cancellations
UK General Exams	4	75%
UK Other	5	35%
EMEA	8	90%
Australia / NZ	5	0%
Asia	2	35%
ROW	3	70%

Adjusted operating profit fell by 24% on the prior year to £6.6m (2019: £8.7m), with adjusted operating margins decreasing to 20.9% (2019: 23.2%).

RM Results signed two new end-to-end digital assessment contracts in the year that include e-testing, e-marking and, for the first-time, remote invigilation. The division has also signed a global baseline test with International Association for the Evaluation of Educational Achievement to deliver the Trends in International Mathematics and Science study across c.70 countries and also agreed several important contract renewals. More widely the sales pipeline has been restricted by COVID-19 disruption and will remain challenging until travel restrictions are eased.

RM EDUCATION

Revenues in the division reduced by 9% to £65.0m (2019: £71.6m) driven primarily by the conclusion of the Building Schools for the Future (BSF) programmes in 2019 which resulted in a £5m reduction in revenue in 2020. The Division proved to be more resilient with regard to UK school closures resulting from COVID-19 as most schools remained operational and required technology support as they continued to teach vulnerable children and those of key workers and support remote learning throughout the lockdown. The sales pipeline was impacted through most of the year and remains challenging as school management teams focus on managing the changing COVID-19 protocols and policies. Adjusted operating margins were retained at similar levels to the prior year at 14.3% (2019: 14.5%) delivering adjusted operating profit of £9.3m (2019: £10.4m). This reduction reflects the lower revenues partially offset by benefits from a pre-COVID restructuring programme and reduced discretionary spend through lockdown.

The division is made up of Services (83% of revenue) and Digital Platforms (17%) with a key focus of the division to build its annuity revenue offerings which accounted for 70% of revenue in 2020.

Services

The Services offering is primarily the provision of IT outsourcing and associated technology services (managed services) and managed broadband connectivity to UK schools and colleges. Total Services revenues declined by 11% to £54.0m (2019: £60.8m) with managed services revenues declining 12% to £42.0m. This was driven primarily by the absence of BSF revenues and a slight reduction in site numbers through the year as converting the sales pipeline became challenged. Connectivity declined 7% to £12.0m due entirely to lower sales of unbundled IP addresses with underlying connectivity revenues up marginally.

Digital Software Platforms

The Digital Software Platform offering covers a number of key cloud-based products and services such as RM Integris (school management system), RM Unify (authentication and identity management system) and RM SafetyNet (internet filtering system) as well as other content, finance and network software offerings. Digital Platforms revenues increased by 2% to £10.9m (2019: £10.8m) driven by sales of RM Unify which is used as part of enabling a cloud platform in schools.

IMPACT OF UK WITHDRAWAL FROM THE EUROPEAN UNION

The Company will continue to monitor the evolving situation following the UK withdrawal from the EU given the recent trade deal agreement and uncertainty regarding the flow of products through key ports. The Group had European sales of £11.9m in 2020, of which £6.4m relate to physical product sales in RM Resources and £5.6m relate to software and services sales in RM Results and RM Education.

TREASURY MANAGEMENT

The Company's financial position is supported by a revolving credit facility of £70million that is shared between two banks, HSBC and Barclays. It also has an additional accordion arrangement for a further £30million, enabling the Group to extend the facility to £100million. The facility is committed to June 2022 but has the option of a further 2-year extension. The associated financial covenants are based on the definition of finance leases prior to the implementation of the new accounting standard, IFRS 16.

Treasury activities are managed centrally for the Group including banking relationships and foreign currency hedging. The Group has foreign currency denominated costs that outweigh foreign currency denominated revenues and therefore increased currency volatility creates an exposure. This is primarily attributed to US Dollar and Indian rupee exposure. This risk is managed through currency hedging against exchange rate movements, typically 9-12 months into the future. The Group is also working to rebalance its exposure by growing its foreign currency denominated sales ahead of its costs to reduce the currency imbalance and more naturally hedge this risk over time.

GOING CONCERN

The financial position, cash flows and liquidity position are described in the financial statements and the associated notes. In addition, the notes to the financial statements include RM's objectives, policies and processes for managing its capital, financial risk management objectives, and exposure to credit and liquidity risk.

The Group ended the year with a net debt of £1.3m which is a decrease of £13.7m on the prior year end position of £15.0m. The average net debt position during the year was £16.3m with the highest borrowing point being £29.6m relative to the banking revolving credit facility of £70 million.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for the period of not less than 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably plausible downsides as discussed below, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The facility is committed until 2022 and is subject to covenant tests related to the leverage of the Group and interest cover annually in May and November. Management are not aware of any reasons why the extension would be not be granted, if requested to the lenders.

Throughout FY20 the COVID-19 pandemic has impacted the Group primarily as a result of widespread school closures and the cancellation of UK and some International summer exam sessions. In December, prior to the recent COVID-19 school closures the Group was trading in line with internal budgets and forecasts. During previous periods of school closures and subsequent limited school re-openings, the RM Education division continued to provide software, services and technology to UK schools, but the volume of hardware and new installations fell slightly. The RM Results division continues to provide digital assessment solutions for International awarding bodies and is currently in discussions with these customers about the impact of COVID-19 on their exam cycles. While returning close to previous performance during the schools re-opening in FY20, sales of consumables to UK and International schools by the Group's third division, RM Resources, have been materially lower over the periods of lockdown driven by the volume of pupils in schools and nurseries.

Actions taken by management to reduce the impact of COVID-19 included a temporary furloughing of employees, later repaid, a deferral of pension deficit payments, also later repaid, and pausing of discretionary spending and capital projects. The proposed FY19 final dividend was also cancelled to protect Group cash flow. All business units were profitable in FY20.

The Group has assessed a number of scenarios for going concern purposes and is using a base case scenario assessment based on the known COVID-19 restrictions at January 2021, namely that UK schools will remain closed in quarter 1 FY21, the UK Government announcements of exam cancellations included and reduced international exam volumes ('base case'). Management has considered a severe but plausible downside scenario based on further lockdowns after March 2021 in varying months across the going concern period to reflect the risk of further school closures in quarter 4 FY21 and quarter 1 FY22 ('downside scenario'). Under this downside scenario, the forecasts assume that trading during future lockdowns is equivalent to that experienced to date in the current Government imposed lockdown during January 2021. This is similar to levels experienced in June 2020 when only certain year groups had returned to school.

Under the downside scenario, management would take the decision to reduce further discretionary spend. The levels of discretionary spend reductions are being actively reassessed with the announcements by UK Government indicating their desires to get schools operating normally as soon as practical. Under the downside scenarios the Group has headroom against its available facilities without using all its available options in relation to cash management, and considers there are sufficient controllable actions it can take, even if a more severe downside case were to materialise, to operate within the facility's covenants. At present the Directors consider a more severe downside case to be highly unlikely, given the vaccine rollout and the communicated desire by the UK Government to prioritise the reopening of schools at the earliest opportunity.

Therefore, the Board has a reasonable expectation that the Group and Company has adequate resources to continue in operational existence and meet their liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. For this reason, the Group and Company continues to adopt the going concern basis of accounting in preparing the annual financial statements.

FINANCIAL VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, in addition to an assessment of going concern, the Directors have also considered the prospects of the Group and Company over a longer time period. The period of assessment chosen is three years, which is consistent with the time period over which the Group's medium-term financial budgets are prepared. These financial budgets include Income Statements, Balance Sheets and Cash Flow Statements. They have been assessed by the Board in conjunction with the principal risks of the Group, which are documented within the Principal and Emerging Risks and Uncertainties section above, along with their mitigating actions.

The Board considers that the principal risks which have the potential to threaten the Group's business models, future performance, solvency or liquidity over the three-year period are:

1. Public policy risk – UK education policy priority changes or restrictions in government funding due to fiscal policy.
2. Operational execution – including:
    - Major adverse performance in a key contract or product which results in negative publicity and which damages the Group's brand.
    - Delays and failure to exploit the benefits of key projects where we are investing more significant levels of discretionary capital expenditure.
3. Business continuity – an event impacting the Group's major buildings, systems or infrastructure components. This would include a major incident at one of RM Resources' main warehouses.
4. Strategic risks
    - Loss of a significant contract which underpins an element of a Division's activity.
    - Significant reduction in gross margins.
    - Further impacts of COVID-19 lockdowns and exam cancellations.

Having assessed the above risks, singularly and in combination, and via sensitivity analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of assessment and are not aware of any reason that viability would be an issue.

Neil Martin
Chief Financial Officer
11 February 2021

DIRECTORS' BIOGRAPHIES

JOHN POULTER
Chairman (r) (n)

John Poulter was appointed as Non-Executive Chairman of RM plc on 1 May 2013. He is also Chairman of the Nomination Committee of the Board. Mr Poulter is a former Chairman of 4imprint Group plc and a former Chairman and former Chief Executive of Spectris plc. He has also been a Non-Executive Director of a number of public and private companies including FTSE 250 constituents BTP plc, RAC plc and Kidde plc.

DAVID BROOKS
Chief Executive Officer

David Brooks was appointed Chief Executive Officer of RM plc on 1 March 2013, having been appointed to the Board as Chief Operating Officer on 1 July 2012. He originally joined RM, with a degree in computing, on the Group's graduate scheme. He has gained extensive experience in several senior roles across the RM Group. David has tendered his resignation and leaves his role on 31 March 2021.

PAUL DEAN
Non-Executive Director (a) (r) (n)

Paul Dean joined the Board on 4 February 2020 as a Non-Executive Director and Chairman of the Audit Committee. He is currently Non-Executive Director and Chair of the Audit Committee for Wincanton plc and Focusrite plc. He was previously the Senior Independent Director and Chair of the Audit Committee Chair at Porvair plc and Polypipe plc, Group Finance Director of Ultra-Electronics plc from 2008 to 2013 and Group Finance Director of Foseco plc from 2005 to 2008. Paul is a Chartered Management Accountant.

VICKY GRIFFITHS
Independent Non-Executive Director (a) (r) (n)

Vicky Griffiths joined the Board on 1 July 2020 as a Non-Executive Director. She spent five years as a teacher of Maths and Economics at both primary and secondary level and currently sits on the board of multi-academy trust, Bellevue Place Education Trust. She trained at Bain and Company and was responsible for operational and business risk at Brevan Howard Asset Management. She is now a Partner at executive search firm, Independent Search Partnership, as well as Senior Independent Director of the British Olympic Foundation, a Trustee of Vincent's Club at Oxford University and she sits on the Main Committee of the MCC at Lords.

PATRICK MARTELL
Independent Non-Executive Director (a) (r) (n)

Patrick Martell joined the Board on 1 January 2014 as a Non-Executive Director and was appointed Chairman of the Remuneration Committee on 19 March 2014. Mr Martell is a former Group CEO of St Ives plc, having joined in 1980. He was appointed to the Board of St Ives plc on 1 August 2003 and held the position of Managing Director, Media Products and Managing Director, UK Operations from 2006 to 2009, at which point he was appointed Group CEO. Mr Martell is currently Group Chief Operating Officer and Chief Executive of the Informa Intelligence Division of Informa plc.

NEIL MARTIN
Chief Financial Officer

Neil Martin joined the Company and the Board on 28 September 2015. Prior to joining RM, he was CFO for UK and Ireland for the Adecco Group, the leading provider of HR solutions listed on the Swiss Stock Exchange. He was CFO at the UK listed, IT staffing company, Spring plc until it was acquired by Adecco in 2009. Mr Martin started his career by spending seven years at Exxon Mobil.
Neil is a Chartered Accountant (CIMA).

Committee membership as at the date of this report:
(a) Audit Committee Member
(r) Remuneration Committee Member
(n) Nomination Committee Member

DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated and Company financial statements for the year ended 30 November 2020.

The Corporate Governance Report is incorporated into this report by reference.

DIVIDENDS

Subject to shareholder approval, a final dividend of 3.00 pence per share is proposed; no interim dividend has been paid during the year ended 30 November 2020. In the year ended 30 November 2019, only an interim dividend of 2.00 pence per share was paid.

TREASURY AND FOREIGN EXCHANGE

The Group has in place appropriate treasury policies and procedures, which are approved by the Board. The treasury function manages interest rates for both borrowings and cash deposits for the Group and is also responsible for ensuring there is sufficient headroom against any banking covenants contained within its credit facilities, and that appropriate facilities are available in order that the Group can continue to meet its strategic plans.

In order to mitigate and manage exchange rate risk, the Group routinely enters into forward contracts and continues to monitor exchange rate risk in respect of foreign currency exposures.

All these treasury policies and procedures are regularly monitored and reviewed. It is the Group's policy not to undertake speculative transactions which create additional exposures over and above those arising from normal trading activity.

ENVIRONMENTAL POLICY AND REPORTING

The Group recognises the importance of its activities being carried out in an environmentally friendly and compliant manner. We attribute great importance to environmental matters and considerations as we deem it important to promote sustainability and also to minimise the potential negative environmental impact of products and processes. These actions include efficient utility usage, waste reduction/recycling and use of energy saving features in products. Over the course of the year we have undertaken a review of our current activity and strategy with the support of a third party provider. On the back of this the Executive are currently reviewing the Group's sustainability strategy with the intention of identifying projects that enhance our sustainable business practices.

RM Resources' new HQ and distribution centre built at Harrier Park has been assessed as "very good" by BREEAM standards and is built with heat retention glass, rain-water harvesting, PIR LED lighting and electric vehicle recharging. When it becomes operational, this new building will be significantly more efficient and sustainable than the current four sites it will replace and there will also be benefits in reduced logistics and packaging. Further details on this will be provided once the site becomes operational.

The Group is required to report Scope 1 and 2 emissions for all Group companies within the Annual Report and has elected to report emissions for the year to 30 September 2020.

Set out overleaf are all of the emission sources required to be reported under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

The GHG Protocol Corporate Accounting and Reporting Standard (revised edition) has been applied. The figures include emissions arising from all financially controlled assets.

All emissions factors have been selected from the emissions conversion factors published annually by the Department for Business, Energy & Industrial Strategy (which can be found at https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020).

Emissions by scope

			Year ended 30 September 2020		Year ended 30 September 2019		Year ended 30 September 2018	
Scope	**Source**	**Country**	**Tonnes CO_2e**	**Absolute totals Tonnes CO_2e**	Tonnes CO_2e	Absolute totals Tonnes CO_2e	Tonnes CO_2e	Absolute totals Tonnes CO_2e
Scope 1	Van/car travel	UK	**187**		409		418	
	Van/car travel	India	**4**		6		6	
	Gas	UK	**555**	**746**	676	1,091	789	1,276
Scope 2 (location based)	Electricity	UK	**431**		719		805	
	Electricity	India	**481**		595		634	
	Electricity	Australia	**35**	**947**	17	1,331	0	1,439
Total				**1,693**		2,422		2,715

Note: CO_2e means CO_2 equivalent

The Group has reduced its emissions in 2020 compared to 2019 by 729 tonnes, a reduction of 30%. This is partly attributable to a 25% reduction in the first half of the year, compared to the same period in the previous year, due to ongoing benefits of building consolidation across the Group. In the second half of the year the reduction compared to the previous year was 40% due to offices being closed due to COVID-19.

Emissions have also been analysed using an intensity metric, which will enable the Company to monitor how well emissions are controlled on an annual basis, independent of fluctuations in the levels of activity. The metric used is 'emissions per full-time equivalent (FTE) employee'. The Group's emissions per employee are shown in the table below.

Tonnes CO_2e/employee	**Year ended 30 September 2020**	Year ended 30 September 2019	Year ended 30 September 2018
Scope 1	**0.40**	0.54	0.66
Scope 2	**0.50**	0.67	0.74
Total	**0.90**	1.21	1.40

The aggregate energy consumption by the Group during the year ended 30 September 2020 was 5,275,330 KwH with 87% consumption in the United Kingdom and 13% offshore. This is based on the information provided by suppliers.

DATA PROTECTION

Given the nature of its operations, the Company has always taken data protection matters seriously. The security and integrity of customer data is critical and its importance to the Group is noted in the table of "Principal Risks and Uncertainties" in the Strategic Report.

The Company has a formal Group Security and Business Continuity Committee (GSBCC), which oversees data protection matters. That Committee is chaired by the Chief Financial Officer and attendees include the Group's Data Protection Officer (DPO), Chief Information Officer, Group HR Director and representatives from each of the Divisions.

As part of its ongoing programme of GDPR-compliance, the Group has formal data protection policies to which all staff are required to adhere, ongoing training is provided to all staff, security vetting of relevant suppliers and other third parties is conducted and contracts are governed to ensure that all relevant legal requirements are addressed.

The DPO works independently of management in fulfilment of the statutory duties required of that role and, should any issues arise, he can escalate these directly to the Board via the Company Secretary. As well as attending the GSBCC, the DPO provides regular (at least quarterly) updates to the Board on data protection matters. In those updates, reports are provided on all relevant data protection matters, including those relating to security and any legal and regulatory developments.

HEALTH AND SAFETY

The Group has implemented a health and safety management system which aims to continually improve health and safety implementation and is designed to meet the requirements of ISO 45001. The following objectives are incorporated into the health and safety management system:

- Raising health and safety awareness;
- Effective training;
- Risk reduction and management; and
- Accident reduction.

During the global COVID-19 pandemic there has been significant focus in ensuring the safety and well-being of all employees. Further details are in the Corporate Governance Report.

MODERN SLAVERY

Our Modern Slavery statement for the year ending 30 November 2019 is available on the website www.rmplc.com.

POLITICAL DONATIONS

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

COMMUNITY

RM engages in a number of community activities across the Group which are managed and organised on a divisional and geographical basis.

In the UK, this has included making key remote learning products available for free during the COVID-19 lockdown and subsequent school closures and raising funds for educational charities that are chosen by the staff in each division.

In India, the RM ESI Foundation was established in 2007 to provide support in and around Trivandrum, India. The Foundation provides help to bright, underprivileged children to pursue their education and to government-owned schools. In 2020, 49 students were supported through the foundation.

RESEARCH AND DEVELOPMENT

The Company continues to develop and maintain its existing software products whilst staff work to develop new and more effective systems and products. The Company incurred £7.9m of research and development in the year, which was expensed in the income statement (2019: £6.6m). This primarily relates to product research, maintenance and related expenditure which does not meet capitalisation criteria.

SIGNIFICANT AGREEMENTS

The Group enters into long-term contracts to supply IT products and services to its customers. Wherever possible, these contracts do not have change of control provisions, but some significant contracts do include such provisions.

In July 2019, the Company entered into a revised agreement extending the term of the revolving credit facility, with Barclays Bank plc and with HSBC Bank plc, to June 2022. The principal facility has been increased to £70m. In addition, the Company has a £30m accordion facility, enabling the Company to extend the total facility up to £100m. That facility is subject to termination in the event of a change of control of the Company or the de-listing of any part of the share capital of the Company from the Official List:

OVERSEAS BRANCHES

The Group has an overseas branch in Singapore.

DIRECTORS

Details of those Directors who have held office during the financial year and up to the date of signing this report and any changes since the start of the financial year are given below:

John Poulter
Andy Blundell (until 24 May 2020)
David Brooks
Paul Dean (from 4 February 2020)
Vicky Griffiths (from 1 July 2020)
Patrick Martell
Neil Martin
Deena Mattar (until 31 July 2020)

Biographical details of the current Directors are given in the Directors' Biographies section of the Annual Report. The appointment and removal of Directors is governed by the constitutional documents of the Company and the Companies Act 2006. The Directors may from time to time appoint one or more Directors. At the forthcoming Annual General Meeting all Directors will stand for re-election in accordance with best practice and guidance set out in the UK Corporate Governance Code. All Directors have either a letter of appointment or a service contract, details of which can be found in the Remuneration Report.

The Group has provided indemnity insurance for one or more of the Directors during the financial year and at the date of signing this report. The Directors also have the benefit of a Deed of Indemnity in respect of liabilities which may attach to them in their capacity as Directors of the Company. These provisions are qualifying third party indemnity provisions as defined by section 234 of the Companies Act 2006.

DIRECTORS' POWERS

The Board manages the business of the Company under the powers set out in the constitutional documents. These powers include the Directors' ability to issue or buy-back shares. Shareholders' authority to empower the Directors to purchase the Company's own ordinary shares is sought at the AGM each year. The constitutional documents can only be amended, or replaced, by a special resolution passed in general meeting by at least 75% of the votes cast.

ALLOTMENT AND PURCHASE OF SHARES

At the Annual General Meeting held on 26 March 2020, members renewed the authority under:

(1) section 551 of the Companies Act 2006 to allot ordinary shares up to an aggregate nominal authority of £639,047. This authority has not been used since the Annual General Meeting; and

(2) section 701 of the Companies Act 2006 to make market purchases on the London Stock Exchange of up to 8,387,501 ordinary shares, being 10% of the issued share capital of the Company. The minimum price which may be paid for each share is the nominal value. The maximum price which may be paid for a share is an amount equal to the higher of (1) 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased, and (2) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out. This authority has not been used since the Annual General Meeting.

The Directors will seek to renew these authorities at the next Annual General Meeting scheduled for 8 April 2021.

THE TAKEOVERS DIRECTIVES

The Company has one class of share capital, ordinary shares. All the shares rank pari passu. There are no special control rights in relation to the Company's shares. As at 30 November 2020, the RM plc Employee Share Trust owned 1,168,921 ordinary shares in the Company (1.39% of the issued share capital); any voting or other similar decisions relating to those shares would be taken by the Trustees, who may take account of any recommendation of the Board of the Company.

SUBSTANTIAL SHAREHOLDINGS

On 31 January 2021, the Company had received notifications that the following parties were interested in accordance with DTR 5:

Shareholder	No. of shares	Percentage of Issued Share Capital as at 31 January 2021	No. of shares Direct	No. of shares Indirect
Schroders Investment Management Ltd	14,263,444	17.006%	0	14,263,444
Castlefield Fund Partners Ltd	13,000,000	15.50%	0	13,000,000
Aberforth Partners LLP	10,142,345	12.09%	0	10,142,345
BlackRock Inc	8,779,532	10.46%	0	8,779,532
Canacord Genuity Group Inc	4,725,312	5.63%	0	4,725,312
Majedie Asset Management Ltd	3,930,360	4.69%	0	3,930,360
Artemis Fund Managers Ltd	3,667,412	4.37%	0	3,667,412

MANAGEMENT REPORT

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the "Management Report" can be found in the Strategic Report or this Directors' Report, including the material incorporated by reference. As permitted, some of the matters to be included in the Directors' Report have been included in the Strategic Report such as the business review and future prospects.

SIGNIFICANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

Details of such events have been included in the Strategic Report.

INDEPENDENT AUDITOR AND DISCLOSURE OF INFORMATION TO 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, KPMG LLC, 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.

A resolution to appoint Deloitte LLP as auditor of the Company will be proposed at the next Annual General Meeting. Details of the audit tender process are set out in the Audit Committee Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, and provide appropriate guidance on its future prospects.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

Each of the Directors, whose names are listed in this Directors' Report, confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic and Directors' Reports include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

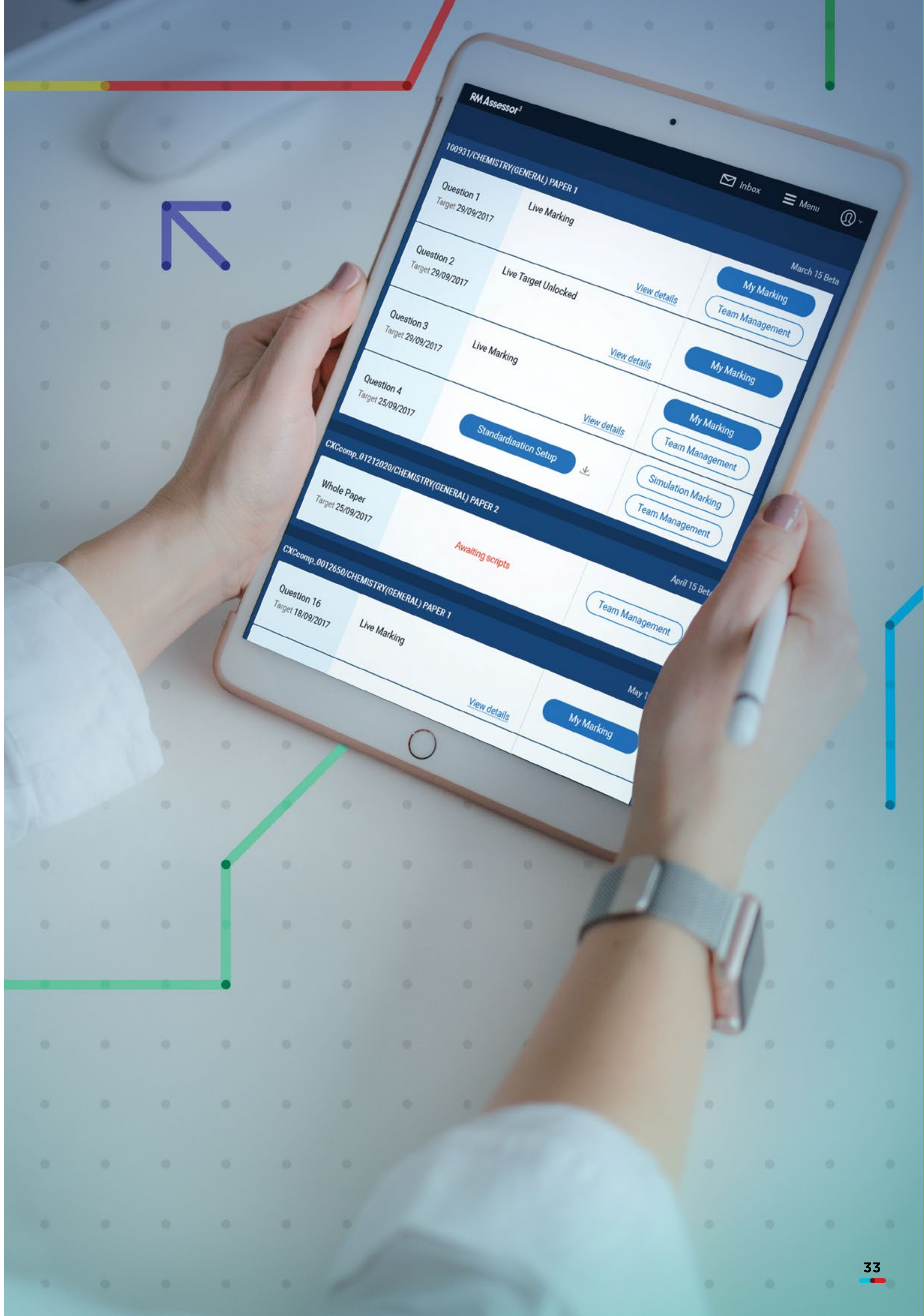
A copy of the Group financial statements is posted on the Group's website www.rmplc.com.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting will be held on 8 April 2021 at 142B Park Drive, Abingdon, Oxfordshire, OX14 4SE, at the time set out in the Annual General Meeting notice. The notice of the Annual General Meeting contains the full text of resolutions to be proposed.

By Order of the Board

Mark Lágler
Company Secretary
11 February 2021



CORPORATE GOVERNANCE REPORT

INTRODUCTION FROM THE CHAIRMAN

As Chairman, I am responsible for ensuring that the Company has high standards of corporate governance. While the UK Corporate Governance Code, as published and updated from time to time, sets out a framework for corporate governance, irrespective of that Code, the Board tries to foster throughout the organisation a culture of open and honest communication, constructive challenge, proper division of responsibilities and consideration of all relevant stakeholders, all set within a structure containing appropriate checks and balances. The Board sees this as a positive contributor to effective business operations.

This Corporate Governance Report which incorporates the relevant sections of the reports of the three Board Committees, summarises how the provisions of the UK Corporate Governance Code 2018 ('Code') have been applied and how the Board and Board Committees have fulfilled their responsibilities during the year.

Governance

This is the first report for the Company under the revised Code and on behalf of the Board, I confirm that the Company has complied with the provisions of the Code throughout the 12 month period ended 30 November 2020. In respect of provision 25, the Terms of Reference of the three Board Committees were formally updated in October 2020 to reflect the new provisions of the Code, although the Committees complied with the provisions of the Code throughout the 12 month period ended 30 November 2020.

Composition

During 2020, Deena Mattar and Andrew Blundell retired from the Board having provided insightful guidance and contributions during their tenure. Paul Dean and Vicky Griffiths were welcomed as new Non-Executive Directors and bring skills and experiences that are valuable and complementary to the Board. Patrick Martell was appointed as Senior Independent Director on the retirement on Deena Mattar.

We are also conducting a search for a new CEO as David Brooks has tendered his resignation after 25 years' service with RM.

Stakeholders

We believe strongly that the long-term success of the Company is linked to ensuring accountability, transparency and fairness in dealings with stakeholders. You can read more about this on page 38.

John Poulter
Chairman

BOARD OF DIRECTORS

The Board consists of the Chief Executive Officer, Chief Financial Officer and four Non-Executive Directors including the Chairman. The Chairman was considered independent on appointment. The Board considers all of the Non-Executive Directors (including the Non-Executive Directors starting in the last 12 months) to be independent of the management of the Company and free from any business or other relationship which could materially interfere with the exercise of their independent judgment. The Directors bring to the Board a wide range of financial and business skills and extensive experience and knowledge suited to the nature of the Company.

The Board of Directors meets regularly on a formal basis and holds additional ad hoc meetings as necessary to review strategic, operational and financial matters, including proposed acquisitions and divestments, and has a formal schedule of matters reserved to it for decision. Those matters include the approval of interim and annual financial statements, the annual budget, significant Stock Exchange announcements, significant contracts and capital investment, in addition to reviewing the effectiveness of the internal control systems and principal risks of the Group. The Chairman holds meetings with the Non-Executive Directors without the Executive Directors present when considered appropriate.

