



RMTM plc

Annual Report and
Financial Statements

Year ended 30 November 2021

STRATEGIC REPORT

- 01 Operating Highlights
- 02 Chairman's Statement
- 04 Chief Executive Officer's Statement
- 04 Market Trends
- 08 Strategy
- 12 Business Model and Operating Divisions
- 18 Key Performance Indicators
- 20 Purpose, Values and Culture
- 22 Section 172(1) Statement
- 25 Non-Financial Information Statement
- 25 Managing our Risks
- 27 Principal Risks and Uncertainties
- 32 Chief Financial Officer's Statement
- 32 Group Financial Performance
- 38 Financial Viability Statement
- 40 Sustainability Report

CORPORATE GOVERNANCE

- 56 Board of Directors
- 58 Corporate Governance Report
- 70 Audit Committee Report
- 77 Remuneration Committee Report
- 98 Nomination Committee Report
- 103 Directors' Report

FINANCIAL STATEMENTS

- 108 Independent Auditor's Report
- 118 Consolidated Financial Statements
- 123 Company Financial Statements
- 126 Notes to the Financial Statements
- 182 Shareholder Information

OPERATING HIGHLIGHTS

Improved 2021 performance despite continued COVID-19 disruption

Satisfactory results versus the prior year taking into account continued disruption

Revenue up 12% driven by strong trading in RM Resources enabling adjusted operating profit* improvement of 22% (Statutory profit after tax down 45% with £8.3m (2020: £1.7m) of investment program costs expensed following a change in accounting treatment)

Balance sheet remains resilient with net debt* at £18m and an improvement in the pension funding position

Paid and proposed final dividend of 4.7 pence per share (2020: 3.0p)

Reset the strategy and established plans to deliver sustainable growth

Good early progress

*Alternative performance measure (APM), see reconciliation in Note 6.

OPERATING DIVISIONS NOTE

Following a review of strategy, the names of the Divisions have changed to align more closely to their customer proposition.

RM Resources remains the same.

RM Results becomes **RM Assessment**, acknowledging its broader product portfolio and the shift from a focus on digital marking only, to one engaged in digital solutions throughout the assessment lifecycle.

RM Education becomes **RM Technology** highlighting the Division's focus on improving the technology environment in schools and colleges to support learner outcomes.

CHAIRMAN'S STATEMENT

Performance

Detailed assessment of the Group's 2021 performance is inevitably dominated by the pandemic. However, the results reflect the successful efforts of the Group to adapt to the resulting volatility of customer demand. The trading performance did not match pre-pandemic levels but was creditable in the light of the challenges presented, and addressed.

In parallel with accommodating these day-to-day fluctuations, good progress has been made on the warehouse consolidation project and the Group-wide IT investment. The new RM Resources distribution facility is now complete, and the efficiency benefits will flow following systems integration and the transition of activities from existing sites. The IT project is in early testing and should also begin to deliver benefits in the current year and will be complete across all Divisions by the end of 2022.

The Resources Division, which provides teaching and learning products to support the school curriculum, saw early demand impacted by school closures in the first quarter but experienced a strong and pleasing recovery in its UK market following the return to face-to-face teaching. This produced a sales rate which exceeded pre-pandemic levels. It is uncertain how much of this volume was catch-up from earlier weakness, but it appears that the Division has enjoyed a useful gain in UK market share. This increase coincided with the widely commented on supply chain constraints and the consequent necessity for price increases, all of which tested the organisation. Inevitably, operating costs increased as a result and margins suffered. The picture overseas was less buoyant as different regional effects of the pandemic made themselves felt. The outlook for RM Resources is positive, although unpredictable, given the short cycle nature of the business.

The Assessment Division was again constrained by the absence of formal school examinations in the UK and the difficulties in negotiating new contracts overseas consequent upon lack of an ability to engage directly with customers. The business delivered a respectable result in the circumstances. Although the business has good forward visibility from longer term contracts, performance in 2022 will be affected by a low level of new awards in 2021 and the extent to which UK school public examinations return to normal. In the longer term, the increasing attention being given to on-line examinations and assessment should support positive progress in this Division.

The Technology Division, providing managed IT services and software for schools had a steady, if unexciting, year as schools maintained their systems, irrespective of short-term attendance. The gradual trend to consolidation of schools into multi-academy trusts will subtly change the nature of the customer relationships and the Company will need to offer a more sophisticated service package. The short-term performance will be relatively flat but it is noteworthy that the historically beneficial long-term Building Schools for the Future contracts no longer make a contribution.

The Board

Neil Martin was appointed CEO, having previously been CFO, in March 2021. Mark Berry was appointed CFO, after a period as interim, in September 2021. Further appointments at below-Board executive level have subsequently been made to strengthen the management team.

Corporate governance procedures require that I stand down as Chairman by the ninth anniversary of my appointment, which occurs in May 2022. Accordingly, the Board has conducted a process to identify and appoint Helen Stevenson as my successor and she will assume the Chairmanship the day after the announcement of the preliminary results in February. I welcome her and the new executive team and wish them all, and the Company, well.

Dividend

In the light of the results and the Group's good cash performance, the Board considers it appropriate to recommend the payment of a final dividend of 3.0p/share, which together with the interim dividend would amount to a total of 4.7p/share.

Outlook

The short term remains subject to COVID-19 uncertainties, but the achievements of the Company in 2021 set a firm base from which to move forward, supported by the benefits of the current capital investments.

John Poulter

Chairman

14 February 2022

CHIEF EXECUTIVE OFFICER'S STATEMENT

RM delivered a resilient performance in 2021 in another year impacted by COVID-19 with school closures, travel restrictions and the cancellation of school exams in the UK and Ireland.

Our trading was satisfactory taking into account the market conditions and the performance highlighted some areas of our portfolio that were particularly encouraging, such as the UK market share gains in our Resources Division alongside some areas which require more focused attention and a clearer direction such as in our Technology Division.

Another year impacted by COVID-19

COVID-19 continued to impact the sector with UK schools closed for 8 weeks in the first quarter of 2021 and school exams cancelled for a second year. School attendance generally ran at a lower level due to isolation rules which deteriorated further in the fourth quarter as more children were forced to study from home. Disruption was not isolated to the UK and school closures were a common occurrence around the world, although we did see exams sat in the majority of geographies in which we operate.

The related restrictions continued to impact the way we operated with work-from-home guidance and travel restrictions influencing the way we deliver projects and progress sales pipelines. Although the organisation has adapted, the changes have come at a time of significant change in the sector and across our organisation with new leadership, organisational structures, and the delivery of a complex IT programme.

We also saw significant supply chain constraints build through the year which impacted pricing, margins, and customer engagement in some parts of the business. Our procurement teams were agile in establishing alternative supply channels to support the network and we did increase prices, but the overall impact was negative.

Given the challenges of the year and the change profile in our organisation I have been delighted by the response of our colleagues who, despite facing a number of challenges, continued to deliver for our customers and each other.

Whilst the current environment continues to remain uncertain as we enter 2022, with the added financial challenge of rising inflation impacting our costs and that of our customers, the pandemic has accelerated a number of important market trends that are positive to the longer-term outlook of RM.

MARKET TRENDS

The education marketplace is changing. Whilst in part, this is a direct response to COVID-19, much reflects an ongoing movement that has been evolving for some time. Looking beyond the disruption of the current pandemic, the longer-term market outlook should be positive for RM and our strategy has been refreshed to ensure it is aligned to capitalise on the benefit from these trends.