The Board is supplied with monthly management accounts and detailed operational reviews. The Board is also informed of any key developments or issues that require their consideration as and when they arise and management ensures that further information and/or clarification is provided to the Board as required from time to time.

Any concerns about the operation of the Board or the management of the Company that cannot be resolved are recorded in the Board minutes.

All Directors have access to the advice and services of the Company Secretary, and all the Directors are able to take independent professional advice, if necessary, at the Company's expense.

All Directors are appointed for specific terms subject to annual re-election by shareholders at each Annual General Meeting.

The Board

The Board is collectively responsible for the sustainable long-term success of the Group. The key roles of the Board are:

- Setting the strategic direction of the Group.
- Overseeing implementation of the strategy and ensuring that the Group is suitably resourced to achieve its objectives and effectively engages with stakeholders.
- Overall responsibility for the management of risk and for reviewing the effectiveness of the framework for internal control and risk management.

Chairman

- Responsible for overall leadership and governance of the Board and ensures constructive relations between Executive and Non-Executive Directors.
- Sets the agenda, ensures adequate time is available for discussion of agenda items and promotes a culture of openness and debate at Board meetings.
- Provides support and advice to the Chief Executive Officer.
- Ensures effective communications with shareholders.

Senior Independent Director

- Deputises for the Chairman and acts as intermediary for other Directors, if needed.
- Meets with the Non-Executive Directors, without the Chairman present, when considered appropriate, and leads the appraisal of the Chairman's performance.
- Available to respond to shareholder concerns if they have concerns which contact through the normal channels has failed to resolve.

Non-Executive Directors

- Share full responsibility for the execution of the Board's duties.
- Scrutinise and challenge strategic proposals.
- Monitor the performance of management on an ongoing basis.

Audit Committee

- Oversees and monitors the Company's financial statements, accounting processes and audits (internal and external).
- Ensures that risks are identified and assessed, and that sound systems of risk management and internal control are in place.
- Reviews matters relating to fraud and whistleblowing reports.

Remuneration Committee

- Reviews and recommends the framework and policy for the remuneration of the Executive Directors and senior executives.
- Reviews workforce remuneration and related policies.
- Considers how the remuneration policy supports the business strategy of the Group.

Nomination Committee

- Reviews the structure, size and composition of the Board and its Committees.
- Identifies and nominates suitable executive candidates to be appointed to the Board.
- Considers wider aspects of succession planning.

Group Chief Executive

- Responsible for the executive management of the Group as a whole and delivering the strategic and commercial objectives agreed by the Board.
- Leads the Executive management team.
- Maintenance and protection of the Group's reputation.
- Ensures the affairs of the Group are conducted with the highest standards of integrity.
- Builds positive relationships with the Group's stakeholders.

BOARD COMMITTEES

The Board has delegated authority to three committees: Audit, Remuneration, and Nomination, the Executive Directors are not members of these Committees. The Terms of Reference for each Committee setting out their responsibilities have been reviewed and amended to reflect the changes introduced by the Code this year and are available on www.rmplc.com. For each Committee, information on their composition and activities is provided in the respective reports.

BOARD ATTENDANCE

Details of the number of meetings of the Board and each Committee as well as attendance figures for each Director are set out in the table below. This includes a number of additional ad hoc meetings held by the Board during 2020 to discuss the impact of the COVID-19 pandemic. All Directors attended all meetings held during the period they were Directors.

	Board Meetings	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held in the period	**20**	**4**	**4**	**3**
John Poulter	20	-	4	3
Andy Blundell (left 24 May 2020)	13	1	3	1
David Brooks	20	-	-	-
Paul Dean (joined 4 February 2020)	18	3	3	2
Vicky Griffiths (joined 1 July 2020)	6	3	1	1
Patrick Martell	20	4	4	3
Neil Martin	20	-	-	-
Deena Mattar (left 31 July 2020)	16	2	3	2

All Directors received papers for all meetings in advance.
Where a Director was unable to attend a meeting, they had the opportunity to provide comments.

The Board ensures that on appointment and thereafter all Directors have sufficient time to carry out their duties.

No Director should undertake additional appointments without the prior approval of the Board.
No such appointments have been undertaken in the year ended 30 November 2020.

BOARD TENURE

Details of the tenure of the members of the Board as at the date of this report are set out in the table below.

Tenure	Percentage of Board
0-2 years	33%
2-5 years	33%
5+ years	33%

INDUCTION

All Directors receive an induction on joining the Board. Paul Dean and Vicky Griffiths joined the Board this year and met with all Board Directors, members of the Executive and other relevant employees individually. They also received an information pack containing all key Company documents relevant to their role and responsibilities. Visits to Company sites have not been feasible due to COVID-19 restrictions but will be set up once feasible.

BOARD EVALUATION

The performance of the Board and each Board Committee is reviewed on an annual basis and a review was conducted in October 2020.

The performance of the:

- Chairman is assessed by the Non-Executive Directors, led by the Senior Independent Director without the Chairman present;
- Chief Executive Officer is assessed by the Chairman, in consultation with the other Non-Executive Directors; and
- Chief Financial Officer is assessed by the Chief Executive Officer, in consultation with the Chairman and other Non-Executive Directors.

As a result of these reviews, it is considered that the performance of each of the Directors continues to be effective and that each Director demonstrates sufficient commitment to their role and enhances the collective effectiveness of the Board. Communication during the COVID-19 pandemic was felt to be good. A number of practical suggestions to improve the running of meetings were made and implemented. An external facilitated Board evaluation was considered but not felt it would be useful given the recent changes to the Board.

EXECUTIVE COMMITTEE

The Executive Committee is chaired by the Chief Executive Officer. The Executive Committee comprises the Chief Executive Officer, Chief Financial Officer and other senior managers within the Group. The Executive Committee normally meets on a monthly basis to discuss policy and operational issues. Those issues outside the delegated authority levels set by the Board are referred to the Board for its decision. All Non-Executive Directors are invited to attend the Executive Committee meetings.

DIRECTORS' CONFLICTS OF INTERESTS

There are procedures in place to identify, authorise and manage any conflict of interest of any Director with those of the Company and these procedures have operated effectively during the year. There have been no conflicts of interest.

None of the independent Non-Executive Directors nor the Chairman have any personal financial interest in the Company other than through fees received or as a shareholder. They are not involved in the day-to-day running of the business and have no personal conflicts of interest which could materially interfere with the exercise of their independent judgement.

ANNUAL GENERAL MEETING

The Company complies with all the requirements of the Code in relation to the timing and operation of the Annual General Meeting.

SOCIAL, ETHICAL AND ENVIRONMENTAL ISSUES

The Board takes regular account of the significance of social, ethical and environmental ('SEE') matters related to the Group's business of providing IT services and solutions (including software, managed services and consultancy) to educational institutions.

The Board considers that the technology solutions it offers create opportunities for its customers to reduce their environmental impact. It also considers that it has received adequate information to enable it to assess significant risks to the Company's short and long-term value arising from SEE matters and has concluded that the risks associated with SEE matters are minimal. The Board will continue to monitor those risks on an ongoing basis and will implement appropriate policies and procedures if those risks become significant.

BOARD DIVERSITY POLICY

The Board is committed to ensuring appointments to the Board promote diversity so that it has a range of perspectives, experiences and backgrounds necessary to support good decision making. Currently there is one female Board member. The Board recognises the objective of 33% female members of the Board and increasing ethnic diversity, within the context of current Board size.

STAKEHOLDER ENGAGEMENT

Engagement with our key stakeholders is vital to building a business that provides valued products and services to our customers, that employees are proud to be part of and that rewards shareholders.

The Board takes steps to understand the priorities and needs of stakeholders when setting RM's strategy and when making decisions that are most likely to promote the long-term sustainable success of the Company for the benefit of its members as a whole. In doing so, the Board has had regard to the matters set out in section 172 of the Companies Act 2006.

Examples of some of the principal decisions taken by the Board during the year are set out below:

Customers

Customers are central in setting the strategy and direction for the Company. It is therefore important to the Company to manage actively its relationships with its customers through regular contact in order to understand the products and services that help them deliver their educational objectives. This includes the range of products and services we provide to support teachers in the classroom and the development of examination and assessment software that improves the efficiency and effectiveness of the assessment of learners. The Board discusses at each meeting any issues arising in relation to our key customers, the services we provide to them and future changes to those relationships. This year this has included support for customers as they move to remote learning for many of their learners as well an increase in online assessments. The Board also approves all major new contracts.

The potential impact of the COVID-19 pandemic on our customers in schools and examination authorities was considered by the Board early in the crisis and we sought to continue to supply customers with the products they required and maintain the IT services of the schools we support so that they could continue to stay open. We worked with examination authorities when exams were delayed or cancelled.

Employees

The Board has always considered the treatment and engagement of the entire workforce as an issue of importance. A number of processes have been in place to assist the Board in monitoring such matters, ranging from Company-wide employee surveys, consideration of key policies and tracking of attrition and labour turnover rates across each part of the business. Further information is provided in the Strategic Report.

Through monthly business unit briefings, regular senior leader catch-up sessions with employees and staff surveys, people at all levels of the organisation are given the chance to ask questions and share their views on the business. In addition, as a response to the COVID-19 pandemic, an Employee Forum of approximately 40 employees was set up to help review the impact of the pandemic on the business and staff. Feedback from such employee engagements and the Employee Forum was shared with the Board.

During 2020, Patrick Martell was appointed as the designated Non-Executive Director for workplace engagement. A timetable of activities was prepared for Patrick to engage with employees in different settings and with employees across the organisation. In this role, Patrick meets with groups of employees in various formats including the Employee Forum and the Senior Leadership Team to hear about and discuss their experiences of working at RM. Patrick reports back to the Board to help provide an insight into employee views and priorities during Board discussions and decision-making.

The health and safety of employees is of paramount importance to the Board. In response to the pandemic, IT equipment was provided to help employees work from home and our distribution centres were re-configured and processes changed to ensure they were safe for all staff. Training was rolled out to help employees understand the health and safety aspects of home working and weekly well-being and mental health drop-in sessions were set up. Our distribution centres have remained in operation and members of the Executive have regularly visited distribution centres to review the operation of COVID-19 safety measures.

Shareholders

The Annual General Meeting is an important event attended by all Board members and provides an opportunity for shareholders to ask them questions directly. Due to the COVID-19 restrictions, attendance at the last AGM was difficult. Directors were though available to speak with institutional shareholders on request and the CEO and Chairman have done so this year.

During the year, investor events and results conference presentations were held - face to face and virtually - to speak directly to shareholders. In order to maintain dialogue with institutional shareholders, the Executive Directors offer to meet with them following interim and final announcements of results, or otherwise, as appropriate.

The Board is kept appraised of the views of major shareholders through regular dialogue with its broker and other advisors and from the feedback provided by the Executive Directors and Chairman respectively, following meetings held with shareholders. Shareholder feedback this year has covered strategy, dividends, succession and the impact of COVID-19 and this forms a part of the discussions at Board meetings. The impact of not paying dividends during the year to shareholders was given significant consideration by the Board, as was the decision to adjourn the Annual General Meeting. The Board also receives regular updates on shareholder register changes and analyst communications.

Suppliers

Regular review meetings are held with key suppliers to help build a strong relationship. Reviews and audits are made of suppliers to help ensure they are not involved in modern slavery.

The Board reviews and discusses the 6 monthly payment practices reports for all subsidiaries; the figures are available at Companies House.

Environment/Communities

RM continues to be a trusted and reliable partner to schools across the country and increasingly around the world. It was important therefore during the COVID-19 pandemic for the Company to ensure schools continued to receive the goods and services they required to stay open.

The Board made the decision to pay back all the money it had received under the Coronavirus Job Retention Scheme once it was clear this additional financial support was not needed.

The Company provided free of charge hundreds of home learning materials and activities to UK schools during the first national lockdown.

We participated in the DfE discussions held during the first national lockdown on how to support schools to enable vulnerable students to access online education tools. We have also participated in the DfE cloud platform scheme to help staff at schools to access information and systems while working at home.

INTERNAL CONTROL

The Group maintains an ongoing process in respect of internal control to safeguard shareholders' investments and the Group's assets and to facilitate the effective and efficient operation of the Group.

These processes enable the Group to respond appropriately, and in a timely fashion, to significant business, operational, financial, compliance and other risks, in line with the Code, which may otherwise prevent the achievement of the Group's objectives.

The Group recognises that it operates in a highly competitive market that can be affected by factors and events outside its control. Details of the main risks faced by the Group are set out in the "Principal and Emerging Risks and Uncertainties" table in the Strategic Report. The Group is committed to mitigating risks arising wherever possible. Internal controls that are considered, applied and monitored appropriately, are an essential tool in achieving this objective.

The key elements of the framework for the Group's internal control, which have been effective during 2020 and up to the date of approval of the financial statements are set out below:

- The existence of a clear organisational structure with defined lines of responsibility and delegation of authority from the Board to its Executive Directors and operating divisions.
- A procedure for the regular review of reporting business issues and risks by operating divisions.
- Regular review meetings with the operating management.
- A planning and management reporting system operated by each division and the Executive Directors.
- The establishment of appropriate operating and financial policies.

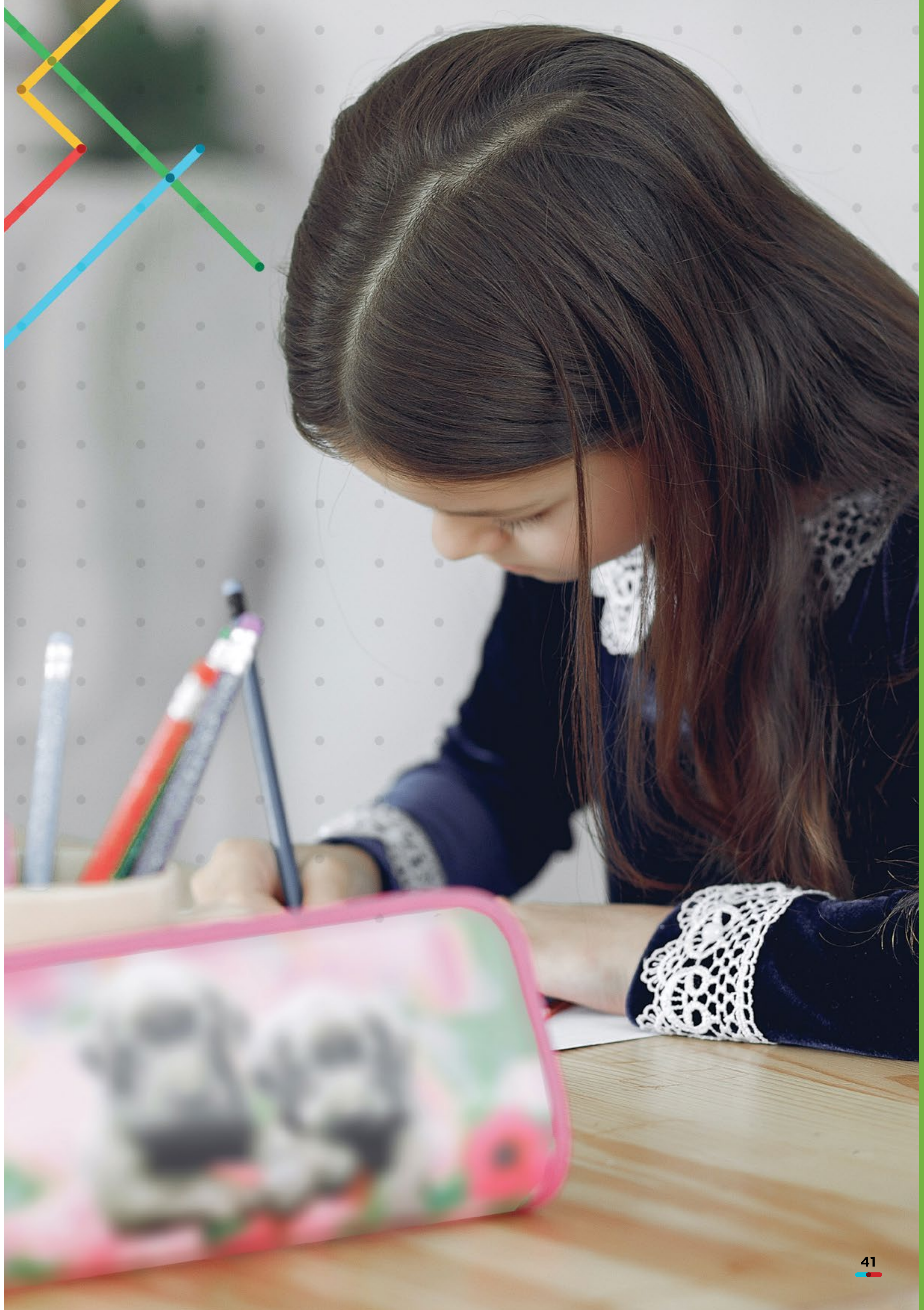
The Directors have overall responsibility for establishing financial and other reporting procedures to provide them with a reasonable basis on which to make proper judgments as to the financial position and prospects of the Group, and they have responsibility for establishing the Group's system of internal control and for monitoring its effectiveness. The Group's systems are designed to provide Directors with reasonable assurance that physical and financial assets are safeguarded, transactions are authorised and properly recorded, and material errors and irregularities are either prevented or detected with the minimum of delay. However, systems of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

The main features of the systems of internal financial control include:

- A financial planning process with an annual budget approved by the Board; the budget is regularly updated providing an updated forecast for the year.
- Monthly comparison of actual results against budget.
- Written procedures detailing operational and financial internal control policies which are reviewed on a regular basis.
- Existence of an internal audit function overseen by the Group Financial Controller.
- Regular reporting to the Board on treasury and legal matters.
- Defined investment control guidelines and procedures.
- Regular reviews by the Executive Committee of the Group's systems and procedures, the principal risks facing the Company and the steps taken to mitigate and address those risks.
- Periodic reviews by the Audit Committee of the principal risks facing the Company and mitigating actions as noted above, as well as of the Group's systems and procedures to identify and address those risks.
- Strategic planning that anticipates both opportunities and any resource challenges.

The majority of the Group's financial and management information is processed and stored on computer systems. The Group is dependent on systems that require sophisticated computer networks. The Group has established controls and procedures over the security of data held on such systems, including business continuity arrangements.

Both the Board and Audit Committee have reviewed the operation and effectiveness of this framework of internal control for the period and up to the date of approval of the Annual Report. Further details are provided in the Strategic and Audit Committee Reports.



AUDIT COMMITTEE REPORT

The Audit Committee operates under terms of reference approved by the Board, with the purposes of:

- Monitoring the integrity of the financial statements of the Company and the Group including consideration of whether the reporting is fair, balanced and understandable, and applying the same assessment to any formal announcements relating to the Company's financial performance.
- Reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems.
- Reviewing and agreeing the Group's adoption of going concern, and the adequacy of the financial viability statement.
- Reviewing the adequacy and security of the Group's arrangements for whistleblowing, the procedures for detecting fraud and the systems and controls for the prevention of bribery and the reporting of non-compliance.
- Monitoring and reviewing the effectiveness of the Group's internal audit processes, the remit of internal audit and its operation.
- Considering and making recommendations on matters relating to the appointment of the Company's external auditor, overseeing the relationship with the Company's external auditor (including approving remuneration levels, terms of engagement, and implementing the policy on non-audit services), assessing the auditor's independence and objectivity, monitoring the quality and effectiveness of the external audit process, reviewing the audit plan and reviewing the findings of the audit with the Company's auditor.

FINANCIAL STATEMENTS

The Audit Committee reviewed the form and content of the Annual Report and the interim results prior to their publication to provide assurance that the disclosure made in the financial statements was properly set in context.

The Audit Committee reviewed and considered the following areas:

- The methods used to account for significant or unusual transactions where different approaches are possible.
- Whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the Company's auditor.
- The consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group.
- The clarity of disclosure in the Company's financial reports.
- The effect of the introduction of IFRS 16 on the accounts of the Group and the key judgements involved.
- The supporting assumptions and considerations behind the adoption of the statements relating to going concern and financial viability.
- The fair, balanced and understandable nature of the Company's financial report.

As part of this process the Audit Committee received reports from the Company's management and the external auditor. The external auditor provided its audit opinion along with its audit findings that were of significance in relation to the audit of the annual financial statements and a high-level review of the interim financial statements. The Audit Committee reviewed these reports with the external auditor.

The Audit Committee considers that the significant accounting judgements upon which the accounts are based relate primarily to revenue recognition for long-term contracts under IFRS 15. In these contracts the arrangements are often complex, particularly with respect to variable consideration and service performance measures.

These contracts can involve significant judgements that may impact the recognition of revenue including:

- The identification of performance obligations included within the contract.
- The allocation of revenue to performance obligations including the impact of variable consideration.
- The combination of goods and services into a single performance obligation.
- The measurement of progress for performance obligations satisfied over time.
- The consideration of onerous contract conditions and associated loss provisions.

The Audit Committee received papers which included regular updates on the key judgements and estimates arising on the more complex and significant contracts in respect of IFRS 15.

The Audit Committee also considers that there is considerable estimation in the assumptions used in deriving the defined pension scheme valuations. The Audit Committee reviews the key assumptions proposed by the Group's actuaries which include:

- CPI/RPI rates
- Mortality rates
- Discount rates

Management reported to the Committee that they were not aware of any material misstatements. The auditor reported to the Committee that they had not found any material misstatements in the course of their work. The Audit Committee was also satisfied that the significant assumptions used for determining the value of assets and liabilities had been appropriately scrutinised, challenged and were sufficiently robust.

The Audit Committee considered and is satisfied that, taken as a whole, the Annual Report 2020 is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

COMPOSITION AND QUALIFICATIONS OF THE AUDIT COMMITTEE

At the start of the year the Audit Committee comprised Deena Mattar, FCA (Chairman), Andy Blundell and Patrick Martell, all of whom were independent Non-Executive Directors. On 4 February 2020 Paul Dean FCMA was appointed as Chairman of the Audit Committee, and on the same date Deena Mattar resigned as Chairman of the Audit Committee. Andy Blundell resigned on 24 May 2020 and Deena Mattar resigned on 31 July 2020. Vicky Griffiths was appointed to the Audit Committee on 1 July 2020. The Group considers that Deena Mattar (as a Fellow of the Institute of Chartered Accountants in England and Wales and former FTSE250 Finance Director) and subsequently Paul Dean (as a Chartered Management Accountant and former FTSE250 Finance Director) have significant recent and relevant financial experience, as further described in the Directors' Biographies section of this Annual Report.

The External Auditor (KPMG), John Poulter (Chairman), David Brooks (Chief Executive Officer), Neil Martin, ACMA (Chief Financial Officer), Jo Bridgman ACA (Group Financial Controller) and other management are invited to attend Audit Committee meetings as appropriate.

SCHEDULE OF MEETINGS

The Audit Committee met four times during the period. All of these meetings were part of the regular schedule of meetings set out in the Committee's terms of reference or in connection with the audit tender process.

Audit Committee meetings have formal agendas, which cover all of the areas of responsibility set out in the Committee's terms of reference and also include an evaluation of the Audit Committee. These agendas include meetings with the external auditor without Executive Directors or managers of the Company present.

APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee recommended, and shareholders approved at the Company's Annual General Meeting on 6 April 2020, the re-appointment of KPMG LLP as Group external auditor.

KPMG has been the Group's auditor since 2011 which was when the previous audit tender was conducted. The external auditor is required to rotate the audit partner responsible for the Group audit every five years and, as such, a new lead audit partner (John Bennett) was appointed in 2016. Following a new internal appointment within KPMG LLP, John Bennett stepped down as lead audit partner after the interim results were presented and Robert Seale was appointed as the new lead audit partner.

During the year the Group conducted a formal competitive and comprehensive audit tender process led by the Audit Committee. The Board has approved the Audit Committee recommendation that Deloitte LLP be appointed as external auditor for the financial year ending 30 November 2021. KPMG LLP remained as the external auditor for the financial year ended 30 November 2020.

There are no contractual obligations restricting the Group's choice of external auditor, other than PriceWaterhouseCoopers LLP (who were not independent as a result of working on RM's ERP programme).

The Audit Committee were comfortable that the current audit partner from KPMG and the proposed audit partner from Deloitte are independent from the Group. This assessment is based on internal review of relations and confirmation by the audit firms themselves.

OVERSIGHT OF EXTERNAL AUDIT

The Audit Committee has reviewed the scope and results of the audit services, and the cost effectiveness and independence and objectivity of the external auditor. This includes discussions with the external auditor in relation to areas of key focus and ensuring that the external auditor challenges management appropriately, in particular in relation to matters that require judgement to be exercised. Separately, the external auditor briefs the Committee on new developments that may affect the Company to help ensure that the Company is suitably prepared and up-to-date with all new and forthcoming accounting developments and disclosures.

INTERNAL AUDIT

The Audit Committee approved the continuation of RM's Group Financial Controller as Head of Internal Audit (Jo Bridgman, Group Financial Controller). For the purposes of this role, the Group Financial Controller reported directly to the Chairman of the Audit Committee. The Audit Committee, with the advice and support of the Head of Internal Audit, sets an internal audit plan, focussed on financial controls and risk areas. The financial controls include controls to address fraud risks (and there have been no material fraud instances during the year). The Head of Internal Audit reports on progress against this plan at Audit Committee meetings.

Internal audit activities are undertaken on a peer-to-peer basis, or by contracting a suitably qualified third party firm of accountants. The external auditor does not rely on internal audit to substitute any audit work required to form their opinion on the financial statements.

Whilst on-site internal audit activities have been reduced due to COVID-19 pandemic impacts, we have continued routine audits that review adherence to our agreed controls and processes in our India subsidiary and have completed audits of our RM Resources inventory and procurement processes, both performed by external audit firms.

POLICY ON NON-AUDIT WORK

The Audit Committee has considered the issue of the provision of non-audit work by the external auditor and has agreed a policy intended to ensure that the objectivity of the external auditor is not compromised. The policy sets a limit for fees for non-audit work and states that non-audit work should only be undertaken by the external auditor where there is a clear commercial benefit to the Company in doing so. Any significant activity must be approved, in advance, by at least two Audit Committee members.

The Audit Committee's policy is to include a cap on fees for non-audit work of 25% of the annual audit fee. This fee incorporates a review of the Group's interim results. In exceptional circumstances it may be appropriate for the auditor to carry out non-audit work in excess of this cap. If this is the case the type of work and the fee is considered very carefully by the Audit Committee in advance of appointing the auditor to the work.

Fees for non-audit work in the period were 6.3% of the annual audit fee, which relates to the Banking Facility Covenant Compliance review and the Interim Review. These activities are required to be performed by the auditor.

INTERNAL CONTROL

Control environment

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority to Executive management. A Group-wide approval matrix is in place. Individuals are made aware of their level of authority and their budgetary responsibility which enables them to identify and monitor financial performance. There are established policies and procedures, which are subject to regular review. The Boards of the operating companies work within terms of reference and any matters outside those terms or the agreed business plan are referred to the Group Board for approval.

Identification and evaluation of business risks and control objectives

The Board has the primary responsibility for identifying the principal business risks facing the Group and developing appropriate policies to manage those risks. It delegates responsibility for operational risks to the Executive Committee which meets monthly. Further details in relation to the processes for identifying and managing Group risks are set out in the Strategic Report and Corporate Governance Report.

Public reporting

The Audit Committee reviews and comments upon both the Group's annual and interim results prepared by management, together with any other trading statements that are issued.

Management information

Executive managers are required to produce a budget for approval at the beginning of each financial year and detailed financial reporting is formally compiled monthly and reviewed by the Board. Consolidated management accounts are produced each month and results measured against budget and against the previous year to identify any significant variances. Forecasts are produced each month during the year, with variances to budget being measured.

Main control procedures

The existing finance systems and procedures allow the Board to derive confidence in the completeness and accuracy of the recording of financial transactions. The processes in place and the level of analytical detail given within the management accounts facilitate the identification of unreliable data. The Group's treasury activities are operated within a defined policy designed to control the Group's cash and to minimise its exposure to foreign exchange and liquidity risk.

Monitoring

The Audit Committee meets periodically to review reports from management and the external auditor so as to derive reasonable assurance on behalf of the Board that financial control procedures are in place and operate effectively. An internal audit plan is set with the Audit Committee and updates on progress are provided periodically. The internal audit work is performed on a peer-to-peer review basis or by engaging a third party firm of accountants and is directed by a qualified accountant who is independent of the business divisions.

'WHISTLEBLOWING' POLICY

The Group has adopted a formal 'whistleblowing' policy, which allows staff to raise concerns anonymously about possible improprieties. No concerns were raised during the year. Any matters raised would be independently investigated and any actions required followed-up and reported to the Board.

ANTI-BRIBERY

RM conducts all its business in an honest and ethical manner and seeks to ensure that all associates and business partners do the same.

The Bribery Act 2010 sets clear standards of behaviour, which govern the Group's operations. The Group has implemented policies and procedures to ensure that it is transparent and ethical in all business dealings. The Group has an anti-corruption and anti-bribery policy which sets out the legal standards the Group enforces as part of its ongoing commitment to implement adequate procedures to guard against illegal practices. Staff certification of compliance with the policy is regularly reported to the Committee.

STATEMENT OF RISKS

As with any business, RM is exposed to risks as an inherent part of creating value for shareholders. As described above, the Group has put in place processes designed to identify these principal risks and to manage and mitigate the effect of them. The Audit Committee is responsible for ensuring that risks are properly considered and the Board is responsible for deciding what risks should be taken and how best to manage and mitigate the risks.

The Audit Committee is satisfied that the Group's risk management and internal control processes are appropriate to the business and Executive management has identified and addressed the principal risks affecting RM.

The most significant risks the Group is exposed to are set out in the Strategic Report.

Paul Dean
Chairman, Audit Committee
11 February 2021

REMUNERATION REPORT

PART A - INTRODUCTION

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 November 2020.

This report is divided into the following three sections:

Part A – Introduction
Part B – Remuneration Policy
Part C – Implementation Report

The introduction in Part A provides an overview of the report, the functioning and membership of the Remuneration Committee, key decisions taken during the year and the remuneration outcomes for the year ended 30 November 2020.

1. THE REMUNERATION COMMITTEE

The Committee operates under terms of reference approved by the Board with the purposes of determining, on behalf of the Board and shareholders, the policy on Executive Director remuneration and setting the remuneration of the Chairman, Executive Directors and Executive. The Committee receives regular updates on remuneration and related policies across the Group and is aware of how the remuneration of Directors compares to other employees. In particular, the Committee keeps under review incentive plans to ensure these plans are structured appropriately and are consistent.

During the year, the Committee reviewed its own terms of reference to determine whether its responsibilities were properly described. The amended terms were formally updated on 23 October 2020. The Committee's terms of reference can be found on the Group's website at www.rmplc.com.

2. MEMBERSHIP OF THE COMMITTEE

The membership of the Remuneration Committee during the year ended 30 November 2020 comprised Patrick Martell (Chairman), Andy Blundell, Paul Dean, Vicky Griffiths, Deena Mattar and John Poulter, at such times as they were members of the Board. The members of the Committee comprise the independent Non-Executive Directors and the Chairman of the Board. The Chief Executive Officer and Chief Financial Officer may be invited to attend the Committee's meetings but are not involved in deciding their own remuneration.

3. MAJOR DECISIONS ON DIRECTORS' REMUNERATION

During the year, the following key matters and decisions were considered by the Committee:

- Agreement of the bonuses payable in respect of the financial year ended 30 November 2019; although the target was met, after considering the bonuses to be paid to the workforce, the Executive Directors were awarded a reduced bonus of 45% of base salary.
- Approval of the Remuneration Report for the year ended 30 November 2019.
- The grant of LTIP awards to senior executives in March 2020.
- Workforce remuneration was considered in setting Executive Director remuneration in January 2020 and no pay increases were awarded to Executive Directors, in line with the wider workforce.
- David Brooks tendered his resignation in 2020 and is accordingly treated as a Voluntary Leaver for the purposes of the termination policy in the Remuneration Policy and no payments for loss of office are being made.

4. PROPOSED NEW REMUNERATION POLICY

The Committee reviewed the existing Remuneration Policy which was last voted on at the 2018 Annual General Meeting. In doing so the Committee addressed the matters set out in provision 40 of the Code, see paragraph 1 of the Remuneration Policy, and current best practice. The Committee also considered the impact of the COVID-19 pandemic and the difficulty this has created in setting long-term performance measures.

The views of the workforce on Executive Director remuneration were not expressly sought but employees were kept updated on the salary/fee sacrifice of the Board and Executive during the COVID-19 pandemic and remuneration generally. The Committee considered investor feedback and the overwhelming support for the Remuneration Report in the voting results at the Annual General Meeting and the Remuneration Policy when it was last voted on. Voting figures are in paragraph 9 of Part C of this report.

No remuneration consultants were engaged during the year. Benchmarking data on Executive Remuneration in the FTSE SmallCap market data provided by a specialist executive remuneration consultancy was reviewed and the Company is broadly aligned with the lower quartile for FTSE SmallCap companies; no fees were paid for such data and the consultants do not have any other connection with the Company or individual Directors. The Committee is satisfied the data is objective and independent.

The Committee considered workforce remuneration and policies in its review of the current Remuneration Policy and their alignment with rewards and incentives offered in Executive Director remuneration. Benefits and pension entitlements are the same for Executive Directors as for the majority of the workforce and the Committee reviewed various internal measures including pay ratios and pay gaps in reviewing salaries and variable pay.

The policy was therefore considered to be appropriate and operating as expected; supporting the Company's strategy and long-term goals. The main proposed changes to the new policy are set out in paragraph 1 of the Remuneration Policy and have been made to comply with the Code.

5. REMUNERATION OUTCOMES FOR THE YEAR

The key remuneration outcomes during or in relation to the year ended 30 November 2020 were as follows:

- On 11 March 2020, the LTIP award granted in March 2017 vested in full. The vesting of that award was subject to performance measures set out in paragraph 1 of Part C of this report.
- LTIP awards granted on 16 March 2020 were based on the share price before the impact of the COVID-19 pandemic. No adjustment has been made for the smaller number of options awarded at the higher share price.
- The Board members and Executive Committee members agreed to take a salary/fee reduction of 25% and 20% respectively for 6 months from April 2020 to September 2020 in support of actions by the Company to conserve cash.
- No performance targets have been altered during the year due to the impact on trading of the COVID-19 pandemic.
- No pay rises were awarded to Executive Directors for the year ended 30 November 2020. The average pay rise across the wider workforce was 1.6%.
- No bonus was due to Executive Directors for the year ended 30 November 2020, a discretionary bonus of up to 1% has been paid to the wider workforce.

During the period, neither the Chief Executive Officer nor the Chief Financial Officer held any Non-Executive positions with other companies.

The Committee considers that the overall pay outcome for the year ended 30 November 2020 is justified given the overall performance of the business, in the context of the impact of the COVID-19 pandemic, and the performance of the Executive Directors.

Patrick Martell
Chairman, Remuneration Committee
11 February 2021

PART B – REMUNERATION POLICY

This new Remuneration Policy shall become effective immediately following the 2021 Annual General Meeting, subject to its approval at that meeting.

1. GENERAL OBJECTIVES

The Remuneration Committee is responsible for the remuneration of the Directors and oversight of the remuneration arrangements for senior employees across the Group.

RM's Remuneration Policy is designed to support the strategy and promote the long-term success of the Company. The policy is designed to attract, retain and motivate Directors and senior employees, both to achieve the Group's business objectives and to deliver sustained shareholder returns, while also being conscious of the wider climate in relation to executive pay. This includes the perceptions of a range of stakeholders, such as the wider workforce, customers and external commentators and workforce remuneration. The Chairman of the Remuneration Committee is available to discuss remuneration with shareholders as required. The policy should ensure that the payments made to Executives reflect their performance, are not excessive and are aligned with the purpose and values of the Company.

Under these arrangements, the variable component of the remuneration package is designed to be predictable, proportionate and focused on performance. These incentive arrangements enable Executive Directors and senior employees to have the opportunity to earn higher levels of reward if they enhance shareholder returns by meeting the Group's short-term and long-term targets. The Remuneration Policy therefore seeks to ensure that Executive Directors and senior employees are focused on the achievement of key Company objectives. The Committee is satisfied that this model provides appropriate alignment with shareholder interests and therefore acts as an appropriate motivator.

The Committee, together with the entire Board, recognises the need for investment in the long-term future of the Company, not just performance in any single year. Since such measures are difficult to quantify, the Committee retains the discretion to adjust annual bonus payments and/or LTIPs to ensure that the balance of incentives is maintained between short-term performance and longer-term investment, provided that, if any discretion is exercised, all payments remain subject to the limits and other constraints set out in this policy.

The Committee has reviewed the level of risk inherent in the Remuneration Policy and is satisfied that there is an appropriate balance between encouraging entrepreneurial behaviour from Executive Directors and senior employees, and ensuring that there are no areas of the policy which encourage undue risk-taking. In relation to the target setting process and other matters arising in relation to the operation of the annual bonus and long-term incentive plans, the Committee considers that the structure is clear, straightforward and does not encourage excessive risk-taking.

Part A of this report contains information on the decision-making process in respect of the new policy. The main changes to the policy have been made to comply with the Code. These changes are the introduction of a 2 year post-termination minimum shareholding policy for Executive Directors and revision to the circumstances when malus, clawback and discretion may be exercised.

No Director should be involved in deciding their own remuneration. The members of the Remuneration Committee shall not have any personal financial interest in the Company other than through fees received or as a shareholder. Furthermore, they shall not be involved in the day-to-day running of the business and shall have no personal conflict of interest which could materially interfere with the exercise of their independent judgement or discretion.

The engagement of any third party remuneration consultant is the responsibility of the Remuneration Committee and their appointment must be objective and independent.

Section 40 disclosures	
Clarity	The disclosures related to the remuneration and the performance metrics for LTIPs are clear.
Simplicity	Remuneration for Directors and the workforce are simple and well understood.
Risk of excessive reward, proportionality	Bonus and LTIPs awards are linked to performance, have stretching targets with low percentage pay-outs at threshold and are subject to discretion.
Predictability	Maximum opportunities are set out in the policy.
Alignment with Culture	Metrics for awards are closely aligned to strategy. The shareholding policy and holding periods provide a clear link to long-term performance and shareholder alignment.

2. COMPONENTS OF REMUNERATION FOR DIRECTORS

The following table sets out a summary of the various components of remuneration for Executive Directors, their purpose and link to strategy, their operation, the maximum opportunity available and the nature of any applicable performance metrics.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Fixed Pay				
Base Salary	To attract and retain talent by ensuring that salaries are competitive in the market.	Base salaries will be set on appointment at the appropriate level required to fill the role. If there is a probationary period following appointment, the base salary may increase as appropriate following successful completion of that probationary period. Thereafter, base salaries will generally only be increased in line with the increases in pay for the wider workforce (either across single or multiple years), except as justified by other circumstances.	Base salaries will be determined as outlined in the "Operation" column opposite.[1]	None.
Pension[2]	To attract and retain talent by ensuring that remuneration is competitive in the market.	Entitlement is the same as for the majority of the UK workforce within the Group. Cash allowance alternative is offered where individuals are subject to HMRC pension limits (subject to there being the same overall cost to the Group). Pension benefits will not be augmented on exit.	Up to 7% of base salary depending upon level of employee contribution.	None.
Benefits	To attract and retain talent by ensuring that remuneration is competitive in the market.	The benefits are the same as for the majority of employees within the Group and are reviewed periodically to ensure that offerings are in line with market practice. The main benefits are: private healthcare[3], group income protection, life assurance, car allowance, mobile phone allowance, enhanced family leave and sick pay. Other benefits may be added or removed in line with benefits awarded to the majority of employees.[2]	The cost of such benefits varies in accordance with market conditions.	None.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Variable Pay				
Annual Bonus	Provides an element of at risk pay, which incentivises good annual performance.	Members of the Committee keep the performance of the business under continuous review, through regular financial and business reporting and these reviews feed directly into annual and 3-yearly financial and strategic planning. Formal reviews are then conducted to ensure that targets are set that support short-term and long-term business strategy with such targets being intended to: • be stretching but realistic; • reflect expectations of the investor community; • avoid unnecessary risk-taking; and • encourage long-term planning and decision-making. The Remuneration Committee has discretion, where it believes it to be appropriate, to override the formulaic outcome arising from the annual bonus plan.[5] Annual bonuses are subject to malus and clawback provisions (see further overleaf).[5] Annual bonuses are not pensionable.	55% of base salary for on-target performance, with a maximum figure for over-performance of 110% of base salary. At threshold performance, bonuses will be paid at no more than 20% of the maximum opportunity. Any bonuses more than 100% of base salary will be paid in the form of shares that must be held for a minimum of 2 years (on the same basis as LTIP vested shares subject to a holding period).	Performance measures and weightings are set by the Committee at the beginning of each year as outlined in the "Operation" column opposite. Typically, they relate to profit but may be other financial and strategic measures.[4] Details of the specific performance targets will be disclosed retrospectively in the following year's Remuneration Report. If personal targets are set, those targets will be subject to an underpin based on Company performance.
LTIPs	Incentivises Directors to achieve returns for shareholders over a longer time frame.	Awards (nil cost options or share awards) are granted to Executives and senior management typically no more than once per year, with the vesting of awards being based on criteria designed to align with shareholder interests and encourage long-term performance. Where LTIP awards vest, a post-vesting holding period of 2 years will apply (save that Directors may sell sufficient shares on vesting/exercise to satisfy the Income Tax/National Insurance liability that arises). Once LTIPs have vested and been exercised, dividends or dividend equivalents can be paid on the relevant shares. LTIP awards are subject to the Remuneration Committee's discretion, where it believes it to be appropriate, to override the formulaic outcome arising from the LTIP.[5] LTIP awards are subject to malus and clawback provisions (see further below).[5] LTIP awards are not pensionable. LTIP awards vest on a change in control of the Company, subject to assessment by the Committee at the time as to the level of vesting (if any) that is appropriate, considering (among other things) the extent to which the relevant performance targets have been met and how much of the relevant performance period(s) has passed. Awards subject to a holding period shall be released from this.	200% of base salary per annum. At threshold performance, no more than 25% of the award will vest.	Performance measures and weightings are set by the Committee at the date of grant to align with shareholders' interests. These will normally be measured over a 3 year period and may include EPS, TSR and other financial, strategic or shareholder return measures.[4] The vesting period for LTIPs will be a minimum of 3 years. Details of performance targets will be disclosed retrospectively in the Remuneration Report following the year in which LTIPs are granted.[4] All targets will be subject to an underpin based on the underlying performance of the Company.

Notes:

1. There is no maximum base salary or maximum for any of the benefits.
2. Group company RM Education Ltd operates a defined benefit pension scheme. This closed to new members in 2003 and, in respect of current members, closed to future accrual of benefits on 31 October 2012. David Brooks, CEO, has past benefits accrued as at 31 October 2012. His entitlements under that scheme are calculated on the same basis as those of other members. Since 1 November 2012, Mr Brooks has been a member of a defined contribution pension scheme.
3. The CFO is also provided with a private healthcare package for his immediate family.
4. The LTIP performance measures for LTIP awards are set out in paragraphs 2 and 11 of Part C of this report. Details of the expected measures for 2021 are set out in paragraph 8 of Part C.
5. These new provisions apply to bonuses paid and LTIPs granted after the date of this policy's commencement.

The following table sets out a summary of the various components of remuneration for Non-Executive Directors, their purpose and link to strategy, its operation, the maximum opportunity available, the nature of any applicable performance metrics.

Element	Purpose and link to strategy	Operation	Maximum Opportunity	Performance Metrics
Fixed Pay				
Fee	To reward individuals for fulfilling their roles and attract good candidates.	The Committee makes recommendations to the Board on the Chairman's remuneration. The Chairman and the Executive Directors determine the remuneration of Non-Executive Directors. Remuneration data is considered during the process, including fees paid for comparable roles in companies of a similar size and complexity as the Company. The Chairman is paid a single fee. Other Non-Executive Directors are paid an annual fee covering Board and Committee membership, with Committee chairs, the Senior Independent Director and the designated HR representative receiving an additional fee.	The maximum total remuneration payable to a Non-Executive Director including the Chairman is £160,000 per annum.	None.

1. The annual and additional fees for additional responsibilities are paid monthly.
2. Fees were last reviewed during the year ended 30 November 2018 and increased to be more in line with current market rates.
3. Fees are not performance-related but reflect the time commitment and responsibilities of the role.
4. Out-of-pocket expenses (such as travel costs) incurred in performing those duties are reimbursed by the Company.
5. Remuneration for Non-Executive Directors does not include share options or other performance-related elements.

3. SHAREHOLDING POLICY

The Committee has implemented the following shareholding policy for all Executive Directors to further align their interests with those of the Company's shareholders:

1. Within five years of the first opportunity for an LTIP to vest following appointment to the Board, Executive Directors are required to build up, and retain, ordinary shares in the Company equivalent in value to at least 200% of their base annual salary.
2. If Executive Directors do not hold the appropriate level of shares, they may not sell shares other than to satisfy Income Tax/National Insurance liabilities that arise in relation to the vesting / exercise of LTIP awards. In all cases, any such sale will be subject to the normal Listing Rules and Disclosure and Transparency Rules' requirements for directors' dealings.
3. For a one year period after termination of employment, Executive Directors are required to retain ordinary shares in the Company equivalent in value to the lower of 100% of their base annual salary and the Executive Director's actual shareholding on termination of employment. This only applies in respect of shares owned as a result of LTIP awards granted after the implementation of this policy.
4. The Committee has the discretion to waive the above requirements when the Committee considers appropriate.

4. POLICY ON RECRUITMENT

The ongoing remuneration arrangements for a newly recruited or promoted Director will be in accordance with the Remuneration Policy in place at the time of the appointment.

In respect of Executive Directors: the initial base salary will be set to reflect the individual's experience, salary levels within the Company and market levels. There may be a probationary period, following which salary levels may be increased. For external appointments, the Committee may also offer additional cash and/or share-based elements to replace remuneration forfeited, when it considers this to be in the best interests of the Company and its shareholders. The terms of any such payments offered will reflect the nature, time horizons and likelihood of performance requirements being met in respect of remuneration forfeited.

For internal appointments, any commitments made before appointment and not relating to appointment will be allowed to pay out according to their terms. For external and internal appointments, the Committee may agree that the Company will meet certain reasonable relocation expenses as appropriate, provided that these are incurred and claimed within 12 months of appointment.

Whilst the Nomination Committee may hold initial discussions with prospective candidates on remuneration, the Remuneration Committee will formally decide on the remuneration arrangements.

5. MALUS AND CLAWBACK

Malus and clawback provisions are in place, and will continue to be maintained, in relation to the variable, performance-related remuneration of the Executive Directors (annual bonus and LTIPs).

As the payment of annual bonuses are at the discretion of the Committee:

- the malus provisions in force are such that the Committee can reduce the payment of any bonus payment if they consider that there is any reason that makes it appropriate to do so. This includes (without limitation) the circumstances applicable to clawback as outlined below but could also include any other matters that the Committee considers appropriate; and
- the clawback applies where the bonus payment was based on erroneous or misleading data or any misstatement of accounts, misconduct by an Executive Director, or the Group suffers serious reputational damage or corporate failure ('Serious Grounds'). The clawback operates for a period of up to 18 months after the end of the relevant financial year to which the bonus relates, or if longer any holding period.

In respect of each award under the LTIP Schemes:

- the malus applies when there are any Serious Grounds or any other circumstances where, in the reasonable opinion of the Committee, the malus provisions should be operated in relation to that Participant; and
- the clawback applies where there are any Serious Grounds where in the reasonable opinion of the Committee, the clawback should be operated in relation to that Participant. The clawback under the LTIP Scheme operates to the later of (a) one year from the relevant LTIP award vesting and (b) the completion of the next audit of the Group's accounts after the award vests.

6. PAYMENT UNDER PREVIOUS POLICIES

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) under a previous policy, in which case the provisions of that policy shall continue to apply until such payments have been made (ii) before the policy or the relevant legislation came into effect or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. The changes to the malus, clawback and discretion provisions of this policy shall not apply in relation to LTIP and bonus awards made before the adoption of this Remuneration Policy. For these purposes, 'payments' includes the satisfaction of awards of variable remuneration and, in relation to share-based awards, the terms of the payment which are agreed at the time the award is granted.

7. DISCRETIONS

The Remuneration Committee retains discretion with regards to the variable elements of pay (annual bonuses and LTIP awards), in relation to:

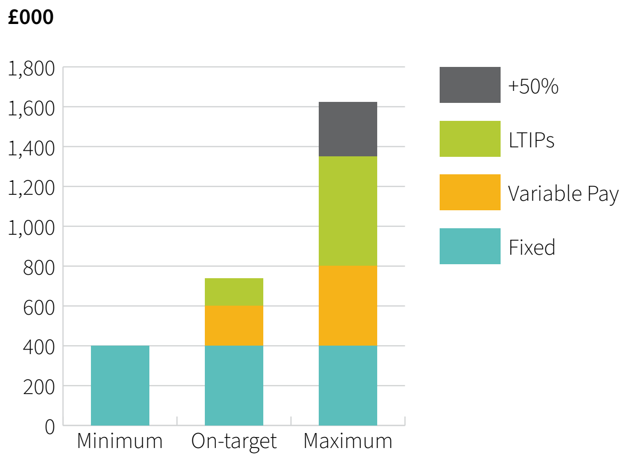
- The timing, size and type of awards and holding periods (subject always to the limits set out in the applicable Remuneration Policy).
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends).
- Adjustment of targets and measures if events occur which cause it to determine that the conditions are no longer appropriate.
- When it believes it is appropriate, overriding the formulaic outcome, either upwards or downwards, applicable to the LTIP or bonus scheme, discretion will only be applied in exceptional circumstances and will be explained to shareholders in the following Remuneration Report.
- Amendments to plan rules in accordance with their terms or as required by law or regulation.

However, the Committee acknowledges the concerns of interested stakeholders that the discretion afforded to remuneration committees in quoted companies should not be too broad or enable the payment of inappropriate or excessive amounts, especially where payments to Executive Directors are not aligned with the expectations of shareholders.

8. ILLUSTRATION OF REMUNERATION POLICY

The graphs below provide estimates of the potential future reward for each of the Executive Directors based on their current roles, the Remuneration Policy outlined above and base salaries as at 1 February 2021. However, it is noted that the illustrations show maximum LTIP awards at 150% of base salary, whereas the typical value of LTIP awards is lower (e.g. as is shown in Part C of this Remuneration Report, the value of the last LTIP awards made were 59% of base salary for David Brooks and 60% of base salary for Neil Martin). The illustrations for LTIP awards assume (i) the position that there is no change in share price between the date of grant of an award and the date of vesting and (ii) the effect of a 50% increase in the share price over this period.

Chief Executive Officer

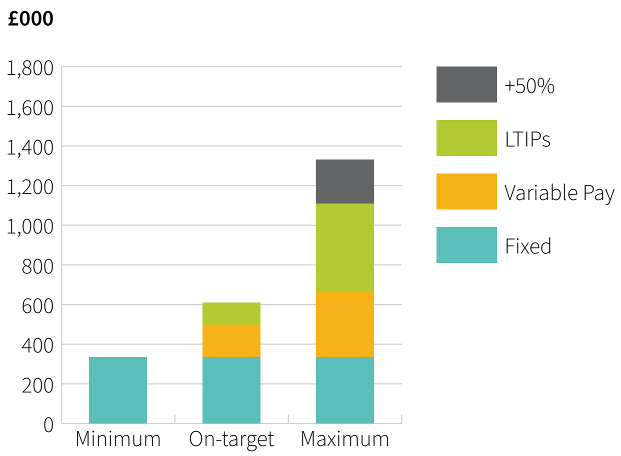


	Base	Benefits	Pension	Total
Minimum (£000)	365	11	24	400
On-target	On-target is assumed to be an annual bonus equal to 55% (on target) of base salary and an LTIP vesting of 25% (threshold) of maximum			738
Maximum	Full pay-out of annual variable pay i.e., 110% of base salary Maximum vesting of LTIP awards			1,349
Maximum +50% share price growth	As above for maximum plus 50% share price growth over the performance period			1,623

The respective proportions for the fixed, variable and LTIP components are:

Minimum: 100% fixed pay. **On-target:** 54% fixed pay, 27% variable pay & 19% LTIPs. **Maximum:** 30% fixed pay, 30%, variable pay & 40% LTIPs.
Maximum with 50% share price growth: 25% fixed pay, 25% variable pay & 50% LTIPs.

Chief Financial Officer



	Base	Benefits	Pension	Total
Minimum (£000)	298	15	21	334
On-target	On-target is assumed to be an annual bonus equal to 55% (on target) of base salary and an LTIP vesting of 25% (threshold) of maximum			610
Maximum	Full pay-out of annual variable pay i.e., 110% of base salary Maximum vesting of LTIP awards			1,109
Maximum +50% share price growth	As above for maximum plus 50% share price growth over the performance period			1,332

The respective proportions for the fixed, variable and LTIP components are:

Minimum: 100% fixed pay. **On-target:** 55% fixed pay, 27% variable pay & 18% LTIPs. **Maximum:** 30% fixed pay, 30%, variable pay & 40% LTIPs.
Maximum with 50% share price growth: 25% fixed pay, 25% variable pay & 50% LTIPs.

9. COMPARISON OF REMUNERATION POLICY

This policy sets out the remuneration structure applicable to Directors of the Company. Salary levels and incentive arrangements applicable to other Group employees are determined by reference to local employment conditions for comparative roles.

Budgeted salary increases for Group employees are taken into consideration when determining increases for the Executive Directors and base salaries for Executive Directors will generally only be increased in line with the increases in pay for the wider workforce (either across single or multiple years), except as justified by other circumstances.

Employees are provided with a competitive benefits package including (as appropriate) private healthcare, group income protection, life assurance, car allowance and mobile phone allowance. Pension contributions of up to 7% of base salary depending on employee contribution rates are provided for the majority of UK employees. These are the same benefits as those provided to Executive Directors.

The closure to future accrual of benefits of RM Education Ltd's defined benefit pension scheme in October 2012 applied equally to all employees, including Directors.

Consistent with Directors, the majority of employees are eligible to participate in an annual bonus scheme with conditions linked to the performance of their operating subsidiary and the Group overall.

Members of senior management participate in long-term incentive arrangements based on the same performance measures as the Executive Directors.

10. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

The policy in relation to Executive Directors' service contracts is for them to contain a maximum notice period of 12 months. Each service contract is subject to earlier termination for cause. In exceptional circumstances, a longer notice period initially, reducing down to 12 months, to secure the appointment of an external recruitment may be agreed.

Details of the Directors' service contracts and/or letters of appointment who served for all or part of the year ended 30 November 2020 are shown in the table below:

	Initial agreement date	Expiry date of current agreement	Notice to be given by employer and individual
John Poulter	1 May 2013	30 April 2022	6 months
Andy Blundell	25 May 2017	24 May 2020	3 months
David Brooks	1 July 2012	Indefinite	12 months
Paul Dean	4 February 2020	3 February 2023	3 months
Vicky Griffiths	1 July 2020	30 June 2023	3 months
Neil Martin	28 September 2015	Indefinite	12 months
Patrick Martell	1 January 2014	31 December 2022	3 months
Deena Mattar	1 June 2011	31 July 2020	3 months

11. POLICY ON TERMINATION

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at each Annual General Meeting. Notice periods are as set out in paragraph 10 above. No compensation is payable on termination, other than any accrued fees and expenses.

The table below sets out the Company's policy on termination for Executive Directors. This policy is consistent with provisions relating to termination of employment in the Executive Directors' service agreements and with provisions in the incentive plan rules.

	'Good Leaver'	Voluntary Resignation	'Bad Leaver'
Circumstances of departure	Typical reasons include retirement, redundancy, death, ill health, injury, disability or as defined by the Committee. Where departure is on mutually agreed terms, the Committee may treat the departing executive as a 'Good Leaver' in terms of one or more elements of remuneration. The Committee will use this discretion judiciously and, if exercised, details will be disclosed in the following year's Remuneration Report.		Typically termination for cause.
Salary and benefits for notice period	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or garden leave period. The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any notice period, make a series of monthly payments based on salary and benefits (or make a lump-sum payment based on salary only).	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or garden leave period. The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any notice period, make a series of monthly payments based on salary and benefits (or make a lump-sum payment based on salary only).	Immediate termination with no notice period.
Bonus accrued prior to termination	A time pro-rated bonus award may be made by the Company, with the Committee's approval. Any bonus award that is held as shares that are subject only to a holding period will be released in full to the Executive at the end of the holding period.	No accrued bonus is payable. Any bonus award that is held as shares that are subject only to a holding period will be released in full to the Executive at the end of the holding period.	No accrued bonus is payable.

	'Good Leaver'	Voluntary Resignation	'Bad Leaver'
Unvested LTIP awards	*Normal circumstances* LTIP awards may vest subject to the performance condition at the end of the normal performance period and, if applicable, released at the end of the holding period. All awards will be time pro-rated. *Exceptional circumstances (e.g. death or other compassionate grounds).* LTIP awards may be released on departure, subject to assessment of the performance conditions at that time. All awards will be time pro-rated.	Forfeited.	Forfeited.
Vested LTIP awards subject to a holding period	*Normal circumstances* Vested LTIP awards that are subject only to a holding period will be released in full to the Executive at the end of the holding period. *Exceptional circumstances (e.g. death or other compassionate grounds).* Vested LTIP awards subject to a holding period may be released on departure.	Awards will be released to the Executive at the end of the holding period.	Forfeited.
Other	Limited disbursements (e.g. legal costs, relocation costs, untaken holiday, expenses, outplacement support).	None.	None.

The Committee reserves the right to make additional exit payments to an Executive Director where such payments are made in good faith to discharge an existing legal obligation (or by way of damages for breach of an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of office or employment.