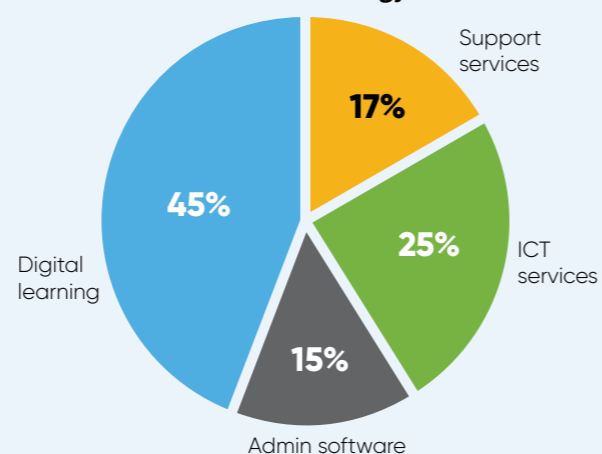
Use of technology in education

Accelerating as schools progress on long digital maturity journey

Education has traditionally lagged many sectors with respect to digital penetration, with currently only c.4% of the \$6.5tn global education and training market spend being digital.

In the UK, spend on education technology (defined as spend on technology and support services, admin software and digital content and learning) was estimated at c.£2bn in 2019. UK education budgets remain challenged, but despite this, it is anticipated that the proportion spent on technology will increase over the medium term, given the growing acceptance that technology can influence a reduction in teacher workload and an improvement in student attainment. That said, schools are at the start of a long digital maturity journey, beginning from different places and with different capabilities and resources.

£2bn – Estimated size of the UK education technology market



Source: consultant advisor



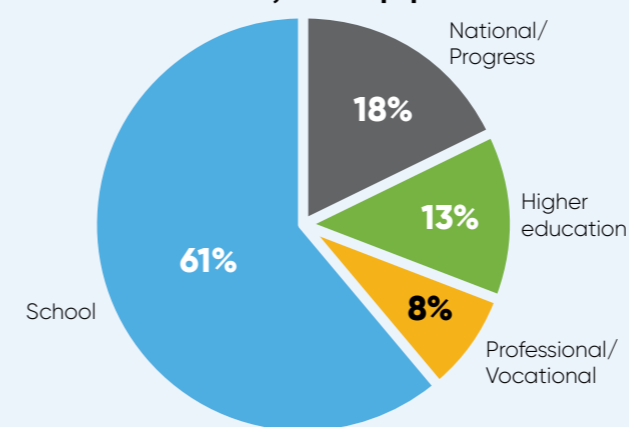
Digital delivery of assessment

Growing engagement on digital solutions post COVID-19 disruption

COVID-19 has been accountable for a wide-ranging cancellation of global examinations across a range of education sectors. This has accelerated a review of the resilience of exam systems and subsequently the wider value of digital assessment in not only delivering flexibility and business continuity but also the value it can bring to user experience and data feedback into the learning process. Business models across education sectors from schools to higher education and professional qualifications are assessing the impact of learners studying remotely and consuming materials in different ways and therefore the opportunity for assessment to adapt accordingly.

Millions of exams are sat globally each year, and this continues to be predominantly on paper. Indicatively in 2019, 94% of the 38million UK examinations covering schools, professions, vocation, higher education, and national proficiency tests were done on paper rather than digitally. The UK is not a leader in digital assessment and RM works with several customers in different geographies who are further advanced in their digital engagement, but it does give an indication of the structural opportunity that exists globally for digital assessment solutions.

UK outsourced assessments, 2018/19 – 38 million, 94% on paper



Source: consultant advisor



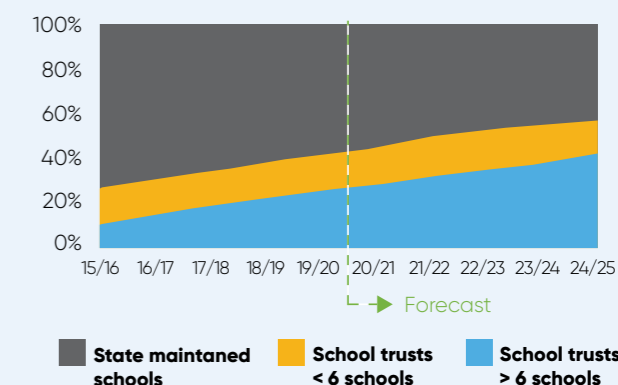
Aggregated school procurement

Growth in larger school groups is key disrupter in buyer behaviour

There has been a transition in recent years in England from schools being maintained and managed by local authorities, to schools becoming academies and receiving funding directly from government. Many then come together as a collection of schools in multi-academy trusts (MATs), the average size of which continues to grow. This transition remains a government policy focus and a trend that we predict will continue.

Larger MATs are more likely to centralise the procurement of some key services which leads to a demand for consistency across the school estate and a higher requirement for professionalism, partnering and demonstration of value delivery. Trends are also starting to demonstrate an increasing engagement with outsourced support in areas beyond teaching and learning. This is a positive dynamic for RM as a provider of services such as outsourced IT services with a national scale and reach that is more mature than many competitors.

School volumes by type of school, England



Source: DfE/consultant advisor



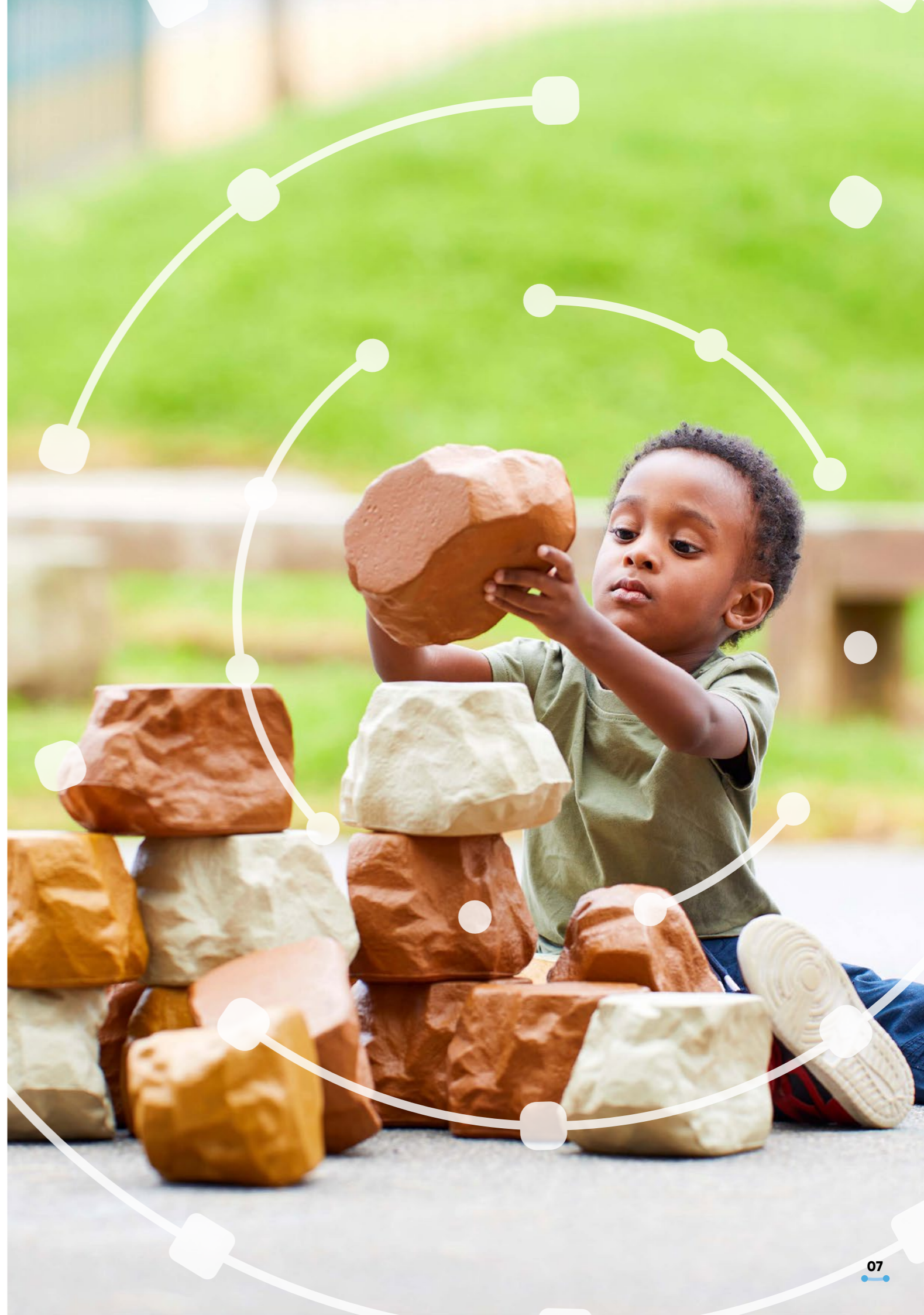
Looking ahead

Following my appointment as Chief Executive in the second quarter of 2021, it was clear that the priority for RM moving forward should be to establish a clear path to long-term sustainable growth for the benefit of all stakeholders.