PART C – IMPLEMENTATION REPORT

1. DIRECTORS' REMUNERATION – SINGLE FIGURE OF REMUNERATION

The tables below set out a single figure of remuneration for each of the Directors in respect of the year ended 30 November 2020 and, in respect of those Directors, the equivalent figures for the year ended 30 November 2019:

	Salary/fees £000		Taxable benefits £000		Annual bonus £000		LTIPs (vested) £000		Retirement benefits £000		Termination payments £000		Total £000		Total Fixed £000		Total Variable £000	
Name	**2020[2]**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Executive																		
David Brooks	**319[1]**	358[1]	**11**	11	**-**	161	**438**	-	**24[1]**	23[1]	**-**	-	**792**	553	**354**	392	**438**	161
Neil Martin	**261[1]**	297[1]	**15**	15	**-**	134	**400**	-	**21[1]**	21[1]	**-**	-	**697**	467	**297**	333	**400**	134
Non-Executive																		
John Poulter	**118**	135	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**118**	135	**118**	135	**-**	-
Andy Blundell[3]	**15**	40	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**15**	40	**15**	40	**-**	-
Paul Dean[3]	**32**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**32**	-	**32**	-	**-**	-
Vicky Griffiths[3]	**14**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**14**	-	**14**	-	**-**	-
Patrick Martell[4]	**42**	44	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**42**	44	**42**	44	**-**	-
Deena Mattar[3]	**26**	49	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**26**	49	**26**	49	**-**	-
Total	**827**	923	**26**	26	**0**	295	**838**	0	**45**	44	**0**	0	**1,736**	1,288	**898**	993	**838**	295

Notes:

1. The section below headed "Retirement Benefits" explains how those benefits have been calculated and presented in the above tables.
2. The Board members agreed to take a salary/fee reduction of 25% for 6 months from April 2020 to September 2020 and the salary/fees figures above show the reduced amount paid in 2020.
3. The fees shown are a pro-rata proportion of the fee for Directors who have stepped down or been appointed during the year.
4. Includes a pro-rata proportion of the fee for the role as designated NED for HR.
5. The table has been audited.

The following provides details of how the 'single figure' has been calculated:

Taxable benefits:

These comprise the benefits noted in Part B above other than retirement related benefits. The figure included in the above table in respect of such benefits is calculated based on the taxable value of such benefits.

Annual bonus:

At the start of the year, the Committee decided that on-target bonuses for the year ending 30 November 2020 for Executive Directors would be based upon the Company achieving an adjusted profit before tax in the year of £27.8m with a threshold of £26.6m, subject to the Committee being satisfied as to the long-term underlying performance of the business. In particular, the Committee would not reward achievement against target if it was as a result of an abnormal or unplanned level of movement in work-in-progress or as a result of exceptional items.

The Committee considered the Company's performance relative to that target. Group operating profit before tax was £14.4m. In light of that performance, the Committee determined that no bonus would be due.

As noted above, any annual bonuses are subject to the Committee being satisfied that the achievement of annual targets is not at the expense of the underlying long-term performance or position of the Company. The Committee was satisfied that this was the case.

LTIPs:

LTIP awards that vested in 2020

On 11 March 2020, the award granted to David Brooks and Neil Martin under the PSP Scheme in March 2017 vested in full, reflecting the extent to which the performance criteria were met. Each performance criteria was equal to 50% of the award. The performance criteria was based on (1) the Company's relative TSR performance measured from the average of the FTSE SmallCap (ex. Investment Trusts) Index during January and February 2017 to the average of the Index during January and February 2020. The Company's performance placed it at the 86th percentile. Vesting was based on a straight-line scale between 25% vesting at the 50th percentile and 100% vesting at the 75th percentile (or above); and (2) the Company's growth in adjusted earnings per share (EPS) between the year ended 30 November 2016 and the year ended 30 November 2019. Vesting was based on a sliding scale between a compound annual growth rate (CAGR) in EPS of 7.5% pa (25%) and a CAGR in EPS of 17.5% pa (100%), namely 21.7 pence and 28.2 pence respectively. The earnings per share criteria. As the accounting basis in FY17 was different from the accounting basis in FY19 in respect of two areas (Share Based Payments (SBP) and IFRS 15), in order to make the FY19 EPS consistent with calculations at the time of the award, the following adjustments were made: (1) the pre-tax SBP charges of £0.7m were added to FY19 figures (they were previously treated as exceptional); (2) the tax rate of 19% was used (as the rate applicable to SBP to determine the tax adjustment of SBP), and (3) the post-tax IFRS 15 profit adjustment of £1.243m was added. This adjusted the EPS from 26.4 pence to 28.57 pence.

Based on the above performance criteria, all the award vested and no discretion was exercised.

As such, 175,000 Options vested for David Brooks and 160,000 Options vested for Neil Martin. Based on the share price as at the date of vesting (250 pence), the value of the award at that date for David Brooks was £437,500 and for Neil Martin was £400,000. While that figure is shown in the table above, neither Mr Brooks nor Mr Martin have exercised those Options and so have not actually realised that value. The actual value each will receive will depend upon the value of those Options as at the date they are exercised. Those Options are exercisable until 29 October 2027.

Compared to the share price used to calculate the number of shares granted (185 pence), this represents a 35% share price increase since the grant date to the end of the performance period. The Committee is satisfied that the implied values vesting to Executive Directors and the overall single figures of remuneration for the year are appropriate taking into account the performance of the Company. No discretion has therefore been exercised for the change in share price. The amount of the award attributable to share price appreciation for David Brooks is £113,750 and for Neil Martin is £104,000. No cash dividend payment is due on vesting.

LTIP awards that vest in 2021

The LTIP award granted to Neil Martin in March 2018 will vest in March 2021. The targets for this award are set out in paragraph 11 of this Part C. The EPS target will not be met and no options will vest for this part of the award. The TSR target cannot be determined yet but is currently expected to partially vest. Details of the amount that vest will be contained in the Remuneration Report next year. The award granted to David Brooks in March 2018 was forfeited when he resigned.

Past Directors:

There were no payments made to past Directors in the year.

Retirement benefits:

David Brooks and Neil Martin are both members of a defined contribution pension scheme operated by RM Education Ltd. The Group would ordinarily make a contribution to that scheme of 7% of base salary (the same as for other employees). However, due to HMRC limits, the amount paid into the scheme for David Brooks and Neil Martin is lower, with the balance paid instead as a non-pensionable cash allowance. To make the figures in the above tables more meaningful, the 'Retirement Benefits' are stated prior to those adjustments.

David Brooks is also a member of RM Education Ltd's defined benefit pension scheme which closed to future accrual with effect from 31 October 2012. During the year, the increase in Mr Brooks' accrued pension under that scheme was nil. The transfer value of accrued benefits under that scheme as at 30 November 2020 was £1,092,977 (2019: £1,010,010). Mr Brooks' normal retirement age is 60.

Termination payments:

There were no termination payments in the year.

2. DIRECTORS' LONG-TERM INCENTIVE PLANS

During the year ended 30 November 2020, the following long-term incentive awards were made.[1]

Name	Type of share award	Grant date	Face value of award £000	Percentage that would vest at threshold performance	Maximum percentage of the face value where this is more than the face value	The end of the period over which the performance conditions have to be fulfilled	A summary of performance targets and measures
David Brooks[2]	Nil cost Option[1]	16 March 2020	215[3]	12.5% for EPS element 12.5% for TSR element	n/a	February 2023	50% on EPS performance[4] 50% on relative TSR performance[5]
Neil Martin	Nil cost Option[1]	16 March 2020	180[3]	12.5% for EPS element 12.5% for TSR element	n/a	February 2023	50% on EPS performance[4] 50% on relative TSR performance[5]

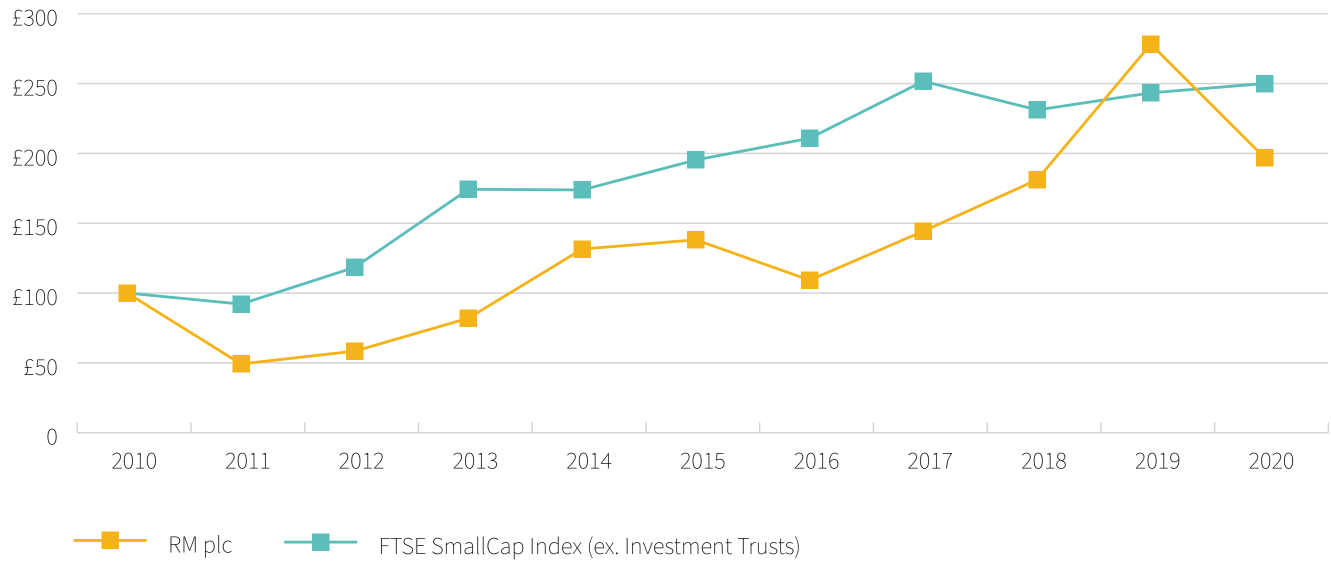
Notes:

1. Awards granted under the PSP Scheme.
2. The awards granted to David Brooks in March 2020 were forfeited when he resigned.
3. The face value of the award has been calculated by multiplying the maximum number of shares in the award (125,000 shares for David Brooks and 105,000 shares for Neil Martin) by the share price on the date of grant of the award (171.5 pence). The exercise price per share of £0.00.
4. Fifty percent of the award is based on the Company's growth in adjusted earnings per share (EPS) between the year ended 30 November 2019 and the year ended 30 November 2022. Vesting will occur on a sliding scale between a compound annual growth rate (CAGR) in EPS of 5% pa (25%) and a CAGR in EPS of 15% pa (100%), namely 30.8 pence and 40.5 pence respectively.
5. Fifty percent of the award is based on the Company's relative TSR performance for the period from January/February 2020 to January/February 2023. The Company's TSR performance shall be measured against the TSR performance of the companies within the FTSE SmallCap (ex. Investment Trusts) Index ('Comparator Group') over the above period and must be at least at the median of a ranking of the TSR of each of the members of the Comparator Group. Vesting will occur on a sliding scale between median (25%) and upper quartile (100%).
6. This table has been audited.

3. PERFORMANCE GRAPH

The following graph shows the value, by 29 November 2020, of £100 invested in RM plc on 30 November 2010 compared with the value of £100 invested in the FTSE SmallCap (ex. Investment Trusts) Index on the same date. The reason for selecting that index is that this is the one that is most closely aligned to the market capitalisation and relative position of the Company. The other points plotted are the values at intervening financial year ends.

Total Shareholder Return



4. HISTORY OF CHIEF EXECUTIVE OFFICER PAY

The table below sets out details of:

- The total pay for each of the persons who have performed the role of Chief Executive for the current year and the preceding nine financial years. The 'single figure' is calculated using the same methodology as that used for the "Single Figure of Remuneration" table in paragraph 1 above.
- The pay-out of incentive awards as a proportion of the maximum opportunity for the period.

	2011[1]	2012[2]	2013[3]	2014	2015	2016	2017	2018	2019	**2020**
Single figure (£000)	426	286	379	576	1,246	655	713	982	553	**792**
Annual variable element award rates against maximum opportunity	0%	0%	58%[4]	75%	50%	45%	73%	64%	41%	**0%**
Long-term incentive vesting rates against maximum opportunity	0%	0%	0%	0%	91%	100%	36%	100%	N/A[5]	**100%**

Notes:

1. Terry Sweeney to 24 October 2011 (single figure: £369,000).
Rob Sirs from 25 October 2011 to 30 November 2011 (single figure: £57,000).
2. Rob Sirs from 1 December 2011 to 31 January 2012 (single figure: £49,000).
Martyn Ratcliffe from 1 February 2012 to 30 November 2012 (single figure: £237,000).
3. Martyn Ratcliffe from 1 December 2012 to 28 February 2013 (single figure: £52,000).
David Brooks from 1 March 2013 (single figure: £327,000).
Figures pro-rated to reflect the period during which Mr Ratcliffe and Mr Brooks respectively fulfilled the role of Chief Executive Officer.
4. Relates to David Brooks only. Martyn Ratcliffe had no annual variable remuneration.
5. During the year none of the Group's LTIPs were due to vest.

5. RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out, in respect of the year ended 30 November 2020 and the immediately preceding financial year, the total remuneration paid to all employees as compared to other significant distributions and payments.

	2020 £m	2019 £m
Total remuneration to employees[1]	**60.7**	67.2
Total remuneration to Directors	**0.9**	1.3
Dividends paid	**Nil**	6.3
Corporation tax paid	**2.6**	3.6
Defined benefit pension cash contribution	**4.1**	4.6

Notes:

1. Excludes remuneration paid to Directors.

6. PERCENTAGE CHANGE IN REMUNERATION OF DIRECTORS

The following table sets out the percentage change for the following elements of remuneration paid to Directors and UK employees during the year ended 30 November 2020.

Remuneration	UK Employees	CEO	CFO	Other Directors
Salary/fees	2.03%	0%	0%	0%
Taxable benefits	2.01%	-0.81%	-0.47%	N/A
Annual bonus	-34.02%	-100%	-100%	N/A

Notes:

1. The comparator group for changes in base salary, benefits and bonus on a full-time equivalent basis comprises all the Group's employees in the UK (excluding Directors).
2. The elements of remuneration have been calculated in the same way as the single figure of remuneration. The mean average has been used.
3. Salary sacrifices by the Executive Directors due to COVID-19 pandemic have been ignored for the purposes of this table.
4. Bonus includes annual bonus and commission only and not any other non-performance related payments made to employees (e.g. Christmas bonuses, long service awards). Bonuses in this paragraph 6 relate to those actually paid in respect of the year ended 30 November 2020.

7. CEO PAY RATIO

The following table sets out the CEO pay ratios for the year ended 30 November 2020. This compares the Chief Executive Officer's total remuneration (as shown above in paragraph 1 of this Part C) with the equivalent remuneration for the employees paid at the 25th (P25), 50th (P50) and 75th (P75) percentile of RM's UK workforce. The total remuneration for each quartile employee, and the salary component within this, is also outlined in the table below.

Our median for all employee to CEO pay ratio is 10.7:1 which the Committee considers is within a reasonable range considering the structure and nature of our business. A large proportion of the CEO's pay is in the form of variable pay through the annual bonus and long-term incentive plan which link to and are therefore impacted by business performance.

For the year ending 30 November 2020, due to COVID-19, the CEO's single figure has been impacted by a voluntary pay reduction of 25% for 6 months and reduced variable pay due to business performance.

Year	Method	25th Percentile Pay Ratio	Median Pay Ratio	75th Percentile Pay Ratio
2020	A	14.9:1	10.7:1	7.1:1

The table below provides further information on the total remuneration figure used for each quartile employee, and the salary component within this.

Year		25th Percentile	Median	75th Percentile
2020	Salary	£22,000	£30,875	£35,000
2020	Total pay	£23,811	£33,164	£50,174

Notes:

1. Option A was chosen as the statistically most accurate calculation. The total remuneration on a full-time equivalent basis as at 30 November 2020 for all UK employees was calculated and employees ranked accordingly.
2. In light of FY20 financial performance, the bonus was set as zero. In future years, the bonus calculation for employees will be estimated based on their full-time equivalent target bonus due to the limited time between the end of the financial year and the publishing of the Annual Report.
3. Full-time equivalent P11D values for benefits such as Private Medical Healthcare have been used for anyone in receipt of the particular benefit as at 30 November 2020.
4. Pension values are not calculated on the same basis as the CEO's figure, but rather based on the employer contribution as a percentage of salary as at 30 November 2020. This approach allows meaningful data for a large group of individuals to be obtained in a more efficient way.
5. The ratio is considered consistent with the roles and responsibilities of the CEO and those of employees.

8. STATEMENT OF IMPLEMENTATION

Salary and fees: Since the start of the financial year, having applied the principles set out in the table above, the Committee has decided not to increase the base salary of David Brooks and Neil Martin or the fees for Non-Executive Directors. The base salary and fees of Directors at the date of this report is:

Executive	£000
David Brooks	365[1]
Neil Martin	298
Non-Executive	
Chairman (including the Chair of Nomination Committee)	135
Senior Independent Director (additional fee)	3
Chair of Committee/Designated NED for HR (additional fee)	4
Non-Executive Director base fee	40

Notes:

1. This is an annual rate. David Brooks will receive his salary up to 31 March 2021.

Benefits and pension benefits: These are expected to remain unchanged, as stated in paragraph 1 above.

Bonus: The structure and operation of the bonus for the year ending 30 November 2021 will be the same as during 2020. The bonus opportunity, as per the Remuneration Policy, will be 55% of base salary expected to be paid for on-target performance, up to a maximum of 110% of base salary.

LTIPs: It is anticipated that, during the year ending 30 November 2021, an award will be made to the new CEO and Neil Martin, under the RM plc Performance Share Plan 2019. Those awards will be of options with an exercise price of £0.00 and the face value of the awards will be c.100% of base salary.

Performance measures for the bonus and LTIPs: The Board have considered performance measures and targets for the bonus and LTIP for the year ending 30 November 2021. Specifically, they have considered performance measures and targets based on those used in recent years. The Board has however decided to delay setting these due to the uncertainties created by the impact of the COVID-19 pandemic. Financial targets will be set when the Board has a clearer view of realistic and stretching targets that satisfy the requirements of the Remuneration Policy. It is the intention of the Board to set these as soon as circumstances permit. These will be disclosed in next year's Annual Report.

9. STATEMENT OF SHAREHOLDER VOTING

Voting at the Annual General Meeting held on 26 March 2020 in respect of the Remuneration Report for the year ended 30 November 2019, and at the Annual General Meeting held on 27 March 2018 in respect of the Remuneration Policy was as follows:

	% of votes in favour	% of votes against	Number of votes withheld
Resolution to approve the Remuneration Policy in 2018	99.98%	0.01%	506,109
Resolution to approve the Remuneration Report in 2020	98.57%	1.43%	1,140

10. DIRECTORS' SHAREHOLDINGS

The beneficial interests of the Directors including connected persons in the ordinary shares of RM plc as at 30 November 2020 were:

	Holding as at 30 November 2020	**Current holding as % of base salary[1]**	**Shareholding policy met[2]**	Holding as at 30 November 2019
John Poulter	**87,500**	**-**	**-**	87,500
David Brooks	**440,878**	**302%**	**Yes**	440,878
Paul Dean	**20,000**	**-**	**-**	-
Vicky Griffiths	**2,900**	**-**	**-**	-
Patrick Martell	**5,000**	**-**	**-**	5,000
Neil Martin	**115,416**	**95%**	**No**	115,416

Notes:

1. Calculated based on the average share price for the period 1 December 2019 to 30 November 2020 (£2.23) and base salaries as at 1 January 2021.
2. The 'Shareholding Policy' is set out in paragraph 3 of Part B of this report.
3. There have been no changes in any of the above shareholdings between 30 November 2020 and the date of this report.

11. DIRECTORS' INTERESTS IN SHARE PLANS

As at 30 November 2020, the Executive Directors had the following interests in the Company's share plans[1]:

PSP Awards[2]

	Date of Grant	No. of Shares/Options	Performance Conditions
David Brooks[3]	-	-	-
Neil Martin	13 March 2018	135,000	See notes 4, 5 and 6
	14 March 2019	122,000	See notes 4, 7 and 8
	16 March 2020	105,000	See notes 4 and 9

Notes:

1. To avoid duplication, and in accordance with Section 17(b)(iii) of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the figures in the above table do not include the shares or share-based awards referred to in paragraph 1 of this Part C or in the table in paragraph 10 of this Part C.
2. Granted under "The RM plc Performance Share Plan 2010" and from 16 March 2020 under the "RM plc Performance Share Plan 2019". All PSP awards are subject to a minimum vesting period of 3 years.
3. The awards granted in 2018, 2019 and 2020 to David Brooks were forfeited when he resigned.
4. The PSP awards granted in 2018, 2019 and 2020 were awards of options, with an exercise price of £0.00 per option. If the options granted in March 2018 vest, they would be exercisable in the period 16 March 2021 to 26 October 2027. If the options granted in March 2019 vest, they would be exercisable in the period 15 March 2022 to 26 October 2027. If the options granted in March 2020 vest, they would be exercisable in the period 15 March 2022 to 14 March 2030.
5. Fifty percent of the award is based on the Company's growth in adjusted earnings per share (EPS) between the year ended 30 November 2017 and the year ended 30 November 2020. Vesting will occur on a sliding scale between a compound annual growth rate (CAGR) in EPS of 7.5% pa (25%) and a CAGR in EPS of 17.5% pa (100%), namely 26.1 pence and 34.1 pence respectively.
6. Fifty percent of the award is based on the Company's relative TSR performance which shall be measured against the average of the TSR performance of the companies within the FTSE SmallCap (ex. Investment Trusts) Index (Comparator Group) during January and February 2018 to the average during January and February 2021 and must be at least at the median of a ranking of the TSR of each of the members of the Comparator Group. Vesting will occur on a sliding scale between 25% vesting at the 50th percentile and 100% vesting at the 75th percentile (or above).
7. Fifty percent of the award is based on the Company's growth in adjusted earnings per share (EPS) between the year ended 30 November 2018 and the year ended 30 November 2021. Vesting will occur on a sliding scale between a compound annual growth rate (CAGR) in EPS of 5% pa (25%) and a CAGR in EPS of 15% pa (100%), namely 30.1 pence and 39.5 pence respectively.
8. Fifty percent of the award is based on the Company's relative TSR performance which shall be measured against the average of the TSR performance of the companies within the FTSE SmallCap (ex. Investment Trusts) Index (Comparator Group) during January and February 2018 to the average during January and February 2021 and must be at least at the median of a ranking of the TSR of each of the members of the Comparator Group. Vesting will occur on a sliding scale between 25% vesting at the 50th percentile and 100% vesting at the 75th percentile (or above).
9. The performance conditions and other information relevant to these awards are set out in paragraph 2 (*Directors' long-term incentive plans*) above.

12. DETAILS OF DIRECTORS' SERVICE CONTRACTS

Relevant information relating to the Service Contracts of the Directors is set out in Part B of this Report.

13. REMUNERATION COMMITTEE DETAILS

Details of the Remuneration Committee and its membership are contained in Part A of this report. No external advice or services have been received during the year. External benchmarking data has been provided by the HR Department and the Company Secretary provides advice to the Nomination and Remuneration Committees on Service Agreements.

14. COMPLIANCE WITH REGULATIONS

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 (as amended). The report also meets the relevant requirements of the Listing Rules of the UK Listing Authority and illustrates how the principles of the UK Corporate Governance Code relating to Directors' remuneration are applied by the Company.

The Group's auditors are required to comment on whether certain parts of the Group's Remuneration Report have been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008. Accordingly, the following paragraphs of this Part C of this report have been audited by KPMG LLP:

- The "Single Figure of Remuneration" table in paragraph 1.
- Total pension entitlements, as described in the notes to paragraph 1.
- Directors' shareholdings, as set out in paragraph 10.
- Directors' interests in share plans, as set out in paragraphs 1, 2 and 11.
- CEO Pay Ratio set out in paragraph 7.

By Order of the Board

Patrick Martell
Chairman, Remuneration Committee
11 February 2021

NOMINATION COMMITTEE REPORT

1. THE NOMINATION COMMITTEE

The Committee operates under terms of reference approved by the Board, with the purposes of:

- Evaluating the balance of skills, experience, knowledge, independence and diversity on the Board, drawing up selection criteria for Board appointments, and identifying and nominating candidates for Board positions.
- Ongoing succession planning and appointment procedures for Board and Executive level appointments.
- Overseeing the development of a diverse pipeline for succession for the Board and Executive.

During the year, the Committee reviewed its own terms of reference to determine whether its responsibilities were properly described. The amended terms were formally updated on 23 October 2020. The Committee's terms of reference can be found on the Group's website at www.rmplc.com.

2. MEMBERSHIP OF THE COMMITTEE

The membership of the Nomination Committee during the year ended 30 November 2020 comprised John Poulter, Patrick Martell and, while they were Non-Executive Directors, Andy Blundell, Deena Mattar, Paul Dean and Vicky Griffiths. The members of the Committee comprise the independent Non-Executive Directors and the Chairman of the Board. The other Directors attend meetings as and when required and by invitation. While the Chairman chairs the Nomination Committee, the Senior Independent Director would do so if the Committee were dealing with the appointment of a new Chairman.

3. MAJOR ACTIVITIES OF THE NOMINATION COMMITTEE

During the year, the following key matters and decisions were considered by the Committee:

- The recommendation for reappointment at the Annual General Meeting of all Directors based on the evaluation of the Board and its Committees.
- The search for replacement Non-Executive Directors for Andy Blundell and Deena Mattar who stood down on 24 May 2020 and 31 July 2020 respectively. All remaining members of the Board were involved in the process.
- Korn Ferry was engaged as an external search consultant for the Non-Executive Director searches and is engaged for the CEO position; they do not have any other connection with the Company or individual Directors (other than in relation to similar previous appointments).
- The nomination of Paul Dean from 4 February 2020 and Vicky Griffiths from 1 July 2020 as Non-Executive Directors after consideration of the skills, experience and knowledge required, the benefits of diversity, and their independence and ability to devote sufficient time to carry out their role.
- The nomination of Paul Dean as Non-Executive Director and Chairman of the Audit Committee, was effective 4 February 2020. Paul brings extensive experience as an Audit Committee Chairman.
- The nomination of Vicky Griffiths as a Non-Executive Director was effective from 1 July 2020. Vicky brings a range of experience across risk management, executive recruitment and the education sector.
- The search for a replacement CEO for David Brooks who will leave the Company on 31 March 2021.
- The review of its succession plans and the selection criteria and appointment procedures for Board and Executive changes to ensure they are based on merit and objective criteria; this included reviewing the Board Diversity Policy (set out in the Corporate Governance Report).
- The review of the gender balance and diversity on the Executive and direct reports, with the purpose of maintaining a diverse pipeline. There is a good gender balance across these roles (see the Workforce section in the Strategic Report for more information).
- The review of the diversity objectives and strategies for the Company (see Strategic Report for further information).
- The approval of this Nomination Report for the year ended 30 November 2020.

John Poulter
Chairman, Nomination Committee
11 February 2021

INDEPENDENT AUDITOR'S REPORT

to the members of RM plc

1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of RM plc ('the Company') for the year ended 30 November 2020 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Balance Sheets, Consolidated and Company Cash Flow Statements, and the related Notes, including the accounting policies in Note 2.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 November 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Directors on 24 March 2011. The period of total uninterrupted engagement is for the ten financial years ended 30 November 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

OVERVIEW

Materiality: Group financial statements as a whole	£0.88m (2019: £1.15m) 4.31% (2019: 4.7%) of normalised profit before tax averaged over 3 years (2019: normalised profit before tax)	
Coverage	94% (2019: 97%) of Group profit before tax	
Key audit matters		**vs 2019**
Recurring risks	RM Results long-term contracts	▲
	Recoverability of parent Company's investment in subsidiaries	◀▶
	New: Pensions obligation	▲
Event driven	**New:** Going concern	▲

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	THE RISK	OUR RESPONSE
RM Results long-term contracts Revenue: £31.6m (2019: £37.7m) Refer to page 42 (Audit Committee Report), page 88 (accounting policy) and page 96 (financial disclosures).	**Accounting judgement:** For long-term contracts, within the RM Results division, the contractual arrangements can be complex with regard to variable consideration and service performance measures. This can involve significant judgements that may impact the recognition of revenue and contract profits including, among others, those over: • The identification of the performance obligations included within the contract; • The combining of goods and services into a single performance obligation; • The allocation of revenue to performance obligations; • The consideration of onerous contract conditions and associated loss provisions; • The estimation of variable consideration relating to the scanning performance obligation. The effect of these matters is that, as part of our risk assessment, we determined that revenue recognised from the long-term contracts within the RM Results division has a high degree of judgement, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. In respect of onerous contract conditions, in conducting our final audit work, we reassessed the potential range of reasonably possible outcomes to be less than that materiality.	Our procedures included: **Control operation:** We tested controls over the allocation of costs to project codes and the approval of those costs which is used in the determination of stand-alone selling price. **Test of details:** We inspected a sample of the long-term contracts based on the magnitude of revenue recognised in the year and risk indicators (such as loss-making contracts, and contracts with material contract fulfilment asset balances). For the contracts selected: • We critically assessed the judgements used in the identification of performance obligations by inspecting the contract to understand the promised goods and services and terms and conditions that underpin the revenue and profit recognition assumptions. • We critically assessed the judgements used in the allocation of revenue to performance obligations, including assessing the stand-alone selling price identified for performance obligations by agreeing to supporting information including third party cost invoices. • We critically assessed the estimation of variable consideration in the scanning performance obligation and the assumptions used in forecasting future exam session volumes by comparing to publicly available information. We performed an assessment of whether differences identified through these procedures, were material. • We inspected material contract variations and assessed whether the variation was an extension of an existing performance obligation or a new performance obligation and assessed how revenue had been recognised for each. **Sensitivity analysis:** We performed sensitivity analysis over the key inputs in the variable consideration calculations, such as script volumes, in order to assess the impact on revenue recognised. **Assessing transparency:** We considered the adequacy of the Group's disclosures about the revenue recognition policies and the key judgements applied. **Our results** The results of our testing were satisfactory and we found the identification of performance obligations, the allocation of revenue to the performance obligations and the estimation of variable consideration to be acceptable (result on 2019 KAM: acceptable).