RM is a purpose-led organisation with a rich heritage in the education sector following almost 50 years of working exclusively with schools and education bodies globally. Our business has a unique breadth of knowledge and expertise, strong brands, market positions and industry renowned customers and partners. We combine this with a cash generative business model and a resilient balance sheet which provides a positive foundation on which to build.

However, RM has not consistently delivered sustainable growth and the Company needs to adapt its go-to-market approach and customer propositions to the more competitive landscape and a market that is changing at an accelerating rate. Opportunities exist to improve operational and commercial execution, reduce complexity and establish clearer accountability.

To address this, we undertook a review of RM's strategy and business model in the second half of the year. This review has been positive in its output and plans are being progressed which will build on the strong business foundations and address the opportunities for improvement that I outlined above. We have made good early progress in changing the go-to-market divisional structure, maturing customer propositions and investing in leadership positions across the Group. Importantly in 2022, we move into the implementation phase of the programme to change our IT platform. The organisation is presently reliant on a legacy technology estate which results in a higher cost to serve than some competitors, a broader exposure to inflation and restricted digital and data capabilities. The transition to the new system, which should be complete by the end of 2022, will see us more than close the technology gap with our peers.



STRATEGY

At a Group level, we have established five simple overarching objectives which are critical to deliver our growth agenda:-



Reach more customers

WHY IS IT IMPORTANT?	WHERE ARE WE TODAY?	IN PROGRESS
Defined target customers	● RM Resources	Refreshed propositions
Critical to optimise market share	● RM Assessment ● RM Technology	New technology platform New structure and leadership

As an organisation focused on a single sector, customer market share is critical and provides broader commercial opportunities to a portfolio group. It also highlights the value in looking at adjacent markets in education where we are not currently focused but where the same customer need exists.

Example opportunity: whilst we are one of the leading brands in the sector, only 2% of UK schools have an RM Technology managed service in a market where this need is increasing.



Improve share of customer spend

WHY IS IT IMPORTANT?	WHERE ARE WE TODAY?	IN PROGRESS
Optimise return on investment where cost to sell is high	● RM Resources ● RM Assessment ● RM Technology ● RM Group	Refreshed propositions New technology platform New structure and leadership

The cost to acquire new customers is relatively high and therefore it is critical that once a relationship is established, it is maintained, and the share of customer spend maximised.

Example opportunity: almost 90% of UK primary schools buy from the RM Resources brand, TTS. The opportunity exists to further leverage the trust in this brand through this channel. For example, only one third of TTS customers buy wider school supplies from their sister resources brand, Consortium.



Operational excellence

WHY IS IT IMPORTANT?	WHERE ARE WE TODAY?	IN PROGRESS
Customer focus on trust	● Operational efficiency is behind some competitors	New technology platform
Tight budgets		Single automated warehouse
High-touch requirements		

Good customer service and operational efficiency is essential to a sector that delivers a critical public service to its end customers.

Example opportunity: RM currently trades with a higher cost to serve than some of its competitors due to its legacy IT platform making it more people intensive to maintain the high customer service levels required by our customers. As outlined, this platform is being replaced in the year ahead which will more than close the technology gap on our peers.



Attract and retain talent

WHY IS IT IMPORTANT?	WHERE ARE WE TODAY?	IN PROGRESS
Talent has functional expertise	● Purpose-led organisation but very challenging labour market	Employee engagement focus
Sector knowledge		New structure and leadership
Customer empathy		New technology platform

RM prides itself on a workforce that has functional expertise, deep sector knowledge and customer empathy. Acquiring, developing and retaining this talent and building a culture of positive employee engagement is a key success factor.

Example opportunity: in the year, we undertook a culture audit and are refreshing our employee engagement approach based on the feedback. We have also recently appointed a number of senior leaders from the education sector and specialisms in broader industry such as cloud and managed services, to support the strategy execution and broader empowerment.



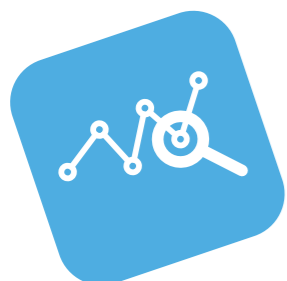
Maintain strong financial discipline

WHY IS IT IMPORTANT?	WHERE ARE WE TODAY?	IN PROGRESS
Need to invest whilst balancing risk and stakeholder needs	● Resilient balance sheet Good cash generation Prudent fiscal approach	Large capital programmes conclude in 2022

RM has a resilient balance sheet, a cash generative business model and a track record of prudent fiscal management. It is imperative that this is maintained and remains a focus on the path to more ambitious growth.

Example Opportunity: our large multi-year investment programmes will be completed in 2022 facilitating a reduction in investment spend and delivery of the financial benefits.

ENABLERS TO UNLOCK GROWTH



New digital and automated platforms

Integrated end-to-end platform and automated warehouse enable improved customer service and data insight

Portfolio and operating model

New divisional structure and operating model to ensure the whole is greater than the sum of the parts



Talent and culture

Building talent and inspiring leadership in a purpose-led organisation

Against the backdrop of these Group-level objectives and coupled with an assessment of our current execution in light of the changes in our respective markets, the three Divisions revisited their strategies to ensure that they were ambitious and aligned to the growth agenda. This exercise reconfirmed the need to continue to build on our unique breadth and depth of domain knowledge, brand strength and capabilities. It also highlighted the necessity to focus and be clear on the opportunities where we can grow at scale and sustainably differentiate in the market. This has crystallised a number of activities and exciting changes that are critical to our growth agenda centred around the clarity of the customer need in a post COVID-19 environment and the impact of the market trends previously outlined.

Opportunities to unlock growth

Underpinning the five strategic objectives to unlock more ambitious growth are three key opportunities that we will progress and mature over the next 18 months.

The new digital and automated platforms that will be implemented during 2022 constitute a significant transformation for the Group. Replacing eight core, but disparate, IT systems alongside consolidating five distribution centres into a single automated facility will deliver key benefits which include:

- a secure technology and data estate through connected Group systems, a common financial system and a Microsoft cloud estate for resiliency;
- improved efficiency and customer experience through automated, integrated processes, self-serve capability, an integrated service management platform, and a modern website with improved user interface;
- improved revenue opportunities delivered through better data insight from a single view of the customer, and a consolidated CRM alongside tailored, targeted market capabilities and delivery through upgraded digital channels;
- supply chain optimisation through improved warehouse efficiency and fulfilment performance and integration of demand with suppliers.

In parallel we have revisited our portfolio and operating model establishing a new divisional structure with three leadership teams aligned to the divisional model and market focus. This provides greater customer and domain focus and improved go-to-market execution. We are now developing the operating model to ensure that the value of RM Group is greater than the sum of its parts. This is being approached in two ways:

- a focus on leveraging the relationships held in each Division to bring broader value to our customers and a greater awareness of the unique breadth of our Group-wide knowledge and expertise we have in the sector; and
- revisiting the operating model to ensure that the organisation is delivering efficiently and effectively. This has identified centres of excellence that can deliver value across the whole Group rather than being separately delivered in each Division. Initial changes have seen the creation of a single bid management function and architecture and digital product development centres.

Talent and culture should always be at the heart of a successful organisation, and this is particularly important to RM. We have a strong purpose-led culture and committed employees who care about education and learners, and we see exciting opportunities to continue to evolve and develop that culture. To support employee engagement, we have undertaken a culture audit, initiated several equality, diversity and inclusion initiatives and launched a new quarterly engagement survey which will provide valuable information to support our activities in this area. In addition, the establishment of the new leadership structure and the appointments made to key leadership positions in the organisation are designed to foster greater empowerment.

Outlook

The evolving market backdrop provides convincing reasons to believe that the sector is developing in a constructive and commercially positive way.

The actions taken in the last year and the plans we have in place to unlock growth will take time to mature and be fully embedded. With the new IT platform and automated warehouse expected to be fully operational by the end of 2022 and the changes we are making associated with the strategy refresh and new leadership structure, we are entering an 18 month period of transition. Following this, we will move into a phase whereby we are able to leverage the changes and investments made in the business alongside a greater customer and market focus. It is at this stage where we move beyond pre-COVID-19 levels of financial and operational performance and will be able to more fully capitalise on the organisation's potential to deliver sustainable growth with greater agility to exploit customer and market opportunities as they arise in the future.

All of this represents material change for the organisation, which is essential to achieve its potential and deliver a sustainable pathway for growth and meet the changing needs of the education sector. It has been a challenging time to be involved in delivering and supporting education over the last two years, but this now feels like an exciting time for the sector and for RM. Our plans rely on dedicated and passionate people to be successful and I continue to be impressed by the commitment of our colleagues and their desire to not only develop and advance the organisation but importantly improve educational outcomes for our customers.

Neil Martin
Chief Executive Officer
14 February 2022



BUSINESS MODEL AND OPERATING DIVISIONS

RM is a portfolio organisation with a common vision that aspires to enable the improvement of education outcomes around the world through bringing together inspiring resources, digital assessment solutions and harnessing technology to support and improve teaching and learning.

We do this through our three business Divisions:

- **RM Resources** – providing unique and innovative teaching resources and education supplies to schools and nurseries globally.
- **RM Assessment** – providing assessment software to help our customers accelerate their adoption of digital practices and transform assessment across practice, progress, evidence collection and exams to unlock teaching and learning benefits.
- **RM Technology** – providing strategic IT services to UK schools and colleges that deliver an environment that improves learning outcomes and makes the most of their IT investments.



Our Divisions are aligned to the trajectory of their respective markets whilst aspiring to bring the breadth of their expertise and relationships together to create a cohesive organisation, ensuring the **resources** available to us have the biggest impact:

Strong market positions

Strong and distinctive brands that are well respected in the UK and internationally.

Breadth and depth of knowledge

RM has a rich heritage in education, trading since 1973, and across the Divisions has established an extensive sector knowledge to enable it to bring unique breadth of value to the customer.

Market-leading products

We have leading products and services in each of our respective markets focussed on the domains of curriculum content, digital assessment and the use of technology to improve education environments.

Insight from working with the leading organisations in education

We benefit from long relationships with some of the leading organisations in their field from globally renowned assessment organisations to ministries of education, leading schools, trusts and nurseries, thought leaders and educators, universities and partners that include the largest global technology organisations.

This creates a unique network of knowledge and insight with which to create value for our customers.

Highly-skilled people with deep domain knowledge

We employ some of the best and most passionate people in the education services sector combining functional expertise, a deep sector knowledge and customer empathy.

Purpose-led culture

Above all we recognise our role in society and our people are united in seeking to enrich the lives of learners worldwide.

RM RESOURCES

WHAT WE DO

We improve learning outcomes by providing unique and innovative teaching resources and education supplies to schools and nurseries worldwide. We are the UK market leader with 2 distinctive brands – TTS and Consortium – whilst also selling internationally to over 80 countries through a network of distributors or directly to international school groups.

AMBITION

We will build on the trust of our market-leading position to continue to grow share as the foremost provider of resources to improve children's attainment in school and nursery settings in the UK and internationally.

MARKET FOCUS

Leverage our market leading position and significant customer reach in the UK to ensure that we are meeting the evolving needs of educators to deliver the curriculum to improve child attainment.

Invest internationally, building on our existing presence in scaleable markets to leverage the TTS brand as experts in our core strengths of STEAM, robotics, early years and 21st century skills.

OPPORTUNITY

- Sell to c.90% of UK primary schools and c.30% of nurseries
- Only 1/3 of existing customers buy both brands
- Increase international penetration
- Improve operational efficiency

MARKET CHARACTERISTICS

UK Resources

Market	Growth	Share
c.£1bn	0-3%	c.9%

International Resources

Market	Growth	Share
>£1bn	2-5%	<2%

UK Digital Content

Market	Growth	Share
c.£81m	5-10%	0%

WHAT MAKES US DIFFERENT

We work with educationalists, practitioners, and experts to develop unique ranges which address the educational goals for learners worldwide.

We offer resources that cover the whole English curriculum and are closely mapped to the improvement of learning outcomes.

We are recognised experts and innovators with core strength in early years, STEAM, robotics and 21st century skill development.

APPROACH

- Assess further product penetration opportunities
- New technology platform will improve digital buying experience
- Follow post-COVID-19 global funding initiatives
- New technology platform and automated warehouse

RM ASSESSMENT

WHAT WE DO

We provide software that helps our customers accelerate their adoption of digital practices and transform assessments to unlock teaching and learning benefits.

AMBITION

To become the essential digital assessment partner to the world's leading awarding and education organisations. Innovating approaches to digital assessment across practice, progress, evidence collection and exams, and work with customers throughout the lifelong learning journey.

MARKET FOCUS

Continue to build market share in digital assessment globally as the market transforms. Focussing on general school examinations, professional and vocational awarding organisations and higher education.

OPPORTUNITY

- Global review of assessment delivery following the disruption of COVID-19
- Digital assessment solutions have a growing role in the learning process
- RM support the leading global assessment brands today

MARKET CHARACTERISTICS

Global Assessment Services

Market	Growth	Share
>£1bn	>5%	<5%

Addressable market primarily digital adoption of paper-based processes.

RM supports 2.5m online tests and 21m online marked tests across 180 countries.

WHAT MAKES US DIFFERENT

Our customers choose us because we navigate the journey to digital assessment maturity irrespective of their start point and make it easier to digitise across practice, progress, evidence collection and exams.

We stand out because we don't just provide a technology platform. Our customers rely on our proven domain expertise and experiences of working with the world's leading organisations to pre-empt and overcome the challenges and barriers they face.

APPROACH

- Increase sales capacity to target existing and adjacent markets
- Re-position as a leading provider of digital assessment solutions
- Leverage experience of working with the leading global assessment brands

RM TECHNOLOGY

WHAT WE DO

We are the strategic IT services partner for UK schools and colleges to deliver a technology environment that improves learning outcomes and make the most of IT investments.

AMBITION

To become the preferred technology partner for UK trusts, schools and colleges and to lead the market through a period of digital maturity.

MARKET FOCUS

Focussing on the UK schools market, building on our customer reach of 19% and to improve our share of customer spend. Focus on the growing need for a strategic IT partner managing technology for schools.

OPPORTUNITY

- COVID-19 has increased the need for effective and accessible technology
- 19% of UK schools buy at least one product, only 2% have a managed IT service from RM
- Growth in larger school groups is changing the market need

MARKET CHARACTERISTICS

UK IT Services in Education

Market	Growth	Share
£500m	2-5%	c.12%

Current market size excludes proportion of market where schools run IT services in-house.