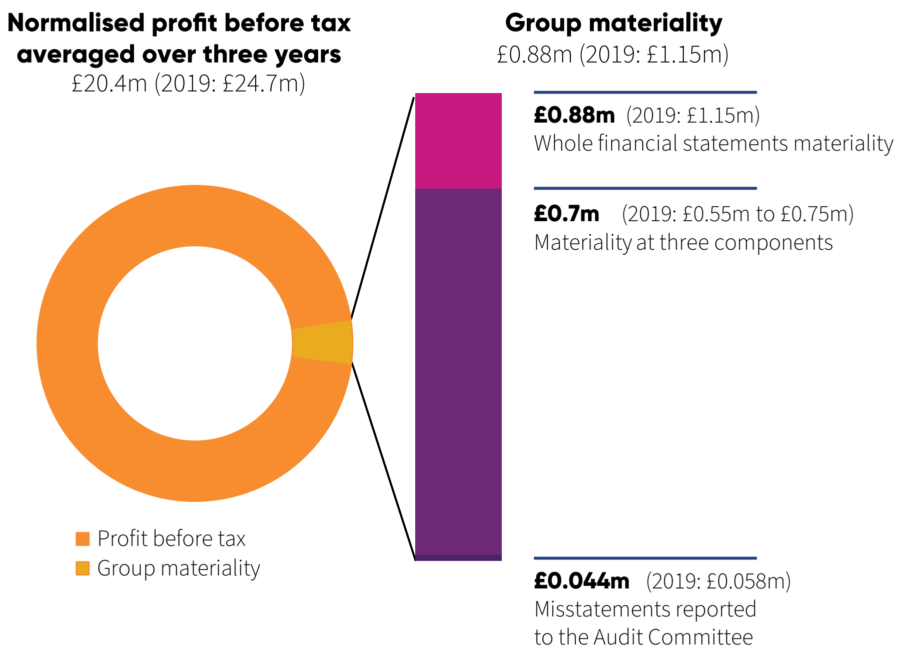
	THE RISK	OUR RESPONSE
Going concern Refer to page 42 (Audit Committee Report) and page 86 (accounting policy).	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group's and Company's available financial resources over this period were: • The impact of Coronavirus on sales, profitability and cash flow based on widespread school closures and cancellation of UK exam sessions • The impact of Coronavirus on the ability of the Group to operate above the level required by their banking covenants The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: **Benchmarking assumptions:** Critically assessing assumptions in base case and downside scenarios relevant to liquidity, in particular in relation to cash-flow by comparing to external data and our knowledge of the Group and the sector in which it operates. **Funding assessment:** We inspected the confirmation from the lender of the level of committed financing, and the associated covenant requirements. We re-performed all covenant compliance calculations based on the final consolidated numbers. **Historical comparisons:** Assessing the historical accuracy of the Group's cash flow forecasts and growth rates by reviewing the accuracy of previous forecasts made by the Group against actual performance. **Sensitivity analysis:** We considered sensitivities over the level of headroom on covenants, and the level of available financial resources indicated by the Group's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. **Evaluating directors' intent:** We challenged the achievability of the actions the Directors consider they would take to improve the position should the risks materialise. **Assessing transparency:** Assessing the completeness and accuracy of the matters covered in the going concern disclosure by reviewing consistency between the disclosure and management's model. **Our results** We found the going concern disclosure without any material uncertainty to be acceptable (2019 result: acceptable).

	THE RISK	OUR RESPONSE
Pension obligations Defined Benefit Pension Obligation: £305.7m (2019: £263.1m) Level 3 insurance asset: £29.4m (2019: £27.9m) See Note 26 on page 119 for details of the Group pension schemes and their obligations as at 30 November 2020. Also refer to page 42 (Audit Committee Report).	**Subjective valuation** Significant estimates are made in estimating the Group's defined benefit pension obligations and small changes in the assumptions and estimates used to value the Group's pension obligation (before deducting scheme assets) would have a significant effect on the Group's net pension deficit. The Research Machines Plc 1988 Pension Scheme holds plan assets, in the form of insurance policies, for which the valuation is linked to the valuation of the pension obligation. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of pension obligations, and the resulting valuation of insurance policies, has a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (Note 26) disclose the sensitivity estimated by the Group. We consider that due to the significant change in the economy this year with discount rates materially moving as a result of changes in the CPI/RPI basis used in the calculation and updates for GMP equalisation there is increased potential volatility in calculating the defined benefit pension obligation.	Our procedures included: **Assessing the valuer's credentials:** We critically assessed the competence and independence of the external actuaries who are engaged by the Group to estimate the pension scheme obligations for the purpose of the financial statements. **Benchmarking assumption:** We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data. **Assessing transparency:** We exercised judgement to assess the clarity of the Group's disclosures in respect of the sensitivity of the obligations to these assumptions. **Our results** We found the carrying amount of the pension obligation (before deducting scheme assets) and the carrying value of the level 3 asset to be acceptable (2019: result: acceptable).

	THE RISK	OUR RESPONSE
Recoverability of parent Company's investment in subsidiaries Investments: £126.6m (2019: £125.8m) Refer to page 42 (Audit Committee Report), page 88 (accounting policy) and page 109 (financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's investments in subsidiaries represents 94% (2019: 84%) of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement however, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Our procedures included: **Benchmarking assumptions:** Challenging the assumptions used in the budgeted cash flows based on our knowledge of the Group and the markets in which the subsidiaries operate; **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts; and **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of the investment. **Our results** We found the Group's assessment of the recoverability of the parent Company's investment in subsidiaries to be acceptable (2019 result: acceptable).

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the Group financial statements as a whole was set at £0.88m (2019: £1.15m) determined with reference to a benchmark of Group profit before tax, normalised to exclude highlighted items as disclosed in Note 5 of the financial statements with the exception of amortisation of acquisition related intangible assets and averaged over the current year and the previous 2 years of £20.4m (prior year: Group profit before tax, normalised to exclude highlighted items as disclosed in Note 5 of the financial statements with the exception of amortisation of acquisition related intangible assets of £24.7m).

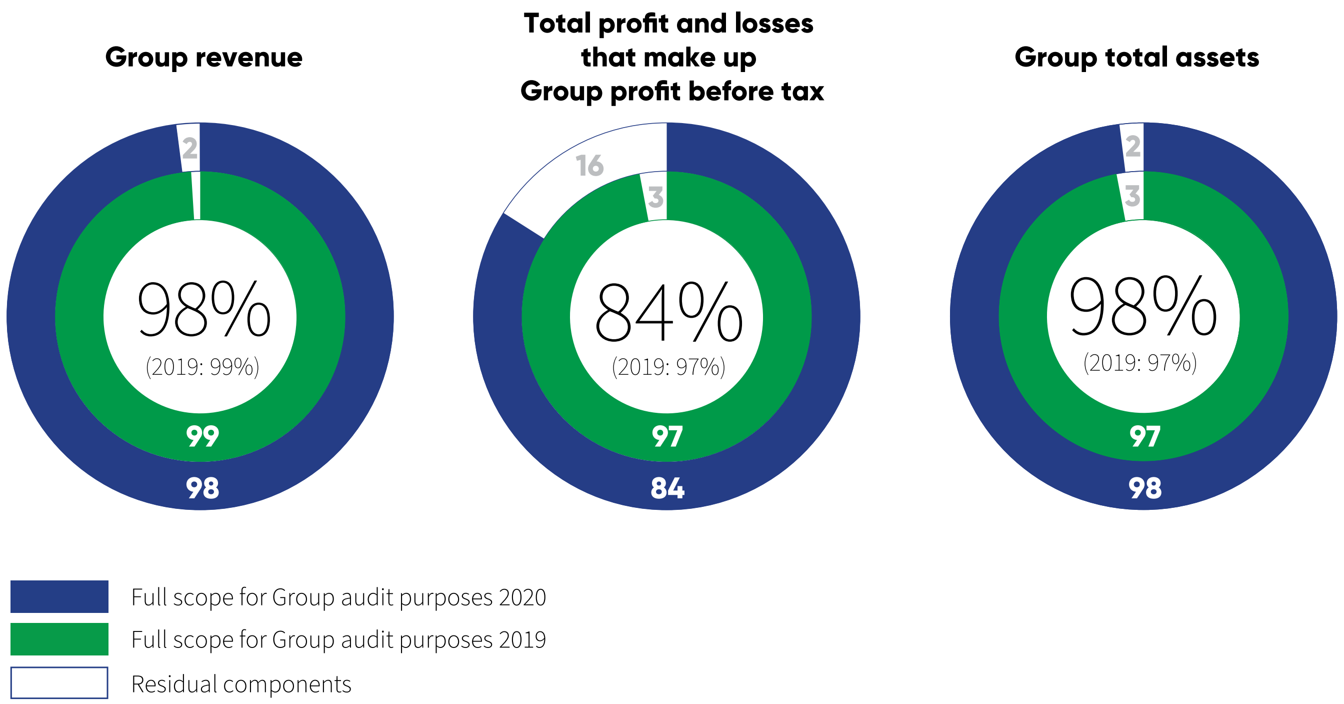


Materiality for the parent Company financial statements as a whole was set at £0.7m (2019: £0.75m), determined with reference to a benchmark of Company total assets, of which it represents 0.5% (2019: 0.5%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £44,000 (2019: £57,500), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's ten (2019: ten) reporting components, we subjected three (2019: four) to full scope audits for Group reporting.

The components within the scope of our work accounted for the percentages illustrated below.



The remaining 2% (2019: 1%) of total Group revenue, 16% (2019: 3%) of the total profits and losses that made up Group profit before tax and 2% (2019: 3%) of total Group assets is represented by seven (2019: six) reporting components, none of which individually represented more than 12% (2019: 2%) of any total Group revenue, total profit and losses that made up Group profit before tax or total Group assets. For these components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these components.

The Group team performed the work on all components, including the audit of the parent Company. The Group team determined the component materialities, which were determined at £0.7m (2019: £0.55m to £0.75m), having regard to the mix of size and risk profile of the Group across the components. The Group team performed procedures on the items excluded from normalised Group profit before tax.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 22 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal and emerging risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Financial Viability Statement on page 23 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal and Emerging Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Financial Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Financial Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Report does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on page 31, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see overleaf), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square, Canary Wharf
London, E14 5GL

11 February 2021

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 November 2020 Adjusted £000	Adjustments £000	Total £000	Year ended 30 November 2019 Adjusted £000	Adjustments £000	Total £000
Revenue	3	**188,999**	**-**	**188,999**	223,765	-	223,765
Cost of sales		**(114,669)**	**(365)**	**(115,034)**	(132,140)	-	(132,140)
Gross profit		**74,330**	**(365)**	**73,965**	91,625	-	91,625
Operating expenses	5	**(59,647)**	**(1,842)**	**(61,489)**	(63,985)	(3,462)	(67,447)
Impairment losses	13	**(248)**	**(705)**	**(953)**	-	-	-
Profit from operations		**14,435**	**(2,912)**	**11,523**	27,640	(3,462)	24,178
Investment income	7	**21**	**-**	**21**	153	-	153
Finance costs	8	**(1,055)**	**-**	**(1,055)**	(1,155)	(8)	(1,163)
Profit before tax		**13,401**	**(2,912)**	**10,489**	26,638	(3,470)	23,168
Tax	9	**(2,552)**	**477**	**(2,075)**	(4,746)	640	(4,106)
Profit for the year		**10,849**	**(2,435)**	**8,414**	21,892	(2,830)	19,062
Earnings per ordinary share	10						
- basic		**13.1p**		**10.2p**	26.6p		23.2p
- diluted		**13.0p**		**10.1p**	26.4p		23.0p
Paid and proposed dividends per share	11						
- interim				**-**			2.00p
- final				**3.00p**			-

The results for the year ended 30 November 2020 have been presented under IFRS 16.
The previous year's results have not been restated (see Note 33).

Adjustments to results have been presented to give a better guide to business performance (see Note 5).

All amounts were derived from continuing operations.

The notes on pages 86 to 138 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Profit for the year		**8,414**	19,062
Items that will not be reclassified subsequently to profit or loss			
Defined benefit pension scheme remeasurements	26	**(16,302)**	(8,033)
Tax on items that will not be reclassified subsequently to profit or loss	9	**2,851**	1,418
Items that are or may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on hedged instruments		**346**	(806)
Exchange loss on translation of overseas operations		**(205)**	(211)
Other comprehensive expense		**(13,310)**	(7,632)
Total comprehensive (expense)/income		**(4,896)**	11,430

The notes on pages 86 to 138 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Note	At 30 November 2020 £000	At 30 November 2019 £000
Non-current assets			
Goodwill	12	**49,322**	49,107
Intangible assets	13	**22,354**	23,274
Property, plant and equipment	14	**8,423**	9,183
Right-of-use assets	15	**19,391**	-
Defined benefit pension scheme surplus	26	**665**	976
Other receivables	19	**63**	939
Contract fulfilment assets	18	**3,420**	2,193
Deferred tax assets	9	**5,333**	3,457
		108,971	89,129
Current assets			
Inventories	17	**18,594**	22,151
Trade and other receivables	19	**31,317**	31,238
Contract fulfilment assets	18	**728**	844
Held for sale asset	20	**4,793**	1,428
Tax assets		**2,030**	382
Cash at bank		**5,941**	5,534
		63,403	61,577
Total assets		**172,374**	150,706
Current liabilities			
Trade and other payables	22	**(61,491)**	(51,231)
Tax liabilities		**(163)**	(117)
Provisions	24	**(435)**	(1,585)
Overdraft		**(2,480)**	(4,006)
		(64,569)	(56,939)
Net current (liabilities)/assets		**(1,166)**	4,638
Non-current liabilities			
Other payables	22	**(20,987)**	(3,483)
Provisions	24	**(3,998)**	(3,868)
Deferred tax liability	9	**(3,339)**	(3,356)
Defined benefit pension scheme obligation	26	**(19,318)**	(6,951)
Borrowings	23	**(4,779)**	(16,534)
		(52,421)	(34,192)
Total liabilities		**(116,990)**	(91,131)
Net assets		**55,384**	59,575
Equity attributable to shareholders			
Share capital	25	**1,917**	1,917
Share premium account		**27,080**	27,080
Own shares	27	**(841)**	(1,007)
Capital redemption reserve		**94**	94
Hedging reserve		**(65)**	(411)
Translation reserve		**(702)**	(497)
Retained earnings		**27,901**	32,399
Total equity		**55,384**	59,575

The notes on pages 86 to 138 form an integral part of these financial statements.

These financial statements of RM plc, registered number 01749877, were approved and authorised for issue by the Board of Directors on 11 February 2021.

On behalf of the Board of Directors

David Brooks
Director

Neil Martin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Hedging reserve £000	Translation reserve £000	Retained earnings £000	Total £000
At 1 December 2018		1,917	27,080	(1,423)	94	395	(286)	26,030	53,807
Profit for the year		-	-	-	-	-	-	19,062	19,062
Other comprehensive expense		-	-	-	-	(806)	(211)	(6,615)	(7,632)
Total comprehensive (expense)/income		-	-	-	-	(806)	(211)	12,447	11,430
Transactions with owners of the Company:									
Share options exercised		-	-	416	-	-	-	(416)	-
Share-based payment fair value charges	28	-	-	-	-	-	-	686	686
Ordinary dividends paid	11	-	-	-	-	-	-	(6,348)	(6,348)
At 1 December 2019		1,917	27,080	(1,007)	94	(411)	(497)	32,399	59,575
Profit for the year		-	-	-	-	-	-	**8,414**	**8,414**
Other comprehensive income/(expense)		-	-	-	-	**346**	**(205)**	**(13,451)**	**(13,310)**
Total comprehensive income/(expense)		-	-	-	-	**346**	**(205)**	**(5,037)**	**(4,896)**
Transactions with owners of the Company:									
Share-based payment awards exercised		-	-	**166**	-	-	-	**(166)**	-
Share-based payment fair value charges	28	-	-	-	-	-	-	**705**	**705**
At 30 November 2020		**1,917**	**27,080**	**(841)**	**94**	**(65)**	**(702)**	**27,901**	**55,384**

The notes on pages 86 to 138 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Profit before tax		**10,489**	23,168
Investment income	7	**(21)**	(153)
Finance costs	8	**1,055**	1,163
Profit from operations		**11,523**	24,178
Adjustments for:			
Pension GMP	5	**170**	-
Amortisation and impairment of intangible assets	13	**3,778**	2,690
Depreciation and impairment of property, plant and equipment	14, 15	**3,718**	1,584
Gain on disposal of other asset	5	**(713)**	-
Loss on disposal of other intangible assets		**-**	10
(Gain)/loss on disposal of property, plant and equipment		**(949)**	26
Gain on foreign exchange derivatives		**(625)**	(29)
Share-based payment charge		**705**	686
Increase/(decrease) in provisions		**1,443**	(758)
Defined benefit pension scheme administration cost	26	**37**	262
Operating cash flows before movements in working capital		**19,087**	28,649
Decrease/(increase) in inventories		**3,557**	(4,115)
Decrease in receivables		**2,520**	7,638
Increase in contract fulfilment assets		**(1,111)**	(1,602)
Movement in payables:			
Increase/(decrease) in trade and other payables		**6,012**	(7,483)
Utilisation of provisions	24	**(2,284)**	(3,161)
Cash generated from operations		**27,781**	19,926
Defined benefit pension scheme cash contributions	26	**(4,094)**	(4,618)
Tax paid		**(2,589)**	(3,639)
Net cash inflow from operating activities		**21,098**	11,669
Investing activities			
Interest received		**21**	153
Acquisition net of cash acquired	21	**-**	(7,109)
Acquisition-related costs	5	**-**	(728)
Proceeds on disposal of investment asset		**1,560**	-
Proceeds on disposal of property, plant and equipment		**2,900**	8
Purchases of property, plant and equipment	14	**(5,801)**	(2,876)
Purchases of other intangible assets	13	**(2,660)**	(3,159)
Net cash used in investing activities		**(3,980)**	(13,711)
Financing activities			
Dividends paid	11	**-**	(6,348)
(Repayment)/drawdown of borrowings	23	**(12,000)**	10,000
Borrowing facilities arrangement and commitment fees		**(226)**	(529)
Interest paid		**(501)**	(513)
Payment of leasing liabilities		**(2,523)**	-
Net cash (used in)/generated by financing activities		**(15,250)**	2,610
Net increase in cash and cash equivalents		**1,868**	568
Cash and cash equivalents at the beginning of the year		**1,528**	712
Effect of foreign exchange rate changes		**65**	248
Cash and cash equivalents at the end of the year		**3,461**	1,528

Cash and cash equivalents include bank overdrafts as these form an integral part of the Group's cash management.

The notes on pages 86 to 138 form an integral part of these financial statements.

COMPANY BALANCE SHEET

	Note	At 30 November 2020 £000	At 30 November 2019 £000
Non-current assets			
Investments	16	**126,530**	125,825
Other receivables	19	**7,329**	847
		133,859	126,672
Current assets			
Trade and other receivables	19	**48**	22,984
Tax assets		**411**	785
		459	23,769
Total assets		**134,318**	150,441
Current liabilities			
Accruals	22	**(151)**	(138)
Trade and other payables	22	**(64,122)**	(72,789)
		(64,273)	(72,927)
Net current liabilities		**(63,814)**	(49,158)
Non-current liabilities			
Borrowings	23	**(4,779)**	(16,534)
		(4,779)	(16,534)
Total liabilities		**(69,052)**	(89,461)
Net assets		**65,266**	60,980
Equity attributable to equity holders			
Share capital	25	**1,917**	1,917
Share premium account		**27,080**	27,080
Own shares	27	**(841)**	(1,007)
Capital redemption reserve		**94**	94
Retained earnings		**37,016**	32,896
Total equity		**65,266**	60,980

The notes on pages 86 to 138 form an integral part of these financial statements.

These financial statements of RM plc, registered number 01749877, were approved and authorised for issue by the Board of Directors on 11 February 2021.

On behalf of the Board of Directors

David Brooks
Director

Neil Martin
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £000	Share premium £000	Own shares £000	Capital redemption reserve £000	Retained earnings £000	Total £000
At 1 December 2018		1,917	27,080	(1,423)	94	31,009	58,677
Profit for the year		-	-	-	-	7,965	7,965
Total comprehensive income		-	-	-	-	7,965	7,965
Transactions with owners of the Company:							
Share options exercised		-	-	416	-	(416)	-
Share-based payment fair value charges	28	-	-	-	-	686	686
Ordinary dividends paid	11	-	-	-	-	(6,348)	(6,348)
At 30 November 2019		1,917	27,080	(1,007)	94	32,896	60,980
Profit for the year		**-**	**-**	**-**	**-**	**3,581**	**3,581**
Total comprehensive income		**-**	**-**	**-**	**-**	**3,581**	**3,581**
Transactions with owners of the Company:							
Share-based payment awards exercised		**-**	**-**	**166**	**-**	**(166)**	**-**
Share-based payment fair value charges	28	**-**	**-**	**-**	**-**	**705**	**705**
At 30 November 2020		**1,917**	**27,080**	**(841)**	**94**	**37,016**	**65,266**

The notes on pages 86 to 138 form an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT

	Note	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Profit before tax		**3,170**	7,187
Investment income		**(5,159)**	(11,387)
Finance costs		**2,113**	2,763
Profit/(loss) from operations		**124**	(1,437)
Adjustments for:			
Gain on disposal of non-current receivable		**(673)**	-
Operating cash flows before movements in working capital		**(549)**	(1,437)
Decrease/(increase) in receivables		**9,816**	(13,223)
(Decrease)/increase in payables		**(3,269)**	940
Cash generated from/(used in) operations		**5,998**	(13,720)
Dividends received		**5,000**	11,000
Net cash generated from/(used in) operating activities		**10,998**	(2,720)
Investing activities			
Proceeds from sale of non-current receivables		**1,520**	-
Interest received		**-**	110
Net cash generated from investing activities		**1,520**	110
Financing activities			
Dividends paid	11	**-**	(6,348)
Interest paid		**(292)**	(513)
(Repayment)/drawdown of borrowings	23	**(12,000)**	10,000
Borrowing facilities arrangement and commitment fees		**(226)**	(529)
Net cash (used in)/generated from financing activities		**(12,518)**	2,610
Net increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at the beginning of the year		**-**	-
Cash and cash equivalents at the end of the year		**-**	-

The notes on pages 86 to 138 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

RM plc ('Company') is incorporated in England and Wales and listed on the London Stock Exchange. It is the parent company of a group of companies ('Group') whose business activities and financial position, together with the factors likely to affect its future development, performance and position, and risk management policies are presented in the Strategic Report and the Directors' Report.

Consolidated Income Statement presentation

The Directors assess the performance of the Group using an adjusted operating profit and profit before tax. The Directors use this measurement basis as it excludes the effect of transactions that could distort the understanding of the Group's performance for the year and comparability between periods. This includes making certain adjustments for income and expense which are one-off in nature, or non-cash items and those with potential variability year on year which might mask underlying performance. Further details are provided in Note 5.

The Company has taken the exemption under s408 of the Companies Act 2006, not to produce an Income Statement. During the year the profit for the year was £3,581,000 (2019: £7,965,000).

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are drawn up in accordance with those International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted for use in the EU and therefore comply with Article 4 of the EU IAS Regulation applied in accordance with the provisions of the Companies Act 2006.

These accounting policies have been consistently applied to the years presented, except in relation to IFRS 16 *Leases* that has been applied from 1 December 2019.

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 of the Strategic Report and below.

Basis of preparation

The financial statements have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRS'). They are prepared on a historical cost basis except for certain financial instruments, share-based payments and pension assets and liabilities which are measured at fair value. In addition, assets held for sale are stated at the lower of previous carrying amount and the fair value less costs to sell. 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 financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for the period a period of not less than 12 months from the date of approval of these financial statements/ to the end of May 2022 which indicate that, taking account of reasonably plausible downsides as discussed below, the Company will have sufficient funds to meet its liabilities as they fall due for that period. The Group has a bank facility ('the facility') which totalled £70m at the date of this report and is subject to annual covenant tests in May and November related to the leverage and interest cover of the Group. The Group had net debt of £1.3m at 30 November 2020; the average net debt position during the year was £16.3m with the peak borrowing point being £29.6m. The facility is committed until June 2022 with the option of a further two-year extension to June 2024. Management are not aware of any reasons why the extension would be not be granted, if requested to the lenders.

Throughout FY20 the COVID-19 pandemic has impacted the Group primarily as a result of widespread school closures and the cancellation of UK and some International summer exam sessions. In December, prior to the recent COVID-19 school closures the Group was trading in line with internal budgets and forecasts. During previous periods of school closures and subsequent limited school re-openings, the RM Education division continued to provide software, services and technology to UK schools, but the volume of hardware and new installations fell slightly. The RM Results division continues to provide digital assessment solutions for International awarding bodies and is currently in discussions with these customers about the impact of COVID-19 on their exam cycles. While returning close to previous performance during the schools re-opening in FY20, sales of consumables to UK and International schools by the Group's third division, RM Resources, have been materially lower over the periods of lockdown driven by the volume of pupils in schools and nurseries. Actions taken by management to reduce the impact of COVID-19 included a temporary furloughing of employees, later repaid, a deferral of pension deficit payments, also later repaid, and pausing of discretionary spending and capital projects. The dividend proposed at FY19 was also reversed to maximise Group cash flow. All business units were therefore profitable throughout FY20.

The Group has assessed a number of scenarios for going concern purposes and is using a base case scenario assessment based on the known COVID-19 restrictions at January 2021, namely that UK schools will remain closed in quarter 1 FY21, the UK Government announcements of exam cancellations included and reduced international exam volumes ('base case'). Management has considered a potentially plausible downside scenario based on further lockdowns after March 2021 in varying months across the period going concern period to reflect the risk of further school closures in quarter 4 FY21 and quarter 1 FY22 ('downside scenario'). Under this downside scenario, the forecasts assume that trading during future lockdowns is equivalent to that experienced to date in the current Government imposed lockdown on 4 January 2021. This is similar to levels experienced in June 2020 when only certain year groups had returned to school.

Under the downside scenario, management has taken the decision to pause certain discretionary spend. These discretionary spend pauses are being actively reassessed with the announcements by UK Government indicating their desires to get schools operating normally as soon as practical. Under the downside scenario the Group has headroom against its available facilities without using all its available options in relation to cash management, and considers there are sufficient controllable actions it can take, even if a more severe downside case were to materialise, to operate within the facility's covenants. At present the Directors consider a more severe downside case to be highly unlikely, given the vaccine rollout and the communicated desire by the UK Government to prioritise the reopening of schools at the earliest opportunity.

Therefore, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence and meet their liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. For this reason, the Group continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Alternative Performance Measures (APMs)

In response to the Guidelines on APMs issued by the European Securities and Markets Authority (ESMA) and the Financial Reporting Council (FRC), additional information on the APMs used by the Group is provided below.

The following APMs are used by the Group:

- Adjusted operating profit

- Adjusted profit before tax

- Net debt (see Note 23)

Further explanation of what each APM comprises and reconciliations between statutory reported measures and adjusted measures are shown in Note 5.

The Board believes that presentation of the Group results in this way is relevant to an understanding of the Group's financial performance, as adjustment items are identified by virtue of their size, nature and/or incidence. This presentation is consistent with the way that financial performance is measured by management, reported to the Board, the basis of financial measures for senior management's compensation schemes and assists in providing supplementary information that assists the user to understand better the financial performance, position and trends of the Group. In determining whether an event or transaction is an adjustment, the Board considers both quantitative and qualitative factors such as the frequency and predictability of occurrence.

Consolidation

The Group financial statements incorporate the financial statements of the Company and all its subsidiaries for the periods during which they were members of the Group.

Inter-company balances and transactions between Group companies are eliminated on consolidation. On acquisition, assets and liabilities of subsidiaries are measured at their fair values at the date of acquisition with any excess of the cost of acquisition over this value being capitalised as goodwill.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiaries

In the Company accounts, investments in subsidiaries are stated at cost less any provision for impairment where appropriate.

Business combinations

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Acquisitions before 1 January 2010

For acquisitions before 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Revenue

The Group operates a number of diverse businesses and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15. Many of the contracts entered into, in the RM Results division, are long-term and complex in nature.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of significant judgements and assumptions. This includes:

- The identification of performance obligations included within the contract.
- The allocation of revenue to performance obligations including the impact of variable consideration.
- The combination of goods and services into a single performance obligation.
- The measurement of progress for performance obligations satisfied over time.
- The consideration of onerous contract conditions and associated loss provisions.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point-in-time' recognition or 'over time' as control of the performance obligation is transferred to the customer). For all contracts, the Group determines if the arrangement with a customer creates enforceable rights and obligations.

For contracts with multiple components to be delivered, management applies judgement to consider whether these promised goods or services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the performance obligation is satisfied over time. Such amounts are only included based on the expected value or the most likely outcome method, and only to the extent it is highly probable that no revenue reversal will occur.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services until these are agreed.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when those performance obligations are satisfied. In our RM Results division the Group may sell customer bespoke solutions, and in these cases the Group typically uses the expected cost plus margin or a contractually stated price approach (if set out by performance obligation in the contract) to estimate the stand-alone selling price of each performance obligation. Any remaining performance obligations for which the stand-alone selling price is highly variable or uncertain, due to not having previously been sold on a stand-alone basis, is allocated applying the residual approach.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long-term contracts, this is generally due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring controls of the good or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant input or output method consistently to similar performance obligations in other contracts.

When using the output method the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to the date relative to the remaining goods and services under the contract. Where the output method is used, where the series guidance is applied (see below for further details), the Group often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output method based on estimation of number of scripts, or level of service activity. The number of scripts is considered to be variable consideration.