WHAT MAKES US DIFFERENT

Transforming how technology is used in schools today, supported by almost 50 years of sector experience, and a wide breadth of specialists and partners.

Provide access to a unique network of knowledge and insight through our relationships with leading schools and trusts, governments, global technology partners and experts across education and technology.

We have the size and scale to maximise opportunities across the UK, from meeting a simple software need to supporting a nation-wide solution, and partnering with others to meet a regional requirement or support a local school.

APPROACH

- Reposition RM as the strategic technology partner of choice
- Improve share of customer spend
- New technology platform to improve operational efficiency, customer acquisition and retention

A Portfolio Group

RM plc is a portfolio Group that aspires to ensure that the whole is greater than the sum of its parts. It strives to ensure that the Divisions have the freedom to focus on their market and deliver for their customers. The Group supports by providing a scaleable and resilient foundation that can effectively and efficiently invest in expertise, provide capital, support strategic initiatives and partnerships and sponsor cross-divisional customer engagement. The combination should deliver synergies internally and externally and enable competitive differentiation and customer value. Aligned to this approach, several changes were made in the past year:

- The structure was changed to establish separate leadership teams for each of the three Divisions as previously two Divisions were operating under a single leadership team.
- A greater focus on collaboration to bring together divisional domain knowledge to support a drive towards a greater share of customer spend. To support this, we have established a new role on the Executive team. Our Group Strategy and Customer Director will also lead on Group strategic partnerships.
- A review of the target operating model has identified the opportunity to establish a number of centres of excellence whereby investment and expertise can be focused in one place rather than separately in each Division. These include bid management, software architecture and digital product development.

Common purpose and vision

Strategic partnerships & Group customer leverage

RESOURCES

Curriculum content

ASSESSMENT

Digital assessment

TECHNOLOGY

Technology to improve education

Management structure to enable three leadership teams to improve go-to-market focus and execution

The Divisions are supported by central corporate function and centres of excellence that deliver synergies and support Groupwide strategic initiatives

Supporting this model is our operation in India where one third of our colleagues are based. The Indian operation provides services solely to RM Group companies. Activities include software development, customer and operational support, back-office services (e.g. customer order entry, IT, Finance and HR) and administration to all the Divisions and the central Group functions.

Value we create for our stakeholders

Educators

We believe that technology can help make teaching more engaging, encourage greater collaboration between colleagues and have a positive impact on addressing teacher workloads.

Learners

Developing digital and 21st century skills is critical in later life, and equipping learners with the opportunity early in their development prepares them for whatever comes next.

Governments and awarding bodies

We innovate approaches to digital assessment across practice, progress, evidence collection and exams, and we work with customers throughout the lifelong learning journey.

Employees

We are committed to building a workforce which reflects the diversity of the customers and communities we serve, and to creating an inclusive and flexible workplace where all our employees can be themselves and succeed on merit. Without diversity of thought, we cannot continue to innovate and grow.

Shareholders

We aim to provide long-term shareholder value creation.

Society

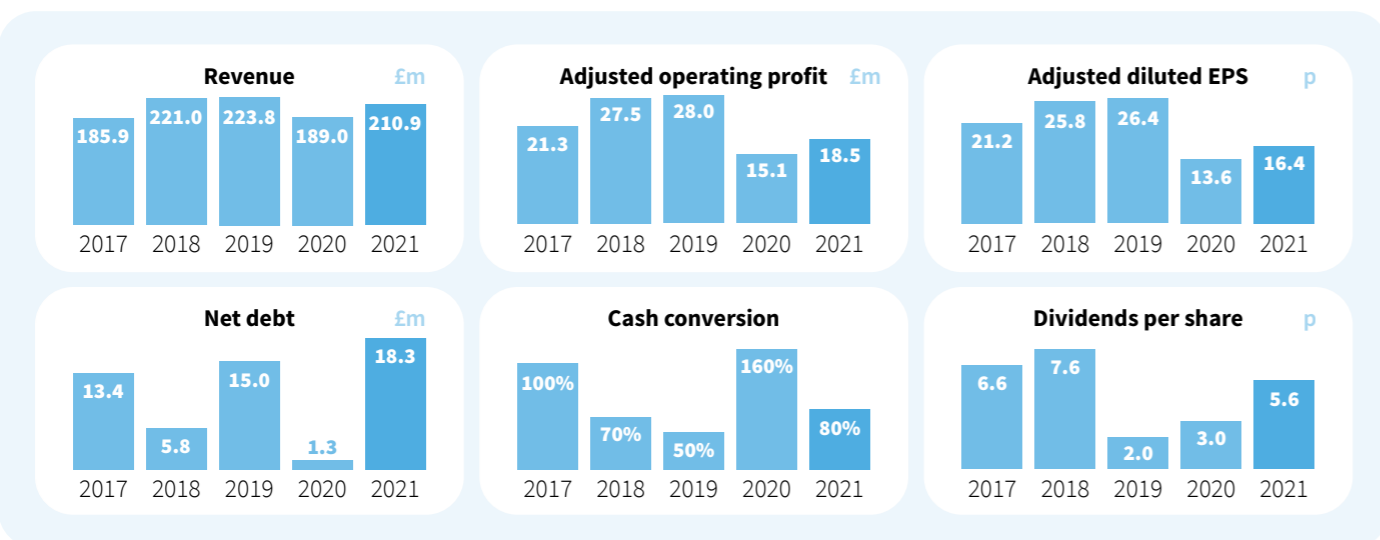
Education plays a crucial role in society and we are passionate about improving educational outcomes which improves the life chances for people. As a purpose-led organisation this is at the heart of our colleagues' passion to deliver great value for all our stakeholders.



KEY PERFORMANCE INDICATORS

The key performance indicators are being expanded in line with the strategy refresh and there will be a number of new non-financial measures which are being further developed. These are outlined below and demonstrate how they are aligned to the five strategic objectives.

Financial measures



Adjusted operating profit, adjusted diluted EPS, net debt and cash conversion (adjusted) are alternative performance measures (see Note 6).

Business and non-financial measures

To measure performance against our strategy execution we will begin to measure against the key strategic objectives by Division or Group as appropriate.

Customer reach

This will look at customer growth by Division.

Share of customer spend

This will look at average customer value or product categories by customer by Division.

Operational excellence

This will look at operational efficiency metrics by Division.

We will also report on progress towards our sustainability targets:

- Becoming net zero by 2035¹
- Reducing scope 1 and 2 carbon impacts, against our 2015 baseline, in line with the Government reduction target of 78% by 2035
- Becoming net zero across scope 3 ahead of 2050

¹This covers scope 1 and 2 emissions.

In order to better understand scope 3 impacts, we are also gathering data on around 36,000 products that we sell, including the material composition, manufacturing methods, supply chain impacts, logistics and end of life management so we can prioritise them for reduction and set appropriate targets.

Data on emissions by scope is captured on page 44.

Attract and retain talent

This will look at employee engagement and diversity measures for the Group.

Female representation measures are captured on page 49.

We are also striving to improve our racial and ethnic diversity. We have started a program to enhance the data collection in the UK to report on racial and ethnic diversity KPIs. Our initial focus will be to report on diversity among senior positions and then the wider workforce when we have sufficient data collected to be representative.

Maintain financial discipline

These are captured in the financial measures above.



PURPOSE, VALUES AND CULTURE

RM is a purpose-led organisation with a strong culture that binds the three operating Divisions behind a common vision. As each Division has a different market and product focus, they each deliver this vision through a different mission statement. Our purpose, vision and mission statements support our long-term sustainable growth and value for our shareholders.

This is powerful for our colleagues and a source of pride as it enables them to understand how the role they perform in the organisation contributes to the vision of the organisation and delivers significant value to wider society.

As a business that operates only in the education sector it is critical that we understand the market and our customer needs. Our vision is aligned to the vision of our customers and therefore helps to ensure a clarity of understanding for our colleagues on the objectives and values of our customers. We are all focused on improving educational outcomes which will fundamentally enrich the lives of learners.

During the year we undertook a culture audit acknowledging the importance of culture to the long-term success of the organisation. This involved a staff survey and covered 13 dimensions of culture which was followed up by one-to-one interviews with leaders and focus groups with employees.

The results highlighted a very high level of cultural alignment across the Group irrespective of Division or geography with a strong sense of pride in our purpose and the important role the organisation plays in education. There was a clear desire to advance and improve the organisation, and achieve greater strategic direction and empowerment in a changing marketplace. This was important input into the strategy refresh process we undertook in 2021.

Underpinning our culture are our set of behaviours which inspire our approach and performance:

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.

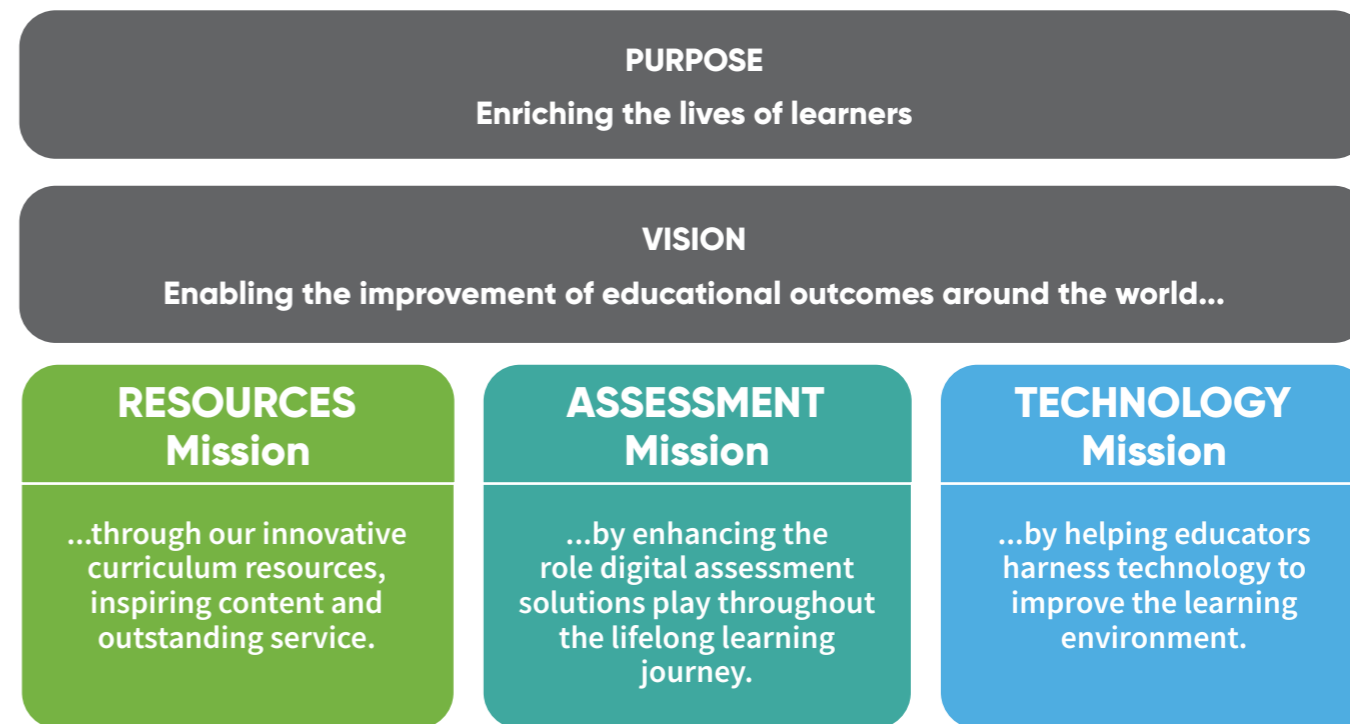
Make it Simple: We make complex issues easy to understand and we strive for the simplest solutions that deliver the most significant results for our customers and ourselves. We say it as it is and don't assume that how we have done it in the past will necessarily be how we do it in the future.

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 for the benefit of all stakeholders with whom we do business. Aligned to these behaviours, it was encouraging for the organisation to have been awarded the 2021 LinkedIn Talent Award for the Best Culture of Learning for organisations with employees between 1,000 and 5,000 and clear recognition of the desire of our staff to develop, learn and be curious.



This year we launched "High Five", a new recognition scheme for employees that have demonstrated our Five to Drive behaviours. It supports a strong culture with a shared set of behaviours that helps foster a real sense of community, putting recognition at the heart of our Company culture. High Five is a peer-to-peer recognition scheme and employees who are recognised by colleagues in two categories for demonstrating our behaviours, receiving either a simple 'thank you' or a small, points-based financial reward.

The Board receives regular reports and updates from the CEO, CFO and General Counsel as well as other members of the Executive team and the Group. These reports and updates cover a wide range of matters 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 the following:

- A review of strategy, including external support, with a resulting focussed refresh of the strategic direction and approach

- Specific reviews on particular Divisions within the business and key projects
- Workforce data including details with regard to leavers, joiners, promotions, diversity and length of service
- Any significant customer issues, disputes
- Compliance updates including issues, training, system availability and information security and data incidents
- Health and safety reports
- 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 all its members as a whole. The Directors confirm that they have had appropriate regard to the matters detailed in Section 172 of the Companies Act 2006 in making their decisions.

RM has a diverse and wide community of stakeholders, each with its own interests in and expectations of the Company. The Board and each Director acknowledges that the success of RM's strategy is reliant on the support and commitment of all the Company's stakeholders. During the year, the Board received reports from the business on engagement with stakeholders and took part in discussions which considered, where relevant, the impact of the Company's activities on its key stakeholders. These activities, together with direct engagement by the Board and individual Directors with the Company's stakeholders, helped to inform the Board in its decision-making processes.

Details of the Company's key stakeholders and how the Board has engaged with them during the year is set out on pages 65 to 67. This includes details of workforce engagement by the designated Non-Executive Director on page 65 to 66.

As a Board, the role of the Directors is to act as effective and responsible stewards of the Company. RM's culture promotes high standards of business ethics and is focused on a long-term sustainable strategy which recognises the Group's impact on the environment. Examples of how the Board has had regard during the year to the various factors set out in Section 172(1), and the impact that regard has had, are set out below.

Board decision

COVID-19 response

Over the course of the year, the Board considered the impact and effect of the pandemic on the business of RM and of its decisions on the stakeholders of the Group. The Board received regular reports from the Executive Directors throughout the year. When schools were closed early in the year, the Board held an additional meeting to discuss how this impacted RM, its customers and other stakeholders including whether it should furlough staff. The Board regularly reviewed, discussed and supported the steps taken by the business to continue to supply schools and support their IT systems during the pandemic.

Factors considered by the Board in accordance with Section 172(1) and their consequent effect

Customers and community – Keeping RM's distribution centres open to continue to supply schools with the products they needed for classes whilst maintaining their IT systems during the various stages of the pandemic. This helped minimise the impact on students' education. Helping schools stay open benefited the wider community, and reinforced RM's long-term customer relationships.

Employees – Protecting RM's employees' health, safety and wellbeing during the pandemic has been a priority and regularly discussed by the Board. The Board has supported the Company's decisions to achieve this through reconfigured operating practices at distribution centres, additional health support in India, the provision of equipment to assist

employees' working at home, the provision of wellbeing support available online and the introduction of extra measures to aid safe working in the office as employees returned to the workplace. See discussion on the actions taken on page 66.

Suppliers – The Board supported various measures taken by the Group to support suppliers through the pandemic, further details on page 67.