There is judgment in determining whether a contract has onerous conditions. When identified the expected loss is provided for at the time identified.

Transactional (point-in-time) contracts

The Group delivers goods and services in RM Education and RM Resources that are transactional services for which revenue is recognised at the point in time when the control of the goods or services has transferred to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

The nature of contracts or performance obligations categorised within this revenue type includes: (i) provision of curriculum and educational resources for schools and nurseries; (ii) provision of IT hardware goods and (iii) installation of IT hardware goods.

Over-time contracts

The Group delivers services in RM Education and RM Results divisions under customer contracts with variable duration. The nature of contracts and performance obligations categorised within this revenue type is diverse and includes: (i) outsourced service arrangements in the public and private sectors; and (ii) right-to-access licences (see below).

The Group considers that the services provided meet the definition of a series of distinct goods and services as they are: (i) substantially the same; (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g. daily, monthly, quarterly, exam session, or annual service)) and therefore treats the series as one performance obligation. Even if the underlying activities performed by the Group to satisfy a promise vary significantly throughout the day and on a day by day basis, that fact, by itself, does not mean the distinct goods or services are not substantially the same. For the majority of the over-time contracts with customers are in this category, the Group recognises revenues using the output method as it best reflects the nature in which the Group is transferring control of the goods or services to the customer.

Right-to-access licences are those where the Group has a continuing involvement after the sale or transfer of control to the customer, which significantly affects the intellectual property to which the customer has rights. The Group is in a majority of cases responsible for maintenance, continuing support, updates and upgrades and accordingly the sale of the initial software is not distinct. The Group's accounting policy for licences is discussed in more detail below.

Contract modifications

The Group's over-time contracts are often amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. Material modifications are predominantly extension to contract and in the current year also relate to cancellation of exam sessions. The Group considers whether each contract modification is part of the original contract or is a separate contract and allocates the transaction price accordingly.

Licences

Software licences delivered by the Group can be either 'right-to-access' or 'right-to-use' licences. Right-to-access licences require continuous upgrade and updates for the software to remain useful, all other licences are treated as right-to-use licences. The assessment of whether a licence is a right-to -access licence or a right-to-use licence involves judgement. The key determinant of whether a licence is a right-to-access licence is whether the Group is required to undertake activities that significantly affect the licence intellectual property (or the customer has a reasonable expectation that it will do so) and the customer is, therefore exposed to positive or negative impacts resulting from those changes.

The Group considers for each contract that includes a separate licence performance obligation all the facts and circumstances in determining whether the licence revenue is recognised over time or at a point in time from the go live date of the licence.

Contract fulfilment costs

Contract fulfilment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred.

When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those other standards preclude capitalisation of a particular cost, then the asset is not recognised under IFRS 15.

If other standards are not applicable to contract fulfilment costs, the Group applies the following criteria which, if met, result in capitalisation: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular at which point the capitalisation ceases and the performance obligation begins.

Amortisation, derecognition and impairment of contract fulfilment assets and capitalised costs to date

The Group amortises contract fulfilment assets to cost of sales over the expected contract period using a systematic basis that mirrors the pattern in which the Group transfers control of the service to the customer. The amortisation charge is included within cost of sales.

A contract fulfilment asset is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

Management is required to determine the recoverability of contract related assets within property, plant and equipment, intangible assets as well as contract fulfilment assets, accrued income and trade receivables. At each reporting date, the Group determines whether or not the contract fulfilment assets are impaired by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Deferred and accrued income

The Group's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. The Group often agrees payment schedules at the inception of long-term contracts under which it receives payments throughout the term of the contracts. These payment schedules may include progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods or services may be at delivery date, in arrears or part payment in advance. There are no material financing arrangements.

Where payments made are greater than the revenue recognised at the period end date, the Group recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Group recognises an accrued income contract asset for this difference. Where accrued income and deferred income exist on the same contract these balances are shown net.

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 each of the Group's cash generating units expected to benefit from the synergies of the combination. 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.

Research and development costs

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; and
b. an intention to complete the intangible asset and use or sell it; and
c. ability to use or sell the intangible asset; and
d. how the intangible asset will generate probable future economic benefits. Among other things, the Group 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; and
e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f. an ability to measure reliably the expenditure attributable to the intangible asset during its development.

The technological feasibility for the Group's software products is assessed on an individual basis and is generally reached shortly before the products or services are released, 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.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	15 years
Website platform	5 years
Other software assets	2 – 8 years
Customer relationships	3 – 5 years
Intellectual property and database assets	3 – 10 years

Property, plant and equipment

Property, plant and equipment assets are stated at cost, less accumulated depreciation and any accumulated impairment losses 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:

Freehold property	Up to 50 years
Leasehold building improvements	Up to 25 years
Plant and equipment	3 – 10 years
Computer equipment	2 – 5 years
Vehicles	2 – 4 years

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group 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 Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The 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 (or 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 (or 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 (or cash generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Trade and other receivables

Trade and other receivables are not interest bearing, except those specifically detailed in Note 19. Trade and other receivables are recognised initially at fair value and subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The Group assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and this is assessed between government and commercial organisations. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Accrued income is recognised when services are performed and revenue recognised in advance of an invoice being raised.

Cash and short-term deposits

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

Held for sale asset

Held for sale assets are stated at the lower of cost less accumulated depreciation and any impairment losses where appropriate or fair value less costs to sell.

Borrowings

Borrowings relate to an unsecured revolving cash facility, detailed in Note 31. All loans and borrowings are initially recognised at their fair value less any directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Trade and other payables

Trade payables on normal terms are not interest bearing. Trade and other payables are recognised initially at fair value and subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency exposure.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be “highly effective” in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below. Fair value measurements are classified using a fair value hierarchy.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all hedging of forecast financial transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged expected future cash flows affect profit or loss. When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Inventories

Finished goods and work-in-progress are valued at cost on a first in first out basis, including appropriate labour costs and other overheads. Raw materials and bought in finished goods are valued at purchase price. Stocks are recognised when the Group has the rights and obligations of ownership, which in the case of supply from the Far East may be from the point of production or the point of shipment. All inventories are reduced to net realisable value where lower than cost. Provision is made for obsolete, slow moving and defective items where appropriate.

Provisions

A provision is recognised if, as a result of a past event, the Group 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 a finance cost.

Restructuring

A provision for restructuring is recognised when the Group 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.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Dilapidations provision

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

Leases

From 1 December 2019, at the inception of the lease, the Group recognises a right-of-use asset at cost, which comprises the present value of minimum lease payments determined at the inception of the lease. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life or the lease term. Depreciation is included within administrative expenses in the consolidated income statement. Amendment to lease terms resulting in a change in payments or the length of the lease results in an adjustment to the right-of-use asset and liability. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be fully recoverable. Right-of-use assets (excluding property leases) exclude leases with a low value and term of 12 months or less. These leases are expensed to the income statement as incurred.

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. Where the vesting period is shortened after the date of grant, the remaining expense is recognised over the shortened vesting period. Over the vesting period and at vesting the cumulative expense is adjusted to take into account the number of awards expected to or actually vesting as a result of survivorship and where this reflects non-market-based performance conditions. Share-based payment charges which are incurred by a subsidiary undertaking are included as an increase in investments in subsidiary undertakings within the parent Company, and a capital contribution in the subsidiary.

Employee benefits

The Group has both defined benefit and defined contribution pension schemes. There are three defined benefit pension schemes, the Research Machines plc 1988 Pension Scheme (the "RM Scheme") and, following the acquisition of The Consortium in June 2017, The Consortium CARE Scheme (the "CARE Scheme") and the Platinum Scheme. The RM Scheme and the CARE Scheme are both operated for employees and former employees of the Group only. The Platinum Scheme is a multi-employer scheme, with The Consortium being just one of a number of employers. The number of the Group's employees in that Scheme is small and so the impact / risk to the Group from that Scheme is limited.

For all defined benefit pension schemes, based on the advice of a qualified independent actuary at each balance sheet date and using the projected unit method, the administrative expenses and current service costs are charged to operating profit, with the interest cost, net of interest on scheme assets, reported as a financing item.

Defined benefit pension scheme remeasurements are recognised as a component of other comprehensive income such that the balance sheet reflects the scheme's surplus or deficit as at the balance sheet date. Contributions to defined contribution plans are charged to operating profit as they become payable.

Employee Share Trust

The Employee Share Trust, which holds ordinary shares of the Company in connection with certain share schemes, is consolidated into the financial statements. Any consideration paid to the Trust for the purchase of the Company's own shares is shown as a movement in shareholders' equity. The Employee Share Trust is treated as a branch in the consolidated financial statements.

Own Shares Held

The "Own Shares Reserve" figure is calculated based on the number of shares held by the Employee Share Trust ('EST') as at 30 November 2020 (being 1,168,921 shares) multiplied by the weighted average cost of those shares.

Translation reserve

The translation reserve comprises all foreign exchange differences from the translation of the financial statements of foreign operations.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

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 Group 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.

Current tax balances are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

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 Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

The Group presents its financial statements in Sterling because this is the currency in its primary operating environment. Balance sheet items of subsidiary undertakings whose functional currency is not Sterling are translated into Sterling at the period-end rates of exchange. Income Statement items and the cash flows of subsidiary undertakings are translated at the average rates for the period. Exchange differences on the translation of subsidiary opening net assets at closing rates of exchange and the differences arising between the translation of profits at average and closing exchange rates are recorded as movements in the currency translation reserve.

Transactions denominated in foreign currencies are translated into Sterling 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 costs. Foreign currency non-monetary amounts are translated at rates prevailing at the time of establishing the fair value of the asset or liability.

Dividends

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

Key sources of estimation uncertainty

In applying the Group's accounting policies the Directors are required to make estimates and assumptions. Actual results may differ from these estimates. The Group's key risks are set out in the Strategic Report and give rise to the following estimations which are disclosed within the relevant note to the Report and Accounts:

- Retirement benefit scheme valuation – see Note 26
- Revenue from contracts over time – see Note 3

Key sources of critical accounting judgements

In applying the Group's accounting policies the Directors are required to make judgements and assumptions, actual results may differ from these. The Group's key risks are set out in the Strategic Report and give rise to the following judgements which are disclosed within the relevant note to the Report and Accounts:

- Revenue from contracts over time – see Note 3

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 2019 have been adopted. The following new standards and interpretations have been adopted in the current period and have impacted the reported results or the financial position as disclosed in Note 33:

- IFRS 16 *Leases*

IFRS 16 *Leases* (IFRS 16) was issued in January 2016, replacing IAS 17 *Leases* (IAS 17) and other relevant guidance. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 will be effective for annual periods beginning on or after 1 January 2019.

Under the transition rules, the Group has applied IFRS 16 using the modified retrospective approach, with the cumulative effect of applying the standard recognised in retained earnings on 1 December 2019. The details of the changes and quantitative impact are set out in Note 33.

3. REVENUE

Year ended 30 November 2020	RM Resources Transactional £000	RM Education Transactional £000	RM Education Over time £000	RM Results Over time £000	Total £000
Supply of products	**92,356**	**13,809**	**-**	**-**	**106,165**
Rendering services	**86**	**-**	**36,319**	**30,542**	**66,947**
Licences	**-**	**533**	**14,317**	**1,037**	**15,887**
	92,442	**14,342**	**50,636**	**31,579**	**188,999**
Year ended 30 November 2019					
Supply of products	114,184	17,512	-	-	131,696
Rendering services	342	-	38,275	36,860	75,477
Licences	-	1,598	14,180	814	16,592
	114,526	19,110	52,455	37,674	223,765

Each contract is analysed separately to identify the performance obligations and judgements made as to whether, for example, goods and services should be combined. Judgement is also required to allocate the transaction price to each performance obligation based on the standalone selling price or, for licenses, the residual amount. Judgements include determination of performance obligations and allocation of revenue to performance obligations. Scanning revenues of £2,305,098 (2019: £6,841,000) are judged to be delivered over time as the associated transaction price will be dependent on over-time variables (such as volumes). Revenue is then recognised based on these judgements which are set out in more detail in Note 2.

There is estimation relating to the output methodology (of script volumes) to determine the transaction price. This estimation has been reassessed in the year in light of the impact of COVID-19 on the UK and Internationally. The Group has assumed that script volumes will be significantly lower in the UK in 2021 following recent government announcements and International script volumes will be slightly lower to those experienced in 2019.

Whilst management have performed sensitivity analysis over the assumptions used, due to the uncertainty, combination of variables across many contracts and geographical basis of exam sessions, management do not believe that disclosing a potential range of outcomes would provide meaningful information on a consolidated basis and, due to commercial sensitivities, cannot provide at a contract level.

The table below shows the time bands of the expected timing of revenue to be recognised on over-time contracts at 30 November 2020.

Time bands of over-time contracts order book At 30 November 2020	RM Education Over time £000	RM Results Over time £000	Total £000
< 1 year	**5,812**	**17,324**	**23,136**
1-2 years	**5,005**	**15,505**	**20,510**
2-5 years	**8,868**	**22,848**	**31,716**
>5 years	**-**	**1,429**	**1,429**
	19,685	**57,106**	**76,791**
At 30 November 2019			
< 1 year	8,101	18,511	26,612
1-2 years	4,659	23,610	28,269
2-5 years	1,499	18,412	19,911
	14,259	60,533	74,792

The order book represents the consideration the Group will be entitled to receive from customers when the Group satisfies the remaining performance obligations in the contracts. However the total revenue that will be earned from the order book in future may change through non-contracted volumetric revenue, scope changes and contract extensions. These elements have been excluded from the figures in the table above as they are not contracted.

4. OPERATING SEGMENTS

The Group's business is supplying products, services and solutions to the UK and international education markets. Information reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segmental performance is focused on the nature of each type of activity.

The Group is structured into three operating divisions: RM Resources, RM Results and RM Education.

A full description of each revenue generating division, together with comments on its performance and outlook, is given in the Strategic Report. Corporate Services consists of central business costs associated with being a listed company and non-division specific pension costs.

This Segmental analysis shows the result and assets of these divisions. Revenue is that earned by the Group from third parties. Net financing costs and tax are not allocated to segments as the funding, cash and tax management of the Group are activities carried out by the central treasury and tax functions.

Segmental results

Year ended 30 November 2020	RM Resources* £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue					
UK	**80,956**	**20,473**	**63,977**	**-**	**165,406**
Europe	**6,362**	**5,042**	**533**	**-**	**11,937**
North America	**777**	**-**	**412**	**-**	**1,189**
Asia	**848**	**1,250**	**-**	**-**	**2,098**
Middle East	**2,196**	**225**	**-**	**-**	**2,421**
Rest of the World	**1,303**	**4,589**	**56**	**-**	**5,948**
	92,442	**31,579**	**64,978**	**-**	**188,999**
Adjusted profit/(loss) from operations	**3,081**	**6,607**	**9,296**	**(4,549)**	**14,435**
Investment income					**21**
Adjusted finance costs					**(1,155)**
Adjusted profit before tax					**13,401**
Adjustments (see Note 5)					**(2,912)**
Profit before tax					**10,489**

Year ended 30 November 2019	RM Resources* £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Revenue					
UK	95,034	27,700	69,748	-	192,482
Europe	8,404	4,966	923	-	14,293
North America	4,141	-	187	-	4,328
Asia	1,348	1,652	541	-	3,541
Middle East	2,575	96	-	-	2,671
Rest of the World	3,024	3,260	166	-	6,450
	114,526	37,674	71,565	-	223,765
Adjusted profit/(loss) from operations	13,691	8,731	10,407	(5,189)	27,640
Investment income					153
Adjusted finance costs					(1,155)
Adjusted profit before tax					26,638
Adjustments (see Note 5)					(3,470)
Profit before tax					23,168

* Included in UK are International Sales via UK Distributors of £1,352,000 (2019: £1,944,000).

There are no customers that individually represent over 10% of the Group's turnover.

Segmental assets

At 30 November 2020	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	**117,493**	**22,304**	**17,049**	**1,510**	**158,356**
Other					**14,018**
Total assets					**172,374**

At 30 November 2019	RM Resources £000	RM Results £000	RM Education £000	Corporate Services £000	Total £000
Segmental	105,489	20,072	13,208	1,562	140,331
Other					10,375
Total assets					150,706

Included within the disclosed segmental assets are non-current assets (excluding deferred tax assets) of £95,086,000 (2019: £76,559,000) located in the United Kingdom, £7,343,000 (2019: £8,475,000) located in Australia and £645,000 (2019: £638,000) located in India. Other non-segmented assets includes other receivables, tax assets and cash and short-term deposits.

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging/(crediting):

	Note	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Amortisation and impairment of intangible assets	13	**3,778**	2,690
		3,778	2,690
Depreciation of property, plant and equipment:			
- charged in cost of sales		**686**	307
- charged in operating expenses		**3,032**	1,277
	14, 15	**3,718**	1,584
Selling and distribution costs		**24,630**	29,876
Research and development costs		**7,773**	6,611
Administrative expenses - adjusted		**27,244**	27,498
Operating expenses - adjusted		**59,647**	63,985
Adjustments to administrative expenses (see Consolidated Income Statement)		**1,842**	3,462
Total operating expenses		**61,489**	67,447
(Gain)/loss on disposal of property, plant and equipment		**(949)**	26
Loss on disposal of other intangible assets		**-**	10
Gain on disposal of other asset		**(713)**	-
Cost of inventories recognised as an expense		**68,653**	79,433
Staff costs	6	**60,561**	67,208
Operating lease expense		**121**	3,457
Operating lease income		**-**	(135)
Foreign exchange gain		**(229)**	(39)
Inventory write-offs		**1,529**	98
(Decrease)/increase in inventory obsolescence provision		**(57)**	414
Fees payable to the Company's auditor			
Fees payable to the Company's auditor for the audit of these financial statements:			
- the audit of the Company's financial statements		**36**	23
- the audit of the Company's subsidiaries pursuant to legislation		**334**	302
Other fees payable to the Company's auditor:			
- other services pursuant to legislation		**23**	22
		393	347

Adjustments to cost of sales and administrative expenses	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Adjustments to cost of sales		
Exceptional inventory adjustments	**365**	-
Adjustments to administrative expenses		
Amortisation of acquisition-related intangible assets	**1,986**	1,577
Acquisition-related costs	**-**	728
Property-related (income)/costs	**(670)**	335
Impairment of intangible assets	**705**	-
Gain on sale of Essex LEP loan	**(673)**	-
Pension GMP	**170**	-
Restructuring costs	**1,029**	822
Total adjustments to administrative expenses	**2,547**	3,462
Total adjustments	**2,912**	3,462

Recurring items:

These are items which occur regularly but which management judge to have a distorting effect on the underlying results of the Group or are not regularly monitored for the purpose of determining business performance. The recurring item relates to the amortisation of acquisition related intangible assets. Recurring items are adjusted each year irrespective of materiality to ensure consistent treatment.

Highlighted items:

These are items which are non-recurring and are identified by virtue of either their size or their nature. These items can include, but are not restricted to, impairment; gain on held for sale assets and related transaction costs; changes in the provision for exceptional property costs; the gain/loss on sale of operations and restructuring and acquisition costs. As these items are one-off or non-operational in nature, management considers that they would distort the Group's underlying business performance.

During the period the Group disposed of the asset held for sale at 30 November 2019, which was a warehouse that will no longer be required following the estates strategy review and a non-current other receivable. These transactions resulted in a profit of £1.3m.

The Group's previously announced an estates strategy review, includes moving to one new automated warehouse. As a result of the new warehouse functionality, we have undertaken a review of inventory and the inventory that is not compliant with the automated solution has been written off. Normal inventory write downs are included in operating profit.

The restructuring costs in the current year, relate to a Group restructuring programme that was announced in December 2019 and completed in the year. The costs in the prior year relate to the estates review noted above.

The impairment costs relate to aspects of the ERP solution we are investing in, that will require rework.

The Group provided for the increase in estimated liability of equalising GMPs in our defined benefit pension schemes of £170,000 that arise from the recent Court ruling on valuation of transfer values.

During 2019 the Group acquired SoNET Systems Pty Limited (Note 21) and incurred £728,000 of associated acquisition costs comprising advisor fees, related intangible impairment and integration costs.

During 2019 the Group exited a number of key properties and entered into new properties resulting in non-recurring exceptional costs of £335,000.

The Group previously announced an estates strategy review that will mean relocating a number of activities in the RM Resources division to one location. During 2019 the timing and impact of this was reviewed and includes a provision for improved contributions to the impacted defined benefit scheme.

The adjustments have the following impact on key metrics:

	2020 Measure £000	2020 Adjustment £000	2020 Adjusted measure £000	2019 Measure £000	2019 Adjustment £000	2019 Adjusted measure £000
Profit from operations	**11,523**	**2,912**	**14,435**	24,178	3,462	27,640
Profit before tax	**10,489**	**2,912**	**13,401**	23,168	3,470	26,638

Earnings per share (see Note 10)

	2020 Measure	2020 Adjustment	2020 Adjusted measure	2019 Measure	2019 Adjustment	2019 Adjusted measure
Basic (pence)	**10.2**	**2.9**	**13.1**	23.2	3.4	26.6
Diluted (pence)	**10.1**	**2.9p**	**13.0**	23.0	3.4p	26.4

6. STAFF NUMBERS AND COSTS

The average number of persons (including Directors) employed by the Group during the year was as follows:

	Year ended 30 November 2020 Number	Year ended 30 November 2019 Number
Research and development, products and services	**1,346**	1,415
Marketing and sales	**258**	321
Corporate services	**199**	237
	1,803	1,973

The above figures have been calculated on a Full Time Equivalent basis. The actual average number for the year is 1,837.

Aggregate emoluments of persons employed by the Group comprised:

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Wages and salaries	**51,025**	56,106
Termination costs	**1,261**	929
Social security costs	**4,004**	4,828
Other pension costs	**3,566**	4,632
Share-based payments (Note 28)	**705**	713
	60,561	67,208

Information regarding the remuneration of the Directors is shown in the Remuneration Report.

7. INVESTMENT INCOME

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Bank interest	21	136
Other finance income	-	17
	21	153

8. FINANCE COSTS

	Note	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Borrowing facilities arrangement fees and commitment fees		469	592
Net finance costs/(income) on defined benefit pension scheme	26	83	(6)
Unwind of discount on onerous lease and dilapidations provisions	24	-	22
Interest on lease of right-of-use assets		151	-
Interest on bank loans and overdrafts		352	555
		1,055	1,163

9. TAX

a) Analysis of tax charge in the Consolidated Income Statement

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Current taxation		
UK corporation tax	1,632	4,179
Adjustment in respect of prior years	(305)	(479)
Overseas tax	391	385
Total current tax charge	1,718	4,085
Deferred taxation		
Temporary differences	345	247
Adjustment in respect of prior years	21	(288)
Overseas tax	(9)	62
Total deferred tax charge	357	21
Total Consolidated Income Statement tax charge	2,075	4,106

The adjustment in respect of prior years reflects the tax impact of the movement in share price on share-based payment on exercise and timing of redundancy payments. The adjustment in respect of prior years reflects the tax impact of the movement in pension balances.

b) Analysis of tax (credit)/charge in the Consolidated Statement of Comprehensive Income

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
UK corporation tax		
Defined benefit pension scheme	(240)	(735)
Shared based payments	(18)	(38)
Pension escrow account	(328)	(353)
Deferred tax		
Defined benefit pension scheme movements	(2,408)	(624)
Defined benefit pension scheme escrow	297	437
Share-based payments	66	(105)
Deferred tax relating to the change in rate	(220)	-
Total Consolidated Statement of Comprehensive Income tax credit	(2,851)	(1,418)

c) Reconciliation of Consolidated Income Statement tax charge

The tax charge in the Consolidated Income Statement reconciles to the effective rate applied by the Group as follows:

	Year ended 30 November 2020			Year ended 30 November 2019		
	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Profit/(loss) on ordinary activities before tax	13,401	(2,912)	10,489	26,638	(3,470)	23,168
Tax at 19% (2019: 19%) thereon:	2,546	(553)	1,993	5,061	(659)	4,402
Effects of:						
- change in tax rate on carried forward deferred tax assets	(137)	391	254	-	-	-
- other expenses not deductible for tax purposes	194	(119)	75	133	-	133
- other temporary timing differences	54	-	54	(4)	(28)	(32)
- impairments	-	-	-	-	47	47
- effect of profits in various overseas tax jurisdictions	53	-	53	67	-	67
- Prior period adjustments - UK	(158)	(196)	(354)	(511)	-	(511)
Tax charge/(credit) in the Consolidated Income Statement	2,552	(477)	2,075	4,746	(640)	4,106

Factors that may affect future tax charges

The standard rate of corporation tax in the UK for the period is 19%.

d) Deferred tax

The Group has recognised deferred tax assets as these are anticipated to be recognised against profits in future periods. The major deferred tax assets and liabilities recognised by the Group and the movements thereon are as follows:

Group	Accelerated tax depreciation £000	Defined benefit pension scheme obligation £000	Share-based payments £000	Short-term timing differences £000	Acquisition related intangible assets £000	Total £000
At 1 December 2018	1,021	392	396	1,548	(2,789)	568
Acquired through subsidiary	-	-	-	69	(807)	(738)
(Credit)/charge to income	(305)	-	(78)	94	268	(21)
Credit/(charge) to equity	-	624	105	(437)	-	292
At 30 November 2019	716	1,016	423	1,274	(3,328)	101
(Credit)/charge to income	**(387)**	**-**	**162**	**(121)**	**(11)**	**(357)**
Credit/(charge) to equity	**-**	**2,527**	**(66)**	**(211)**	**-**	**2,250**
At 30 November 2020	**329**	**3,543**	**519**	**942**	**(3,339)**	**1,994**

Certain deferred tax assets and liabilities have been offset above.

The Group has recognised deferred tax assets in jurisdictions where these are expected to be recoverable against profits in future periods.

No deferred tax liability is recognised on temporary differences of £561,000 (2019: £581,000) relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

10. EARNINGS PER SHARE

	Year ended 30 November 2020			Year ended 30 November 2019		
	Profit for the year £000	**Weighted average number of shares '000**	**Pence per share**	Profit for the year £000	Weighted average number of shares '000	Pence per share
Basic earnings per ordinary share						
Basic earnings	**8,414**	**82,576**	**10.2**	19,062	82,341	23.2
Adjustments (see Note 5)	**2,435**	**-**	**2.9**	2,830	-	3.4
Adjusted basic earnings	**10,849**	**82,576**	**13.1**	21,892	82,341	26.6
Diluted earnings per ordinary share						
Basic earnings	**8,414**	**82,576**	**10.2**	19,062	82,341	23.2
Effect of dilutive potential ordinary shares: share-based payment awards	**-**	**888**	**(0.1)**	-	577	(0.2)
Diluted earnings	**8,414**	**83,464**	**10.1**	19,062	82,918	23.0
Adjustments (see Note 5)	**2,435**	**-**	**2.9**	2,830	-	3.4
Adjusted diluted earnings	**10,849**	**83,464**	**13.0**	21,892	82,918	26.4

11. DIVIDENDS

Amounts recognised as distributions to equity holders were:

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Final dividend for the year ended 30 November 2019 – nil p per share (2018: 5.70p)	**-**	4,698
Interim dividend for the year ended 30 November 2020 – nil p per share (2019: 2.0p)	**-**	1,650
	-	6,348

The proposed final dividend of 3.00p per share for the year ended 30 November 2020 was approved by the board on 8 February 2021. The dividend is subject to approval by Shareholders at the annual general meeting. The anticipated cost of this dividend is £2,481,183.

12. GOODWILL

Group	£000
Cost	
At 30 November 2018	54,858
Acquired during the year (Note 21)	4,153
Exchange differences	(210)
At 30 November 2019	58,801
Exchange differences	**215**
At 30 November 2020	**59,016**
Accumulated impairment losses	
At 1 December 2018, 30 November 2019 and 30 November 2020	(9,694)
Carrying amount	
At 30 November 2020	**49,322**
At 30 November 2019	49,107

The carrying amount of goodwill is allocated as follows:

Group	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
RM Resources	**42,208**	42,208
RM Results	**7,114**	6,899
	49,322	49,107

Further information pertaining to the performance and future strategy of the divisions can be found within the Strategic Report.

A review of the forecast future cash flows of RM Resources and of RM Results indicated no impairment was required.

The recoverable amounts of the Cash Generating Units ('CGU') are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates.

The Group monitors its post-tax Weighted Average Cost of Capital and those of its competitors using market data. In considering the discount rates applying to CGUs, the Directors have considered the relative sizes, risks and the inter-dependencies of its CGUs and their relatively narrow operation within the education products and services market. The impairment reviews use a discount rate adjusted for pre-tax cash flows. Analysis of the sensitivity of the resultant impairment reviews to changes in the discount rate is included below.

The Group prepares cash flow forecasts derived from the most recent annual financial budget approved by the Board, which also contains forecasts for the two years following, and extrapolates cash flows based on internal forecasts with terminal rates of 2.0% (2019: 2.0%) which aligns to market growth and inflation expectations. Growth rates for the initial 3 year period include a more material double digit growth rate for the divisions from 2020, due to recovery from COVID-19 and the impact of investments. Pre-tax discount rates used are 15.3% for RM Resources and 13.9% for RM Results (2019: RM Resources and RM Results 12.3%).

Sensitivity analysis

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed. A change of 2% in the discount rate or a 2% reduction in the growth rate beyond 2023 would not change the conclusion of the impairment review which has significant headroom remaining.

13. OTHER INTANGIBLE ASSETS

Group	Customer relationships £000	Brands £000	Intellectual property & database assets £000	Website platform £000	Other software assets £000	Total £000
Cost						
At 1 December 2018	644	18,210	325	2,520	3,536	25,235
Acquired through acquisition	1,871	-	2,876	-	-	4,747
Additions	-	-	-	154	3,005	3,159
Transfers between categories	-	-	-	10	(169)	(159)
Exchange differences	(94)	(144)	-	-	(5)	(243)
Disposals	(234)	-	(325)	(726)	(266)	(1,551)
At 30 November 2019	2,187	18,066	2,876	1,958	6,101	31,188
Additions	**-**	**-**	**-**	**-**	**2,660**	**2,660**
Exchange differences	**98**	**-**	**149**	**-**	**(13)**	**234**
Disposals	**-**	**-**	**-**	**(4)**	**-**	**(4)**
At 30 November 2020	**2,285**	**18,066**	**3,025**	**1,954**	**8,748**	**34,078**
Accumulated amortisation and impairment losses						
At 1 December 2018	644	1,819	325	715	3,267	6,770
Charge for the year	216	1,207	154	867	246	2,690
Transfers between categories	-	-	-	402	(402)	-
Exchange differences	-	-	-	-	(5)	(5)
Disposals	(234)	-	(325)	(716)	(266)	(1,541)
At 30 November 2019	626	3,026	154	1,268	2,840	7,914
Charge for the year	**454**	**1,207**	**325**	**473**	**366**	**2,825**
Impairment	**-**	**-**	**-**	**-**	**953**	**953**
Exchange differences	**28**	**-**	**20**	**-**	**(12)**	**36**
Disposals	**-**	**-**	**-**	**(4)**	**-**	**(4)**
At 30 November 2020	**1,108**	**4,233**	**499**	**1,737**	**4,147**	**11,724**
Carrying amount						
At 30 November 2020	**1,177**	**13,833**	**2,526**	**217**	**4,601**	**22,354**
At 30 November 2019	1,561	15,040	2,722	690	3,261	23,274

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land & buildings £000	Short leasehold improvements £000	Plant & equipment £000	Computer equipment £000	Vehicles £000	Total £000
Cost						
At 1 December 2018	8,004	6,073	4,122	8,491	248	26,938
Acquired	-	-	-	-	18	18
Additions	-	299	2,102	422	53	2,876
Transfers between categories	-	-	-	159	-	159
Exchange differences	-	(14)	(16)	(28)	(7)	(65)
Reclass to assets held for sale (Note 20)	(1,771)	-	(284)	-	-	(2,055)
Disposals	-	(1,774)	(694)	(641)	(64)	(3,173)
At 30 November 2019	6,233	4,584	5,230	8,403	248	24,698
Additions	**-**	**43**	**5,237**	**521**	**-**	**5,801**
Transfers between categories	**(433)**	**-**	**430**	**-**	**3**	**-**
Exchange differences	**-**	**(52)**	**(48)**	**(83)**	**(14)**	**(197)**
Reclass to assets held for sale (Note 20)	**(5,800)**	**(326)**	**(9)**	**(119)**	**-**	**(6,254)**
Disposals	**-**	**-**	**(40)**	**(143)**	**(10)**	**(193)**
At 30 November 2020	**-**	**4,249**	**10,800**	**8,579**	**227**	**23,855**
Accumulated depreciation and impairment						
At 1 December 2018	1,263	5,537	3,839	6,959	156	17,754
Charge for the year	175	262	441	660	46	1,584
Reclass to assets held for sale (Note 20)	(373)	-	(254)	-	-	(627)
Exchange differences	-	(13)	(16)	(22)	(6)	(57)
Disposals	-	(1,772)	(671)	(637)	(59)	(3,139)
At 30 November 2019	1,065	4,014	3,339	6,960	137	15,515
Charge for the year	**118**	**97**	**588**	**356**	**45**	**1,204**
Transfers between categories	**(430)**	**-**	**30**	**400**	**-**	**-**
Reclass to assets held for sale (Note 20)	**(752)**	**(143)**	**(1)**	**(34)**	**-**	**(930)**
Exchange differences	**-**	**(38)**	**(46)**	**(72)**	**(7)**	**(163)**
Disposals	**(1)**	**-**	**(40)**	**(143)**	**(10)**	**(194)**
At 30 November 2020	**-**	**3,930**	**3,870**	**7,467**	**165**	**15,432**
Carrying value						
At 30 November 2020	**-**	**319**	**6,930**	**1,112**	**62**	**8,423**
At 30 November 2019	5,168	570	1,891	1,443	111	9,183

15. RIGHT-OF-USE ASSETS

Group	Land & buildings £000	Plant & equipment £000	Vehicles £000	Total £000
Cost				
At 30 November 2019	-	-	-	-
Adoption of IFRS 16	**5,688**	**920**	**423**	**7,031**
Additions	**15,574**	**472**	**120**	**16,166**
Disposals	**(1,411)**	**-**	**(51)**	**(1,462)**
At 30 November 2020	**19,851**	**1,392**	**492**	**21,735**
Accumulated depreciation and impairment				
At 30 November 2019	-	-	-	-
Charge for the year	**1,648**	**678**	**188**	**2,514**
Disposals	**(150)**	**-**	**(20)**	**(170)**
At 30 November 2020	**1,498**	**678**	**168**	**2,344**
Carrying value				
At 30 November 2020	**18,353**	**714**	**324**	**19,391**

16. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company at 30 November 2020 were:

Name	Principal activity	Country of incorporation	Class of share	% held
RM Education Limited	Software, services & systems	England	Ordinary	100%
TTS Group Limited	Dormant	England	Ordinary	100%
RM Education Solutions India Pvt Limited *	Software and corporate services	India	Ordinary	100%
RM Pension Scheme Trustee Limited	Corporate Trustee	England	Ordinary	100%
Hedgelane Limited	Holding company	England	Ordinary	100%
Hammond Bridge Limited *	Dormant	England	Ordinary	100%
SoNET Systems Pty Ltd *	Software	Australia	Ordinary	100%
RM PLC Australia Pty Ltd	Holding company	Australia	Ordinary	100%
RM Educational Resources Limited *	Resource supply	England	Ordinary	100%

* Held through subsidiary undertaking.

All UK subsidiary companies are registered at 142B Park Drive, Milton Park, Abingdon, Oxfordshire OX14 4SE.

RM Education Solutions India Pvt Limited is registered at Unit No.8A, Carnival Techno Park Technopark, Kariyavattom, PO Trivandrum, Thiruvananthapuram, Kerala 695581, India.

SoNET Systems Pty Ltd is registered at 15 Gordon Street, Richmond, Victoria, VIC 3121, Australia. RM PLC Australia Pty Ltd is registered at Level 17, 181 William Street, Melbourne, Victoria, VIC 3000, Australia.

During the year RM Schools Limited was liquidated.

The investment in subsidiary undertakings comprises:

Company	Investment in share capital £000	Capital contribution share-based payments £000	Total £000
Cost			
At 1 December 2018	112,461	12,739	125,200
Acquisition	1	-	1
Disposal	8	(70)	(62)
Share-based payments	-	686	686
At 30 November 2019	112,470	13,355	125,825
Share-based payments	**-**	**705**	**705**
At 30 November 2020	**112,470**	**14,060**	**126,530**
Impairment			
At 1 December 2018	88	-	88
Disposal	(88)	-	(88)
At 30 November 2019	-	-	-
At 30 November 2020	**-**	**-**	**-**
Carrying value			
At 30 November 2020	**112,470**	**14,060**	**126,530**
At 30 November 2019	112,470	13,355	125,825

At 30 November 2020 an impairment review was undertaken which indicated that no impairment in the investments held by the Company was required (2019: nil). The impairment review was performed using the same assumptions used in the impairment review performed in relation to the Group's assets which are disclosed in Note 12 of the consolidated financial statements. The impairment review is sensitive to a change in key assumptions used in the value in use calculations relating to the discount rate and future growth rates.

A change of 1% in the discount rate or a 1% reduction in the growth rate in the future would not change the conclusion of the impairment review which has significant headroom.

17. INVENTORIES

Group	2020 £000	2019 £000
Components	**-**	31
Finished goods	**18,594**	22,120
	18,594	22,151

Any inventory that is not expected to be turned over within 24 months has been provided for.

18. CONTRACT FULFILMENT ASSETS

Group	2020 £000	2019 £000
At 1 December	**3,037**	1,435
Additions	**1,906**	2,879
Foreign exchange	**66**	-
Amortised in the period	**(861)**	(1,277)
At 30 November	**4,148**	3,037

	2020 £000	2019 £000
Analysed by:		
Current	**728**	844
Non-current	**3,420**	2,193
At 30 November	**4,148**	3,037

Contract fulfilment assets represent investment in contracts which are recoverable and are expected to provide benefits over the life of the contract. These costs, which relate to contract set up costs, are capitalised only when they relate directly to a contract and are incremental to securing the contract.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 **£000**	2019 £000	**2020** **£000**	2019 £000
Current				
Financial assets				
Trade receivables	**22,907**	21,343	**-**	-
Other receivables	**1,498**	1,897	**-**	-
Accrued income	**1,997**	2,384	**-**	-
Amounts owed by Group undertakings	**-**	-	**-**	22,957
	26,402	25,624	**-**	22,957
Non-financial assets				
Prepayments	**4,915**	5,614	**48**	27
	31,317	31,238	**48**	22,984
Non-current				
Financial assets				
Amounts owed by Group undertakings	**-**	-	**7,329**	-
Other receivables	**63**	939	**-**	847
	31,380	32,177	**7,377**	23,831
Currency profile of receivables				
Sterling	**28,004**	26,093	**48**	16,882
US Dollar	**1,190**	3,869	**-**	-
Australian Dollar	**390**	1,475	**7,329**	6,949
Euro	**143**	44	**-**	-
Indian Rupee	**619**	640	**-**	-
Singapore Dollar	**613**	56	**-**	-
Other	**421**	-	**-**	-
	31,380	32,177	**7,377**	23,831

The amounts owed by Group undertakings to the Company are repayable on demand and bear interest at LIBOR plus 2% although they are repayable on demand the Directors have no expectation that the amounts will be collected in the next 12 months and have therefore presented these as non-current.

The Directors consider that the carrying amounts of trade and other receivables approximates their fair values.

The Company's Non-current Other receivables are the gross amounts owed by the Company's 9% equity investments in Essex Schools (Holdings) Ltd which was sold in the year (see Note 5).

The Group's accrued income balances solely relate to revenue from contracts with customers. Movements in the accrued income balances were driven by transactions entered into by the Group within the normal course of business in the year.

Analysis of trade receivables by type of customer

Group	**2020** **£000**	2019 £000
Government	**13,245**	9,250
Commercial	**9,662**	12,093
	22,907	21,343

Trade receivables included an allowance for estimated irrecoverable amounts at 30 November 2020 of £1,030,000 (2019: £259,000), based on management's knowledge of the customer, externally available information and expected payment likelihood. This allowance has been determined by reference to specific receivable balances and past default experience and considers lifetime expected credit losses. New customers are subject to credit checks where available, using third party databases prior to being accepted. The Group uses the practical expedient of measuring impairment using a provision matrix which is consistent with applying a full credit loss model for the Group.

No expected credit losses have been recognised on contract assets or intercompany receivables as these are not considered material.

Ageing of trade receivables

Group	**2020** **£000**	2019 £000
Not past due	**18,720**	15,734
Overdue by less than 60 days	**3,279**	4,314
Overdue by between 60 and 90 days	**705**	619
Overdue by more than 90 days	**203**	676
	22,907	21,343

20. ASSETS HELD FOR SALE

Following the acquisition of Consortium in 2017, the Group had five distribution centres across three locations. RM is moving to a single, automated distribution site. As part of this process, the Group sold the freehold property in Shrewsbury during the year which was held for sale as at 30 November 2019 and is selling its freehold properties based in Trowbridge and Kirkby. The amortised cost of the properties and other fixed assets integral to those properties of £4,793,000 has been reclassified (from property, plant and equipment and selected computer hardware) to a current asset held for sale because it is expected that the sale will be completed (or agreements to complete signed) during 2021. The assets are included within the Resources division.

21. ACQUISITIONS OF SUBSIDIARIES

Acquisitions

On 13 June 2019, the Group acquired all of the shares in SoNET Systems Pty Ltd.

SoNET is a software company which provides SaaS platforms, principally to the education and government sectors. SoNET's e-authoring and testing software augments RM Results' existing e-marking capability, enabling RM Results to offer customers full end-to-end digital assessment services in the online testing and marking of exams.

The role of technology in the assessment landscape is changing and we firmly believe that, in time, on-screen testing will transform the way that assessments are designed and delivered. It has been a strategic priority for RM Results to enable end-to-end digital assessment capability. SoNET's e-testing product, Assessment Master, is a market leading assessment and testing platform with functionality going beyond conventional online examination software (multiple choice etc.) to provide task-oriented and task-simulated assessments of performance in any situation.

The fair value of the cash consideration for the acquisition was £7.3m. Transaction fees associated with the acquisition and expensed to the Consolidated Statement of Comprehensive Income in 2019 were £0.3m.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Fair value on acquisition £000
Acquisition-related intangible assets (Note 13)	4,747
Property, plant and equipment	18
Trade receivables	307
Other receivables	79
Cash and cash equivalents	208
Trade and other payables	(538)
Deferred income	(853)
Current tax liabilities	(38)
Deferred tax	(738)
Provisions	(28)
Net assets acquired	**3,164**
Goodwill	4,153
Consideration paid	**7,317**

Satisfied by

Cash	7,317
Total purchase consideration	**7,317**
Net cash flow on acquisition	7,317
Cash and cash equivalents	(208)
Cash flow on acquisition	**7,109**

In the period 14 June 2019 to 30 November 2019 SoNET contributed revenue of £1,700,000 and statutory profit after tax of £nil. If the acquisition had occurred on 1 December 2018 SoNET would have contributed revenue of £3,341,000 and statutory profit after tax of £28,000 in 2019. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 December 2018.

Fair value adjustments

On the acquisition of SoNET all assets were fair valued and appropriate intangible assets recognised following the principles of IFRS 3.

A deferred tax liability related to these intangible assets was also recognised. Management identified the main material intangible assets as the Intellectual Property of the Company's software and customer contracts. These intangible assets were valued at £4.7m using the Relief from Royalty method and are being amortised over 3-10 years which is in accordance with the estimated useful economic life (UEL) and IAS 38.

Goodwill of £4.2m represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired. The goodwill arising on the acquisition is largely attributable to the synergies and values associated with being part of the enlarged RM Results proposition.

Deferred income has been recognised at fair value at the date of acquisition.

Acquisition-related costs

The Group incurred acquisition-related costs of £0.7m related to advisor fees, related intangible asset impairment and acquisition transition costs. These costs have been included in the administrative expenses in the Group's consolidated statement of comprehensive income in 2019.

No changes have been made in the 12 month period to fair values.

22. TRADE AND OTHER PAYABLES

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Current liabilities				
Financial liabilities				
Trade payables	**20,620**	19,136	**-**	-
Lease liabilities	**4,067**	-	**-**	-
Other taxation and social security	**6,847**	4,364	**-**	-
Other payables	**2,503**	2,081	**-**	-
Derivative financial instruments	**76**	461	**-**	-
Accruals	**10,740**	11,849	**151**	138
Amounts owed to Group undertakings	**-**	-	**64,122**	72,789
	44,853	37,891	**64,273**	72,927
Non-financial liabilities				
Deferred income	**16,638**	13,340	**-**	-
	61,491	51,231	**64,273**	72,927
Non-current liabilities				
Financial liabilities				
Lease liabilities				
- due after one year but within two years	**2,301**	-	**-**	-
- due after two years but within five years	**4,500**	-	**-**	-
- after five years	**11,346**	-	**-**	-
Non-financial liabilities				
Deferred income				
- due after one year but within two years	**1,356**	1,783	**-**	-
- due after two years but within five years	**1,309**	1,561	**-**	-
- after five years	**175**	139	**-**	-
	20,987	3,483	**-**	-
	82,478	54,714	**64,273**	72,927

The amounts owed to Group undertakings by the Company are payable on demand and bear interest at LIBOR plus 2%.

Currency profile of trade and other payables	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Sterling	**77,072**	50,141	**64,273**	72,927
US Dollar	**972**	1,005	**-**	-
Australian Dollar	**1,600**	1,535	**-**	-
Indian Rupee	**755**	868	**-**	-
Other	**2,079**	1,165	**-**	-
	82,478	54,714	**64,273**	72,927

The Group's deferred revenue balances solely relate to revenue from contracts with customers. Movements in the deferred revenue balances were driven by transactions entered into by the Group within the normal course of business in the year.

23. BORROWINGS

Group and Company	2020 £000	2019 £000
Bank loan	**(5,000)**	(17,000)
Add capitalised fees	**221**	466
Borrowings	**(4,779)**	(16,534)

The borrowings in the year and details of the facility are detailed in Note 31.
Bank and professional service fees relating to securing the loan have been capitalised and are amortised over the length of the loan.

Net debt is the total of borrowings, cash at bank and overdraft which was £1.3m as at 30 November 2020 (2019: £15.0m).

24. PROVISIONS

Group	Note	Onerous lease and dilapidations £000	Employee-related restructuring £000	Other £000	Total £000
At 1 December 2018		3,518	2,617	3,237	9,372
Acquisition		28	-	-	28
Utilisation of provisions		(1,940)	(1,221)	-	(3,161)
Release of provisions		(802)	(12)	(872)	(1,686)
Increase in provisions		27	836	15	878
Unwind of discount	8	22	-	-	22
At 30 November 2019		853	2,220	2,380	5,453
Utilisation of provisions		**-**	**(2,284)**	**-**	**(2,284)**
Release of provisions		**-**	**-**	**(525)**	**(525)**
Increase in provisions		**381**	**1,092**	**314**	**1,787**
Impact of foreign exchange		**2**	**-**	**-**	**2**
At 30 November 2020		**1,236**	**1,028**	**2,169**	**4,433**

The onerous lease was exited in 2019. In making their assessment of the required onerous lease provisions, the Group was required to estimate the likely sub-let income that could be earned over the remaining life of the lease. This required the Directors to make judgements relating to the likelihood that a property will be sub-let and the income that will be earned.

Employee-related restructuring provisions refer to costs arising from restructuring to meet the future needs of the Group. As described in Note 5, the Group is undergoing an estates review and £1.1m of the utilisation relates to this programme. A separate restructuring programme was announced in December 2019 and completed during the year. The majority of the restructuring provision is expected to be utilised during 2022.

Other provisions includes one-off items not covered by any other category of which the most significant items are the risk provisions from ended long-term contracts transferred from long-term contract creditors to provisions. The release of £525,000 primarily relates to onerous contract risks that have either been re-negotiated or terminated during the year and the increase in provisions relate to new contract risks identified in the year.

During the year the overall movement on long-term provisions was an increase of £130,000 (2019: increase of £1,160,000).

Disclosure of provisions

Group	2020 £000	2019 £000
Current liabilities	**435**	1,585
Non-current liabilities	**3,998**	3,868
	4,433	5,453

25. SHARE CAPITAL

Company and Group Allotted, called-up and fully paid	Ordinary shares of 2⅔p '000	£000
As at 30 November 2018, 2019 and 2020	**83,875**	**1,917**

Ordinary shares issued carry no right to fixed income.

26. DEFINED BENEFIT SCHEMES

a. Defined contribution scheme

The Group operates or contributes to a number of defined contribution 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 £2,861,000 (2019: £4,489,000) represents contributions payable to these schemes by the Group at rates specified in employment contracts. At 30 November 2020 £233,000 (2019: £308,000) due in respect of the current financial year had not been paid over to the schemes.

b. Local government pension schemes

The Group has TUPE employees who retain membership of local government pension schemes. The Group makes payments to these schemes for current service costs in accordance with its contractual obligations. The total costs charged to income for these schemes was £157,000 (2019: £143,000). The amount due in respect of these schemes at 30 November 2020 was £75,000 (2019: £51,000). The balance sheet liability is included within provisions (see Note 24) and incorporates information from over 14 local government pension schemes. The provision is calculated by reference to the latest published triennial valuations and the Group discloses the net position of the Group's share of assets and liabilities.

There is judgment in determining the appropriate accounting treatment for the participation in these schemes as either a defined benefit or defined contribution scheme, in particular as to whether actuarial and investment risk fall in substance on the Company.

c. Defined benefit pension schemes

The Group has both defined benefit and defined contribution pension schemes. There are three defined benefit pension schemes, the Research Machines plc 1988 Pension Scheme (the "RM Scheme") and, following the acquisition of The Consortium in June 2017, the Consortium CARE Scheme (the "CARE scheme") and the Platinum Scheme (the "Platinum scheme"). The RM Scheme and the CARE Scheme are both operated for employees and former employees of the Group only. The Platinum Scheme is a multi-employer scheme, with The Consortium being just one of a number of employers. The number of the Group's employees in that Scheme is small (and none by 30 November 2020) and so the impact / risk to the Group from that Scheme is limited.

For all three schemes, based on the advice of a qualified independent actuary at each balance sheet date and using the projected unit method, the administrative expenses and current service costs are charged to operating profit, with the interest cost, net of interest on scheme assets, reported as a financing item. An estimate for Guaranteed Minimum Pensions ('GMPs') transfer values was expensed (see below for further explanation).

Defined benefit pension scheme remeasurements are recognised as a component of other comprehensive income such that the balance sheet reflects the scheme's surplus or deficit as at the balance sheet date. Contributions to defined contribution plans are charged to operating profit as they become payable.

Scheme assets are measured at bid-price, where available, at 30 November 2020. The present value of the defined benefit obligation was measured using the projected unit method.

Under the guidance of IFRIC 14, the Group are able to recognise a pension surplus on the balance sheet for all three schemes. In the year the Platinum scheme shows a surplus and the RM and CARE schemes are in deficit.

The Research Machines plc 1988 Pension Scheme (RM Scheme)

The Scheme provides benefits to qualifying employees and former employees of RM Education Limited, but was closed to new members with effect from 1 January 2003 and closed to future accrual of benefits from 31 October 2012. The assets of the Scheme are held separately from RM Education Limited's assets in a trustee-administered fund. The Trustee is a limited company. Directors of the Trustee company are appointed by RM Education Ltd and by members. The Scheme is a funded scheme.

Under the Scheme, employees were entitled to retirement benefits of 1/60th of final salary for each qualifying year on attainment of retirement age of 60 or 65 years and additional benefits based on the value of individual accounts. No other post-retirement benefits were provided by the Scheme.

The most recent actuarial valuation of Scheme assets and the present value of the defined benefit obligation was carried out for statutory funding purposes at 31 May 2018 by a qualified independent actuary. IAS 19 *Employee Benefits* (revised) liabilities at 30 November 2020 have been rolled forward based on this valuation's base data.

As at 31 May 2018, the triennial valuation for statutory funding purposes showed a deficit of £40,600,000 (31 May 2015: £41,800,000). The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £3,700,000 per annum until 31 May 2026.

At 30 November 2020 there were amounts outstanding of £308,300 (2019: £308,000) for one month's deficit payment and £nil (2019: £nil) for Scheme expenses. The escrow bank account that was set up to manage the deficit risk in 2014 was closed during 2019 as the funds were paid over to the RM Scheme.

The parent Company RM plc has entered into a pension protection fund compliant guarantee in respect of scheme liabilities. No liability has been recognised for this within the Company as the Directors consider that the likelihood of it being called upon is remote.

The Consortium CARE Scheme (CARE Scheme)

Until 31 December 2005, The Consortium for Purchasing and Distribution Ltd ('The Consortium', acquired by the Company on 30 June 2017) operated a pension scheme (the 'Consortium CARE' scheme) providing benefits on both a defined benefit (final salary-linked) and a defined contribution basis. From 1 January 2006, the defined benefit (final salary- linked) and defined contribution sections were closed and all employees, subject to the eligibility conditions set out in the Trust Deed and Rules, joined a new defined benefit (Career Average Revalued Earnings) section. As at 28 February 2011 the scheme was closed to future accruals. The disclosures in this report make allowance for this change.

The scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, The Consortium must agree with the trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective. The Statutory Funding Objective does not currently impact on the recognition of the scheme in these accounts. The scheme is managed by a Board of Trustees appointed in part by the Company and in part from elections by members of the scheme. The Trustees have responsibility for obtaining valuations of the fund, administering benefit payments and investing scheme assets. The Trustees delegate some of these functions to their professional advisers where appropriate. The valuation of the scheme at 31 December 2019 was a deficit of £5.9m.

Prudential Platinum Pension (Platinum Scheme)

The Consortium acquired West Mercia Supplies in April 2012 (prior to the Company acquiring The Consortium). Upon acquisition by The Consortium of West Mercia Supplies, a pension scheme (the Platinum scheme) was set up providing benefits on both a defined benefit (final salary-linked) and a defined contribution basis for West Mercia employees. The most recent full actuarial valuation was carried out by the independent actuaries XPS Pensions Group on 31 December 2018. The results of the full valuation were adjusted and rolled forward to form the basis for the current year valuation. The scheme is administered within a legally separate trust from The Consortium and the Trustees are responsible for ensuring that the correct benefits are paid, that the scheme is appropriately funded and that the scheme assets are appropriately invested. The valuation of the scheme at 31 December 2018 was a surplus of £213,000 (31 December 2015: deficit £70,000).

Amounts recognised in the Income Statement and in the Statement of Comprehensive Income

	Note	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Administrative expenses and taxes		**(7)**	(174)
Current service costs		**(30)**	(88)
Operating expense		**(37)**	(262)
Interest cost		**(5,611)**	(7,219)
Interest on Scheme assets		**5,528**	7,225
Net interest (expense)/gain	8	**(83)**	6
Past service costs		**(350)**	-
Expense recognised in the Income Statement		**(470)**	(256)
Effect of changes in demographic assumptions		**(406)**	1,586
Effect of changes in financial assumptions		**(44,944)**	(45,476)
Effect of experience adjustments		**2,197**	2,150
Total actuarial losses		**(43,153)**	(41,740)
Return on Scheme assets excluding interest on Scheme assets		**26,851**	33,707
Expense recognised in the Statement of Comprehensive Income		**(16,302)**	(8,033)
Expense recognised in total comprehensive income		**(16,772)**	(8,289)

The effect of changes in financial assumptions is principally due to the reduction in the discount rate, see sensitivity information further below in this Note 26.

GMP equalisation

Since the 30 November 2018 year-end an allowance has been made for the possible liabilities arising from potential adjustment of benefits to allow for inequalities in any Guaranteed Minimum Pensions for current members. In November 2020, the High Court ruled on the Lloyds Bank GMP inequalities case regarding the equalisation of post-1990 GMP within transfer values paid since 17 May 1990. An estimated allowance for the potential costs of equalising the transfer values has been made. In the Director's view, the range of outcomes is not material even though this is an estimate.

RPI/CPI reform

On 25 November 2020, the government and UK Statistics Authority confirmed that RPI will be changing from February 2030 to bring it into line with the CPIH index, with no compensation to the holders of index-linked gilts. In the year ended 30 November 2020, the Group has revised the RPI and CPI assumptions to reflect the expectations that these reforms proceed as planned. The impact of these changes in assumptions has increased the closing deficit by around £3m.

Reconciliation of the Scheme assets and obligations through the year

	RM Scheme £000	CARE Scheme £000	Platinum Scheme £000	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Assets					
At start of year	239,696	14,815	2,653	**257,164**	218,330
Interest on Scheme assets	5,159	310	59	**5,528**	7,225
Return on Scheme assets excluding interest on Scheme assets	25,518	1,081	252	**26,851**	33,707
Administrative expenses	-	-	(7)	**(7)**	(174)
Contributions from Group	3,700	319	75	**4,094**	4,618
Contributions from employees	-	-	6	**6**	19
Benefits paid	(5,924)	(607)	(44)	**(6,575)**	(6,561)
At end of year	268,149	15,918	2,994	**287,061**	257,164
Obligations					
At start of year	(241,542)	(19,920)	(1,677)	**(263,139)**	(220,634)
Interest cost	(5,160)	(413)	(38)	**(5,611)**	(7,219)
Actuarial losses	(39,980)	(2,731)	(442)	**(43,153)**	(41,740)
Benefits paid	5,924	607	44	**6,575**	6,561
Past service cost (GMP)	(130)	(40)	(180)	**(350)**	-
Current service costs	-	-	(30)	**(30)**	(88)
Contributions from employees	-	-	(6)	**(6)**	(19)
At end of year	(280,888)	(22,497)	(2,329)	**(305,714)**	(263,139)
Pension deficit	(12,739)	(6,579)	-	**(19,318)**	(6,951)
Pension surplus	-	-	665	**665**	976
Net pension deficit	(12,739)	(6,579)	665	**(18,653)**	(5,975)

Included within the CARE Scheme obligations is an unfunded liability of £183,000 (2019: £190,000) which is a liability of the Group and not the Scheme.

Reconciliation of net defined benefit obligation

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Net obligation at the start of the year	**(5,975)**	(2,304)
Cost included in Income Statement	**(470)**	(256)
Scheme remeasurements included in the Statement of Comprehensive Income	**(16,302)**	(8,033)
Cash contribution	**4,094**	4,618
Net pension deficit	**(18,653)**	(5,975)

Obligation by participant status

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Active	**1,463**	976
Vested deferreds	**254,650**	216,540
Retirees	**49,601**	45,623
	305,714	263,139

Under the current agreements, the Group expect to pay approximately £4,400,000 in contributions in the year ending 30 November 2021.