Government – The Board supported RM's involvement in discussions with the Government on how disadvantaged learners can be assisted with studying at home. Further details are on page 50.

Shareholders – Minimising the impact of the pandemic on the Group's trading performance was an important consideration in the Board's deliberations on the Company's response to the pandemic.

Environment – Changing RM's working practices in the last year, with significantly increased working from home, reduced the energy consumption of the Group and its carbon usage. These changes were discussed at the Board during the course of the pandemic.

Long term and fairness between stakeholders – Maintaining the operations of the business so as to minimise the impact on its stakeholders during the disruption caused by the pandemic was a key consideration in all the Board's discussions and decisions in connection with the pandemic.

See also the details about risk elements caused by the pandemic detailed in the principal risks on page 30.

Board decision

Final and interim dividend payments

The Board made the decision to cancel the 2019 final dividend as well as the 2020 interim dividend and to award the final dividend in 2020 and interim dividend in 2021 at reduced rates. The Board considered the advantages and disadvantages of the change to the dividend policy in making these decisions and determined it was the right action to ensure the Company's long-term success.

Factors considered by the Board in accordance with Section 172(1) and their consequent effect

Shareholders – The views of shareholders, RM's broker and other analysts on the expected market reaction, were taken into account. The Board carefully considered the short-term negative effect on shareholders and the need to manage the short-term consequences of the COVID-19 pandemic taking into the account the reduced profitability during this period.

Long term and fairness between stakeholders –

The need to maintain sufficient cash to maintain operations and pay suppliers and employees and avoid any damage to its operations that would impact its long-term sustainability.

Board decision

The approval of a new freight operator providing a national service

The Board was informed of the tender process, the objectives for the new partner and the companies participating. Members of the Board had valuable experience in this area which was factored into the process. They were also updated on the impact on the timetable caused by the announcement from the incumbent suppliers that they were ceasing operations in the UK. The Board approved the appointment of the preferred new partner.

Factors considered by the Board in accordance with Section 172(1) and their consequent effect

Suppliers – Developing an important relationship with a new supplier and as one of its key customers.

Customers – Ensuring that the Company continued to provide a good service to customers was a key consideration in this appointment. The Board supported the process, and the selection of a new supplier, on the basis of the service it will provide customers, whilst maintaining and enhancing RM's reputation as a reliable partner.

Environment – The consolidation of deliveries using one freight operator at a single site will enable a more efficient logistics operation. This will allow orders to be delivered as one parcel from one location rather than as separate deliveries from each of the five previous distribution centres. This consolidation will also provide the opportunity for faster deployment of innovations that reduce environmental impacts associated with freight.

Long term – The importance of working with a reliable freight provider that would provide a good service across the UK in order to maintain RM's reputation and its relationship with customers.



Further information on how the Board have fulfilled their Section 172(1) duties can be found throughout the Strategic and Governance Reports and the following sections are incorporated into this report.

Section 172(1) duties	Section	Pages
Consequences of decision in the long term	Business Model	12-16
	Going Concern and Viability Statement	36-39
	Principal Risks and Uncertainties	27-31
Interest of employees	Sustainability Report (Workforce)	48-50
	Stakeholder Engagement (Employees)	65-66
Foster relationships with suppliers, customers and others	Stakeholder Engagement (Suppliers and Partners)	67
	CEO Report	17
Impact on community and environment	Sustainability Report (Environmental Policy and Responsibility) and TCFD Report	40-47
	Sustainability Report (Community)	50-51
	Stakeholder Engagement (Environment/Community)	67
Maintaining high standards of business conduct	Purpose, Values and Culture	20-21
	Sustainability Report (Governance)	51-54
Acting fairly between members	Stakeholder Engagement (Shareholders)	66

NON-FINANCIAL INFORMATION STATEMENT

The Strategic Report (including the Sustainability 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.

Reporting area	Policies and related due diligence and outcomes	Principal risks
Environmental	Environmental Policy (pages 40-47)	RM considers the impact of climate-related risks across the whole business (see Environmental Risk on page 29).
Employees	Equal Opportunities Policy	RM reflects diversity and health and safety risks in the People Risk section on page 29.
	Health and Safety Policy (page 53)	
Social and community	Safeguarding Policy (page 53)	RM reflects safeguarding risk in the Operational Execution Risk on page 27.
Respect for human rights	Annual Modern Slavery Statement (page 53)	RM considers these risks with its suppliers on page 67 and Data and Business Continuity on page 28.
	Data Protection Policy (page 52)	
	Supplier Code of Conduct (page 67)	
Anti-corruption and anti-bribery	Anti-Bribery Policy (page 51),	RM reflects anti-bribery and corruption risks in its Operational Execution Risk on page 27.
	Anti-Money Laundering Policy (page 51)	
	Share Dealing Code (page 54)	

See pages 12 to 16 for the description of the business model and page 18 for KPIs and non-financial targets.

Environmental Policy and Reporting

The Environmental Policy and Reporting section in the Sustainability Report on pages 40 to 47 is incorporated into this report.

Workforce

The section on Workforce in the Sustainability Report on pages 48 to 50 is incorporated into this report.

MANAGING THE GROUP'S RISKS

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:

- organised under the following categories: political, strategic, operational, financial and emerging; and
- assessed in terms of probability of the risk occurring and its potential impact on the Group and its key stakeholders.

RM assesses both the inherent risk, before any mitigating actions, and the residual risk after such actions have been taken.

The Company also identifies any other activities that could be undertaken to further mitigate risk where it is considered too high. Whilst RM's risk management systems are designed to reduce risk as far as possible, the Company cannot eliminate all risks.

During 2020 and into 2021, the Executive Response Group for Business Continuity was activated and met regularly, led by the CEO, to manage RM's response to the COVID-19 pandemic. Whilst there was significant impact on the Group's operations, during the pandemic, RM has overall continued to operate successfully and its risk management processes have continued to operate as normal.

Emerging risks are those that do not currently have a material impact on the business but have a reasonable likelihood of impacting future strategy or operations. Details of emerging risks, as a separate category of risk, are identified and analysed, and mitigating actions proposed and monitored as part of the risk management processes. These risks are reviewed following the same process as for principal risks. Whilst there are a number of risks that the Company identifies and manages, currently, none of these are expected to become future principal risks. Environmental risks were an emerging risk but are now captured as a principal risk based on an analysis of the probability and potential impact. Current emerging risks include risks relating to future pandemics, changes in government assessment policy, the impact of political problems in Asia and evolving climate change risks.

The full register including emerging risks, 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 mitigation plans for those risks and the person responsible for these. These risks and their mitigation are monitored on a continual basis by each Division. 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 Group Internal Audit provide assurance that the risk management systems are effective.

The Board reviews the principal and emerging risks faced by the Group and approves the Group Risk Register at least twice a year.

The Group has a Risk Appetite and Tolerances Policy which sets out the overarching risk tolerances across the Group. There is zero tolerance for risks which:

- harm its employees, customers, learners or the general public;
- create significant, unmanaged, adverse, reputational damage;
- lead to the loss of any application or IT service deemed critical for RM customers or internal users or the loss of any service beyond the ascertained maximum acceptable outage; or
- would cause any failure to comply with legal and regulatory requirements.

The Board confirms that it has carried out a robust assessment of the principal and emerging risks faced by 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.




RM has identified the principal risks set out in the table below and it has continued to monitor these in 2021. These are the risks with the highest probability and impact on the business. While these risks are largely unchanged since last year, the key changes reflect the impact of COVID-19 and Brexit changes including supply chain issues, inflation and workforce retention.

In addition, to these there are other risks that are reviewed managed and mitigated throughout the year. The arrow in the Trend column indicates the year-on-year change in the risk.