Value of Scheme assets

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Fair value of Scheme assets with a quoted market price		
Cash and cash equivalents, including escrow	**1,629**	986
Equity instruments	**135,547**	128,445
Debt instruments	**2,995**	2,653
Liability driven investments	**117,486**	97,191
Value of unquoted Scheme assets		
Insurance contract	**29,404**	27,889
	287,061	257,164

Significant actuarial assumptions

	Year ended 30 November 2020	Year ended 30 November 2019
Discount rate (RM Scheme)	**1.60%**	2.15%
Discount rate (CARE Scheme)	**1.50%**	2.10%
Discount rate (Platinum Scheme)	**1.60%**	2.20%
Rate of RPI price inflation	**2.90%**	2.95%
Rate of CPI price inflation	**2.10%**	1.85%
Rate of salary increases (Platinum Scheme)	**N/A**	1.85%
Rate of pensions increases		
pre 6 April 1997 service	**1.50%**	1.50%
pre 1 June 2005 service	**2.80%**	2.85%
post 31 May 2005 service	**2.00%**	2.00%
Post retirement mortality table	**S2PA CMI 2019 1.25%**	S2PA CMI 2018 1.25%
Weighted average duration of defined benefit obligation	**23 years**	23 years
Assumed life expectancy on retirement at age 65:		
Retiring at the accounting date (male member aged 65)	**22.4**	22.3
Retiring 20 years after the accounting date (male member aged 45)	**23.7**	23.6

Expected cash flows

	Year ended 30 November 2020 £000	Year ended 30 November 2019 £000
Expected employer contributions for the following year ended 30 November	**4,583**	4,325
Expected total benefit payments		
Year 1	**3,831**	3,540
Year 2	**4,258**	3,850
Year 3	**4,625**	4,285
Year 4	**4,860**	4,633
Year 5	**5,334**	4,947
Years 6 - 10	**33,946**	32,025

Sensitivities to assumptions - one item changed with all others held constant

	-------------------------------- 30 November 2020 --------------------------------						30 November 2019
	Base £m	-0.1% discount rate £m	+0.1% discount rate £m	-0.1% RPI £m	+0.1% RPI £m	Life +1 yr £m	Base £m
Analysis of net balance sheet position							
Fair value of Scheme assets	**287.1**	287.5	286.7	286.9	287.2	288.4	257.2
Present value of Scheme obligations	**(305.7)**	(312.8)	(298.8)	(300.5)	(311.1)	(316.1)	(263.2)
Net pension deficit	**(18.6)**	(25.3)	(12.1)	(13.6)	(23.9)	(27.7)	(6.0)
Actuarial assumptions							
Discount rate (RM Scheme)	**1.60%**	1.50%	1.70%	1.60%	1.60%	1.60%	2.15%
Discount rate (CARE Scheme)	**1.50%**	1.40%	1.60%	1.50%	1.50%	1.50%	2.10%
Discount rate (Platinum Scheme)	**1.60%**	1.50%	1.70%	1.60%	1.60%	1.60%	2.15%
Rate of RPI	**2.90%**	2.90%	2.90%	2.80%	3.00%	2.90%	2.95%
Rate of CPI	**2.10%**	2.10%	2.10%	2.00%	2.20%	2.10%	1.85%
Mortality table	-------------------------- **S2PA CMI 2019 1.25%** --------------------------						S2PA CMI 2018 1.25%

The key estimation sensitivities are the discount rate applied to pension liabilities together with RPI/CPI and mortality as shown in the above table. We note that every 0.1% movement in discount rate has a c.£7m impact on the deficit and a 0.1% movement in RPI has a c.£5m impact.

Over the last year, with the COVID-19 pandemic impacting globally, equity markets and corporate bond yields have been volatile. This has caused the deterioration in the discounts rates and increased our pension obligation at 30 November 2020. Whilst the COVID-19 pandemic has led to this volatility in the market, it is too early for mortality assumptions to see any impacts.

Liability driven investments are expected to move broadly in line with the rise and fall in liability values, thus providing a degree of protection to the Scheme's funding position.

27. OWN SHARES

The RM plc Employee Share Trust (EST) was established in March 2003 to hedge the future obligations of the Group in respect of shares awarded under the RM plc Co-Investment Plan, RM plc Performance Share Plan and Deferred Bonus Plan. The EST has waived any entitlement to the receipt of normal dividends in respect of all of its holding of the Company's ordinary shares. The EST's waiver of dividends may be revoked or varied at any time.

Company and Group	Ordinary shares of 2²⁄₇p Number '000	£000
At 1 December 2018	2,013	1,423
Shares released to award holders	(614)	(416)
At 30 November 2019	1,399	1,007
Shares released to award holders	**(230)**	**(166)**
At 30 November 2020	**1,169**	**841**

The valuation of the shares is weighted average cost. The maximum number of own shares held in the year 1,398,921.

28. SHARE-BASED PAYMENTS

The Group operates the following executive and employee equity-settled share-based payment scheme known as the RM plc Performance Share Plan 2010 (the "PSP Scheme")

One award was made under the PSP Scheme during the year ended 30 November 2020. The fair values of awards made under this Scheme have been assessed using Black-Scholes and Monte-Carlo models, as appropriate to the scheme, at the date of grant. The fair values of awards are expensed over the period between grant and vesting. The weighted average fair value of the award made during the year was £1.225 per share and key assumptions include risk free rate of 0.32%, dividend yield of 4.5% and volatility of Company share price of 41%.

Share-based payment awards exercised in the period and disclosed in the statement of changes in equity represents the impact on retained earnings of releasing the fair value charge accrued under IFRS 2 *Share-based payment*, which for deferred bonus scheme is partially matched by the release of own shares held.

RM plc Performance Share Plan 2010 ('PSP Scheme')

The Group uses the PSP Scheme for the remuneration of senior executives and senior management. Details of Directors' awards are contained within the Remuneration Report. Participation has been subject to various vesting conditions, including EPS, total shareholder return (TSR) and share price conditions. If the participants leave the Group's employment, in most circumstances the award lapses.

Details of performance share plan shares are as follows:

Group	Maximum number of shares	Market price on grant
At 1 December 2018	2,374,255	
Granted during the year	954,000	£2.42
Lapsed during the year	(623,000)	
Exercised during the year	(614,255)	
At 30 November 2019	2,091,000	
Granted during the year	**712,500**	**£1.72**
Lapsed during the year	**(530,000)**	
Exercised during the year	**(270,000)**	
At 30 November 2020	**2,003,500**	

The plans outstanding at 30 November 2020 had a weighted average contractual life of 1.3 years (2019: 1.3 years). The weighted average exercise price was £nil (2018: £nil). The weighted average market share price at date of exercise was £2.43 (2019: £2.44).

Where total shareholder return (TSR) is used as a performance condition, comparator company volatility is assessed using annualised, daily historic TSR growth assessed over a period prior to the date of grant that corresponds to the performance period of three years. The company correlation uses historic pairwise correlations of the companies over a three year period. The fair value of the TSR element is based on a large number of stochastic projections of Company and comparator TSR.

Where earnings per share (EPS) is used as a performance condition, the EPS Performance Target is that EPS for the final Financial Year of the measurement period.

In March 2003 the Company established the RM plc Employee Share Trust to hedge the future obligations of the Group in respect of share scheme awards. These shares are used to hedge the estimated liability but until vesting represents own shares held – see Note 27.

Performance conditions – estimation uncertainty

Assigning a fair value charge to share-based payments requires estimation of: the projected share price; the number of instruments which are likely to vest; other non-market based performance conditions.

29. GUARANTEES AND CONTINGENT LIABILITIES

a) Guarantees

The Company has entered into guarantees relating to the performance and liabilities of certain major contracts of its subsidiaries. The Directors are not aware of any circumstances that have given rise to any liability under such guarantees and consider the possibility of any arising to be remote.

b) Contingent liabilities

The Group has provided performance guarantees and indemnities relating to performance bonds and letters of credit issued by its banks on its behalf, in the ordinary course of business. The Directors are not aware of any circumstances that have given rise to any liability under such guarantees and indemnities and consider the possibility of any arising to be remote.

30. LEASES AND COMMITMENTS

Lease commitments

Following the adoption of IFRS 16 in the year, the outstanding lease commitments for leases that fall within the scope of IFRS 16 are recognised in the balance sheet as lease liabilities (see Note 22). Other leases that are of low value or less than a year (except properties) are disclosed in the table below.

Group	**2020** **£000**	2019 £000
Within 1 year	**23**	2,557
In years 2 to 5 inclusive	**2**	4,339
	25	6,896

2019 has not been restated for the adoption of IFRS 16 and as such the commitments are all shown in the above table. The difference between the lease commitments as presented above for the prior year and the lease liability on transition date is due to the transition adjustments for rent-free periods on property leases, the consideration of the enforceable lease terms on some property leases and that some leases presented above are not captured under IFRS 16.

The Company has no operating leases.

Capital commitments

At 30 November 2020 amounts contracted but not provided for total £1,896,000 and relate to outstanding commitments on the ERP project cost (2019: £2,499,700). The Company had no capital commitments during the year.

31. FINANCIAL RISK MANAGEMENT

Carrying value of financial assets and financial liabilities

	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Financial assets					
Trade and other receivables – current	19	**26,402**	25,624	**-**	22,957
Trade and other receivables – non-current	19	**63**	939	**7,329**	847
Cash and short-term deposits		**5,941**	5,534	**-**	-
		32,406	32,097	**7,329**	23,804
Financial liabilities					
Trade and other payables – current	22	**(44,853)**	(37,891)	**(64,273)**	(72,927)
Trade and other payables – non-current	22	**(18,147)**	-	**-**	-
Bank loans and overdrafts		**(7,259)**	(20,540)	**(4,779)**	(16,534)
		(70,259)	(58,431)	**(69,052)**	(89,461)

All financial assets are classified as loans and receivables.

All liabilities classified as financial liabilities are held at amortised cost except for forward foreign exchange contracts of £76,000 (2019: £461,000) which are classified as fair value through profit or loss.

The Directors consider that the carrying amount of all financial assets and financial liabilities approximates their fair value, therefore fair value information for financial assets and financial liabilities not shown at fair value is not disclosed.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken and the Group does not hold or issue derivative financial instruments for speculative purposes.

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.

Foreign currency risk

a) Translation

All financial assets are classified as loans and receivables.

All liabilities classified as financial liabilities are held at amortised cost except for forward foreign exchange contracts of £76,000 (2019: £461,000) which are classified as fair value through profit or loss.

The Group also maintains foreign currency denominated cash accounts, but only holds balances required to settle its payables.

b) Transaction

Operations are also subject to foreign exchange risk from transactions in currencies other than their functional currency and, once recognised, the revaluation of foreign currency denominated assets and liabilities. Principally, this relates to transactions arising in US Dollars and Indian Rupees. Specifically, the Group purchases a proportion of its inventory in US dollars and operating costs in the Group's subsidiary RM Education Solutions India Pvt Ltd are in Indian Rupees.

In order to manage these risks the Group enters into derivative transactions in the form of forward foreign currency contracts. To manage the US Dollar to Sterling risk, the forward foreign currency contracts purchased are designed to cover 75-100% of forecast currency denominated purchases and the contracts are set up to provide coverage over future fixed price periods, typically for the following 12 months. To manage the Indian Rupee to Sterling risk, the contracts purchased are designed to cover 75-85% of forecast Rupee costs and are renewed on a revolving basis of approximately eleven to twelve months.

The total amount of outstanding forward foreign exchange contracts to which the Group was committed was:

2020

Currency	Contract type	Forward contract Currency '000	Forward contract value £000	Mark to market value £000	Fair value £000
US Dollar	**Buy**	**1,680**	**(1,288)**	**(1,318)**	**30**
Indian Rupee	**Buy**	**622,227**	**(6,218)**	**(6,264)**	**46**
			(7,506)	**(7,582)**	**76**

2019

Currency	Contract type	Forward contract Currency '000	Forward contract value £000	Mark to market value £000	Fair value £000
US Dollar	Buy	12,869	(10,248)	(10,418)	170
Indian Rupee	Buy	777,000	(8,468)	(8,759)	291
			(18,716)	(19,177)	461

The fair value of the derivative financial instruments is estimated by discounting the future contracted cash flow, using readily available market data and represents a level 2 measurement in the fair value hierarchy under IFRS 7. These fair value gains/(losses) are included within trade and other receivables and trade and other payables respectively.

Of these, forward foreign currency exchange contracts with a contract value of £7,506,000 (2019: £18,716,000) and fair value liability of £76,000 (2019: £461,000) have been designated as effective hedges in accordance with IFRS 9 *Financial Instruments: Recognition and Measurement*. The movement in fair value of hedged derivative financial instruments during the year was a debit of £385,000 (2019: debit of £814,000) which has been recognised in Other comprehensive income and presented in the hedging reserve in equity. In addition the Group retains the gain or loss on realised foreign currency contracts used to hedge non-financial assets which are realised when the asset is recognised.

No forward foreign currency exchange contracts have been designated as ineffective hedges in accordance with IFRS 9 *Financial Instruments: Recognition and Measurement* at 30 November 2020 (2019: nil).

Commercially effective hedges may lead to income statement volatility in the future, particularly if the hedges do not meet the criteria of an effective hedge in accordance with IFRS 9 *Financial Instruments: Recognition and Measurement*.

c) Foreign exchange rate sensitivity

The following table details how the Group's income and equity would (decrease)/increase if there were a 10% increase in the amount of the respective currency which could be purchased with £Sterling (assuming all other variables remain constant), for example from \$1.30:£1 to \$1.43:£1 at the balance sheet date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency. A 10% weakening of Sterling against the relevant currency would be estimated to have a comparable but opposite impact on income and equity.

The total amount of outstanding forward foreign exchange contracts to which the Group was committed was:

Group	2020 Nominal value £000	2020 Fair value £000	2019 Nominal value £000	2019 Fair value £000
Forward foreign exchange contracts	(7,506)	76	(18,716)	461

Sensitivity

Group	2020 Income £000	2020 Equity £000	2019 Income £000	2019 Equity £000
10% increase in foreign exchange rates against Sterling:				
US Dollar	(23)	(23)	(245)	(245)
Australian Dollar	(555)	(549)	(660)	(1,387)
Indian Rupee	8	325	47	332

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the analysis does not reflect management's proactive monitoring methods and processes for exchange risk.

Interest rate risk

The only significant interest-bearing financial assets or liabilities relate to the Group's borrowings referred to below. During the year, average net debt was £16,309,000 (2019: £24,134,000) and the maximum borrowings position was £29,619,000 (2019: £38,682,000).

The Group has a committed revolving credit facility with HSBC Bank plc and Barclays Bank plc, which was signed on 5 July 2019 which expires on 4 July 2022. The initial facility is for £70,000,000 with the accordion option to increase the facility by a further £30,000,000. The accordion extension does not need the permission of the existing lenders. The current bank credit facility ends on 4 July 2022 but has an option to extend for a further 2 years. The extension remains subject to agreement with the lenders but the Board has no reason to believe that the debt would not be renewed. Of the funds available, £5,000,000 is allocated to an on-demand working capital facility, leaving the remainder unallocated. Under the facility the Company is bound to covenants of 4 times interest cover/EBITDA and 2.5 times Net Debt/EBITDA. During the year a 2020 extension to 3.5 Net Debt/EBITDA was agreed with the lenders. Separate to this, the Group has a number of performance bonds relating to potential liabilities arising in connection with any Local Government Pension Scheme that the Company participates in as a result of its managed services contracts in the RM Education Division (which are included in other provisions). The £5.0m drawdown at the year end is not contractually due for repayment until 2022. Interest is payable quarterly based on the drawdown at this date.

The interest payable on loans under the revolving credit facility is between 1.30% and 2.10% above LIBOR (the Margin), for the remainder of the committed term subject to certain financial ratios. A commitment fee of 40% of the Margin is payable on the unutilised balance and an arrangement fee of 0.5% of the initial total facility was paid in 2019. The fees are recognised in the Consolidated Income Statement on an effective interest rate basis over the duration of the facility.

The interest and currency profile of cash and cash equivalents is shown below:

Group	2020 Floating rate £000	2020 Interest free £000	2020 Total £000	2019 Floating rate £000	2019 Interest free £000	2019 Total £000
Sterling cash and cash equivalents/(overdraft)	(8)	84	76	(4,006)	105	(3,901)
US Dollar	-	1,704	1,704	-	1,758	1,758
Euro	-	158	158	-	1,641	1,641
Indian Rupee	-	108	108	-	681	681
Singapore Dollar	-	355	355	-	760	760
Australian Dollar	133	839	972	-	364	364
New Zealand Dollar	-	77	77	-	225	225
Swedish Krona	-	11	11	-	-	-
Cash and cash equivalents	125	3,336	3,461	(4,006)	5,534	1,528
Borrowings – Sterling	5,000	-	5,000	17,000	-	17,000

The weighted average effective interest rates at the balance sheet date on interest bearing financial assets and liabilities were as follows:

Group	2020 Floating rate £000	2020 Weighted average interest rate %	2019 Floating rate £000	2019 Weighted average interest rate %
Financial assets:				
Cash and short-term deposits	5,941	0.41	5,534	1.25
Trade and other receivables (non-current)	-	-	847	11.75
Financial liabilities:				
Overdrafts	(2,480)	1.67	(4,006)	3.27
Loans	(5,000)	1.54	(17,000)	2.00

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

Group	2020 Income sensitivity £000	2020 Equity sensitivity £000	2019 Income sensitivity £000	2019 Equity sensitivity £000
1% increase in interest rates	(15)	(15)	(155)	(155)
1% decrease in interest rates	15	15	155	155

Credit risk

The Group's principal financial assets are bank balances and trade and other receivables. The Group'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 expected credit losses. Note 19 includes an analysis of trade receivables by type of customer and of the ageing of unimpaired trade 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 Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers and a large proportion are ultimately backed by the UK Government.

The carrying amount of financial assets represents the maximum credit exposure. The Group does not hold any collateral to cover its risks associated with financial assets.

Liquidity risk

Cash is managed to ensure that sufficient liquid funds are available with a variety of counterparties, to meet short, medium and long-term cash flow forecasting requirements.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence as to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders and contributions to the defined benefit pension schemes.

32. RELATED PARTY TRANSACTIONS

a) Key management personnel

The remuneration of the Directors and other key management personnel of the Group during the year, in aggregate, was:

Group	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Short-term employee benefits	**1,574**	2,590
Post-employment benefits	**86**	135
Termination payments	**129**	238
Share-based payments	**427**	408
	2,216	3,371

Share-based payments above include a fair value charge for executive Directors of £40,054 (2019: £231,355) in respect of awards to David Brooks and £199,686 (2019: £203,289) in respect of Neil Martin.

Further information about the remuneration of individual Directors is provided in the audited section of the Remuneration Report.

b) Transactions between the Company and its subsidiary undertakings

During the year, the Company entered into the following transactions with its subsidiary undertakings:

Company	**Year ended 30 November 2020 £000**	Year ended 30 November 2019 £000
Receipts/(payments):		
Management recharges	**(891)**	(964)
Net intercompany interest payable	**(1,153)**	(1,341)
Dividends received	**5,000**	11,000

Total amounts owed between the Company and its subsidiary undertakings are disclosed in Notes 19 and 22 respectively.

c) Other related party transactions

The Group encourages its Directors and employees to be Governors, Trustees or equivalent of educational establishments. The Group trades with these establishments in the normal course of its business.

Spinfield School

Neil Martin, Executive Director, is a governor of Spinfield School. RM Resources made sales of £800 (2019: £1,107). At the year end there is a balance of £nil (2019: £nil) outstanding.

Grant Thornton LLP

Deena Mattar, Non-executive Director of RM plc until 31 July 2020, is a non-executive of the Partnership Oversight Board of Grant Thornton. There were no services in the period to 31 July 2020.

In the prior year; payments were made of £98,901 for strategy work, £27,000 relating to advisory fees in connection with adoption of IFRS 15 and 16, £22,172 relation to work on a new ERP system.

UBM plc

Patrick Neil Martell, Non-executive Director of RM plc, is Chief Executive Officer of Informa plc. In the year a payment of £3,900 was made to UBM plc, a subsidiary of Informa plc, relating to an online subscription for legal guidance (2019: £9,136).

Bellevue Place Education Trust

Vicky Griffiths, a Non-executive Director is a director of Bellevue Place Education Trust. RM Resources made sales of £112. At the year end there is a balance of £nil outstanding.

Dulwich College Junior School

The husband of Vicky Griffiths, a Non-executive Director is Head Teacher of Dulwich College Junior School. RM Resources made sales of £3,996. At year end there is a balance of £891 outstanding.

33. IMPACT OF ADOPTION OF IFRS 16 – LEASES

IFRS 16 *Leases* sets out the principles for the recognition, measurement, presentation and disclosure of leases. It has replaced existing lease guidance, including IAS 17 *Leases* and IFRIC 4. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

The Group has used the modified retrospective adoption approach under which the Group has applied all of the requirements of IFRS 16 with effect from 1 December 2019.

The Group has made opening balance sheet adjustments arising from changes to the accounting for lease contracts. The impact of the new standard at 1 December 2019 is set out below:

	As reported £000	IFRS 16 impact £000	Adopted IFRS 16 £000
Non-current assets			
Right-of-use assets	-	7,031	7,031
Other non-current assets	89,129	-	89,129
	89,129	7,031	96,160
Current assets	61,577	-	61,577
Total assets	**150,706**	**7,031**	**157,737**
Current liabilities			
Trade and other payables	(51,231)	210	(51,021)
Lease liabilities	-	(7,241)	(7,241)
Other current liabilities	(5,708)	-	(5,708)
	(56,939)	(7,031)	(63,970)
Net current assets/(liabilities)	4,638	(7,031)	(2,393)
Non-current liabilities	(34,192)	-	(34,192)
Total liabilities	**(91,131)**	**(7,031)**	**(98,162)**
Net assets	**59,575**	**-**	**59,575**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all the leases on its balance sheet. The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases:

- applied the exemption not to recognise right-of-use assets and liabilities for leases of low value or for which the lease term ends within 12 months of the date of initial application if the lease is not anticipated to renew, on a lease-by-lease basis
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease
- applied the exemption not to separate non-lease components such as service charges from lease rental charges

Previously the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4: Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 1. On transition to IFRS 16, the Company elected to apply the practical expedient to apply IFRS 16 only to contracts that were previously identified as leases. Contracts that were not previously identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 December 2019.

Under transition rules for leases classified as operating leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate at 1 December 2019. The weighted average discount rate on transition was 1.98%.

	£000
Operating lease commitment at 30 November 2019	6,896
Discounted using incremental borrowing rate at 1 December 2019	6,552
Short-term and low-value leases	(165)
Extension and termination options reasonably certain to be exercised	854
Lease liabilities recognised at 1 December 2019	**7,241**

Extension options

Some property leases contain options exercisable by the Group to vary the lease term. The Group assesses at the lease commencement date or at the date of transition whether it is reasonably certain to exercise its options and the most likely lease term is used in determining the lease liability.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of £3.2m.

Right-of-use assets are measured at cost, which comprised the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date.

At 1 December 2019 the Group had no lease commitments previously classified as finance leases under IAS 17.

The Group is not required to make any adjustments on transition to IFRS 16 for which it acts as a lessor.

Detailed primary statement restatements

Detailed primary statement restatements arising from the adoption of IFRS 16 are set out below.

Impact on the Consolidated Income Statement

	As reported £000	IFRS 16 impact £000	Amounts before adoption of IFRS 16 £000
Revenue	188,999	-	188,999
Cost of sales	(115,034)	67	(115,101)
Gross profit	**73,965**	**67**	**73,898**
Operating expenses	(61,489)	153	(61,642)
Impairment losses	(953)	-	(953)
Profit from operations	**11,523**	**220**	**11,303**
Investment income	21	-	21
Finance costs	(1,055)	(151)	(904)
Profit before tax	**10,489**	**69**	**10,420**
Tax	(2,075)	(13)	(2,062)
Profit for the period	**8,414**	**56**	**8,358**

The IFRS 16 impact includes an increase in depreciation of £2.5m and a reduction of lease expenses of £2.7m.

Impact on the Consolidated Statement of Financial Position

	As reported £000	IFRS 16 impact £000	Amounts before adoption of IFRS 16 £000
Non-current assets			
Goodwill	49,322	-	49,322
Other intangible assets	22,354	-	22,354
Property, plant and equipment	8,423	-	8,423
Right-of-use assets	19,391	19,391	-
Defined benefit pension scheme surplus	665	-	665
Other receivables	63	-	63
Contract fulfilment assets	3,420	-	3,420
Deferred tax assets	5,333	-	5,333
	108,971	19,391	89,580
Current assets			
Inventories	18,594	-	18,594
Trade and other receivables	31,317	2,660	28,657
Contract fulfilment assets	728	-	728
Held-for-sale asset	4,793	-	4,793
Corporation tax assets	2,030	(13)	2,043
Cash and short-term deposits	5,941	-	5,941
	63,403	2,647	60,756
Total assets	**172,374**	**22,038**	**150,336**
Current liabilities			
Trade and other payables	(61,491)	(3,835)	(57,656)
Tax liabilities	(163)	-	(163)
Provisions	(435)	-	(435)
Overdraft	(2,480)	-	(2,480)
	(64,569)	(3,835)	(60,734)
Net current (liabilities)/assets	**(1,166)**	**(1,188)**	**22**
Non-current liabilities			
Other payables	(20,987)	(18,147)	(2,840)
Provisions	(3,998)	-	(3,998)
Deferred tax liability	(3,339)	-	(3,339)
Defined benefit pension scheme obligation	(19,318)	-	(19,318)
Borrowings	(4,779)	-	(4,779)
	(52,421)	(18,147)	(34,274)
Total liabilities	**(116,990)**	**(21,982)**	**(95,008)**
Net assets	**55,384**	**56**	**55,328**
Equity attributable to shareholders			
Share capital	1,917	-	1,917
Share premium account	27,080	-	27,080
Own shares	(841)	-	(841)
Capital redemption reserve	94	-	94
Hedging reserve	(65)	-	(65)
Translation reserve	(702)	-	(702)
Retained earnings	27,901	56	27,845
Total equity	**55,384**	**56**	**55,328**

Right-of-use assets: non-current assets have been impacted due to recognition of right-of-use assets on 1 December 2019. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date less any lease incentives received at or before the adoption date (reclassified on the opening balance sheet).

Lease liabilities: Financial liabilities have been impacted due to the recognition of lease liabilities. This liability is initially measured at the present value of the lease payments that are not paid at the adoption date, discounted using the Group's incremental borrowing rate. The lease payments comprise fixed payments, including in-substance fixed payments such as service charges and variable lease payments that depend on an index or a rate, initially measured using the minimum index or rate at commencement date. The lease liabilities have been classified between current and non-current.

Impact on the Half year Condensed Consolidated Statement of Cash Flows

As a result of the adoption of IFRS 16, certain reclassifications are required in relation to the recognition of right-of-use assets and lease liabilities. Although IFRS 16 has no impact on the Group's total cash flow, outflows from financing activities increase while cash outflows from operating activities decrease, as recognition of rental costs, previously recognised solely as cash outflows from operations are now apportioned between finance charges and reduction of the lease obligation.

Impact on the Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity as at 1 December 2019 shows the cumulative effect of initially applying IFRS 16 as nil impact.

SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Ex-dividend date for 2020 final dividend	18 March 2021
Record date for 2020 final dividend	19 March 2021
Annual General Meeting	8 April 2021
Payment of 2020 final dividend	30 April 2021
Announcement of 2021 interim results	July 2021
Preliminary announcement of 2021 results	February 2022

CORPORATE WEBSITE

Information about the Group's activities is available at www.rmplc.com.

INVESTOR INFORMATION

Information for investors is available at www.rmplc.com. Enquiries can be directed to Mark Lágler, Company Secretary, at the Group head office address or at companysecretary@rm.com.

REGISTRARS AND SHAREHOLDING INFORMATION

Shareholders can access the details of their holdings in RM plc via the Shareholder Services option within the investor section of the corporate website at www.rmplc.com. Shareholders can also make changes to their address details and dividend mandates online. All enquiries about individual shareholder matters should be made to the Company's registrar, Link Asset Services, either via email at shareholderenquiries@linkgroup.co.uk or by telephone to 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

To help shareholders, the Link Asset Services' Share Portal at www.signalshares.com contains a frequently asked questions section for shareholders.

ELECTRONIC COMMUNICATION

Shareholders are able to receive Company communication via email. By registering your email address, you will receive emails with a web link to information posted on our website. This can include our report and accounts, notice of meetings and other information we communicate to our shareholders.

Electronic communication brings numerous benefits, which include helping us reduce our impact on the environment, increased security (your documents cannot be lost in the post or read by others) and faster notification of information and updates. To sign up to receive e-communications go to Link Asset Services' Share Portal at www.signalshares.com. All you need to register is your investor code, which can be found on your share certificate or your dividend tax voucher. The Share Portal is a secure online site where you can manage your shareholding quickly and easily. You can check your shareholding and account transactions, change your name, address or dividend mandate details online at any time and vote online via the Share Portal.

BENEFICIAL SHAREHOLDERS WITH 'INFORMATION RIGHTS'

Please note that beneficial owners of shares who have been nominated by the registered holders of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to Link Asset Services, or to the Company directly.

MULTIPLE ACCOUNTS ON THE SHAREHOLDER REGISTER

If you have received two or more copies of this document, it may be because there is more than one account in your name on the shareholder register. This may be due to either your name or address appearing on each account in a slightly different way.

For security reasons, Link Asset Services will not amalgamate the accounts without your written consent. If you would like to amalgamate your multiple accounts into one account, please write to Link Asset Services.

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