Link to strategic objectives:





-  **Reach more customers**
-  **Improve share of wallet**
-  **Operational excellence**
-  **Attract and retain talent**
-  **Strong financial discipline**



Year-on-year trend:

-  **Increasing risk**
-  **Decreasing risk**
-  **Unchanged from previous year**





PRINCIPAL RISKS AND UNCERTAINTIES

Risk and categorisation	Description and likely impact	Mitigation	Trend and likelihood
 Public policy (Political Risk)	<p>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.</p> <p>UK government funding in the education sector is constrained by fiscal policy.</p> <p>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 specialises.</p>	<p>The Company reviews the education policy environment by the regular monitoring of policy positions through our involvement with industry trade bodies and responding to government consultations.</p> <p>The Group's three Divisions have diverse revenue streams and product/service offerings which dilutes the impact of any change.</p> <p>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.</p>	 <p>The likelihood of this is currently considered low.</p>
 Education practice (Political Risk)	<p>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.</p>	<p>The Company maintains knowledge of current education practice and priorities through close relationships with customers.</p> <p>The Company is evolving its product and service offering to help its customers with their developing requirements.</p>	 <p>The likelihood of this is currently considered low.</p>
 Operational execution (Operational Risk)	<p>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 or system failure would result in reputational damage and increased costs.</p> <p>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.</p> <p>RM's increasing international business makes it subject to laws in other countries and higher risk jurisdictions.</p> <p>RM employees enter school premises to provide services and should be properly cleared to do so.</p>	<p>The Company invests in maintaining a high level of technical expertise (see also the People risk below).</p> <p>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 and material projects are audited.</p> <p>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 the Company assesses and takes account of higher risks levels and complies with all relevant laws and regulations.</p> <p>Procedures are adopted to ensure that all employees are properly checked and receive training before entering any school premises. Further information is provided on this on page 53.</p>	 <p>This has increased in potential impact and likelihood due to the implementation of major projects (see Transformation Risk section below) and the increasingly competitive market for talent (see People risk on page 29).</p>

Risk and categorisation	Description and likely impact	Mitigation	Trend and likelihood
Supply Chain (Operational Risk) 	RM is reliant on the cross-border movement of goods which have been affected by new Brexit related requirements and the impact on supply chains of the COVID-19 pandemic.	Changes resulting from Brexit have been managed through the adoption of new processes to meet the new requirements; potential improvements in this process will continue to be assessed. The Company continues to review and broaden its sourcing and freight forwarding options, has amended its safety stock policies and has pre-committed with suppliers to increase supply volumes.	 This has increased in potential impact and likelihood due to the impact of COVID-19 and new rules of transport of goods between the UK and EU.
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, lead to potential regulatory action and raise concerns with affected schools, parents and students. 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 maintaining ISO27001 and ISO22301 certifications for key business areas to demonstrate the robustness and effectiveness of those systems. These are externally audited. 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. There are strict access controls and permissions across business applications and systems, these are regularly monitored and reviewed and improvements are made on an ongoing basis. The Group has cyber insurance and property and business interruption insurance cover.	 The likelihood of this is considered to have increased due to a higher level of information security risks from greater homeworking by RM's customers, a general increase in cyber-attacks in the UK and the risk from the implementation of major projects (see Transformation Risk section overleaf).

Risk and categorisation	Description and likely impact	Mitigation	Trend and likelihood
Environmental (Operational Risk)  	Changes required by legislation, customer requirements and the Group's environmental targets impact its current operations.	Legislation and standards are monitored and plans put in place to manage compliance, for example to reduce the compliance costs associated with new packaging regulations.	 The potential impact of this has increased due to new legislation, customer requirements and the change required to meet RM's own targets (see page 47).
People (Operational Risk) 	RM's business depends on highly skilled, diverse employees. Failing to recruit and retain such employees could impact operationally on RM's ability to deliver contractual commitments. There may also be an impact on costs in such recruitment and retention. Failing to make sure RM's colleagues are safe at work would impact the Company's attractiveness as an employer, impact RM operationally and lead to financial penalties and reputation damage.	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. The Company has a retention and recruitment strategy in place to incentivise and retain its skilled employees as well as recruiting new talent. The Company provides training to employees, has an incident reporting system, and monitors employee health, safety and wellbeing through various groups and reports.	 The potential impact and likelihood of this is considered to have increased in relation to recruitment as the market for key IT talent has become tighter.
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. 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. Currently there are two major programmes to develop a new automated warehouse at Harrier Park, Hucknall for the RM Resources Division and migration to new CRM and ERP systems across the Company. The Company has prioritised the delivery of these projects and utilised the services of third parties where needed, ensuring the Company has a scalable platform to support current commitments and growth plans. The Board is kept apprised of the current status of such activities and projects on a regular basis.	 The potential impact and likelihood of this is considered to have increased as these projects are now fully underway.

Risk and categorisation	Description and likely impact	Mitigation	Trend and likelihood
Innovation (Strategic Risk)  	<p>The IT market and elements of the education resources market are subject to change. As a result of inappropriate technology, product and marketing choices or a failure to adopt and develop new technologies quickly enough, difficulties recruiting and retaining talent, the Group's products and services might become unattractive to its customer base, or new market opportunities missed.</p> <p>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.</p>	<p>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 new opportunities and initiatives.</p> <p>The Group works with teachers and educators to understand opportunities and requirements.</p>	 The impact and potential likelihood of this is considered unchanged.
Dependence on key contracts (Strategic Risk)  	<p>The performance of the RM Technology and RM Assessment Divisions is dependent on the winning and extension of long-term contracts with an increasing diversity of customer base of government, local authorities, examination boards and commercial customers</p>	<p>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.</p>	 The impact and potential likelihood of this is considered unchanged.
Impact of the COVID-19 pandemic (Operational Risk) 	<p>The impact of the COVID-19 pandemic has:</p> <ul style="list-style-type: none"> put pressure on those with whom the Company trades with resultant risks from customer closures, pricing pressures and service delivery pressures from delays to exams; caused general failures in the education system to deliver exams on time which has knock-on effects on the RM Assessment Division; and led to increases in the cost of products and services which could impact revenue and reduce profits. 	<p>The Company manages its relationship with its customers, supplier and other stakeholders.</p> <p>It works closely with customers to:</p> <ul style="list-style-type: none"> avoid potential bad debts and to manage the impact of costs increases from key suppliers; and as it did after the exam cancellations in 2020, manage the consequence of the cancellation of summer 2021 exams. <p>The Company keeps its costs under review, assesses potential alternative sources of supply and revises its pricing to reflect cost increases.</p>	 The impact and potential likelihood of this is considered unchanged since last year except in relation to emerging costs increases in the supply chain.

Risk and categorisation	Description and likely impact	Mitigation	Trend and likelihood
Pensions (Financial Risk) 	<p>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").</p> <p>Scheme deficits can adversely impact the net assets position of the trading subsidiaries RM Education Limited and RM Educational Resources Limited.</p> <p>Pension costs can be significant in respect of staff that transfer across to us, where they are members of Local Authority pension schemes.</p>	<p>The Company evaluates risk mitigation proposals with the trustees of these respective Schemes.</p> <p>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 former employees who are in this Scheme, the risk to the Company from this Scheme is limited.</p> <p>The Company assesses the potential pension costs of staff from other employers, who would transfer across to the Company, and takes this into account in its bids for new contracts.</p> <p>The Company now has one consolidated Trustee and one common lead actuary. This improves the ability to leverage expertise.</p>	 The likelihood and potential impact of this has reduced due to a higher level of inflation and interest risk hedging implemented and improved deficit position.
Treasury (Financial Risk) 	<p>The Group is exposed to treasury risks including fluctuating exchange rates and liquidity.</p>	<p>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.</p> <p>The Company remains cautious with liquidity risk and carefully manages its debt leverage position.</p>	 The impact and potential likelihood of this is considered unchanged.



CHIEF FINANCIAL OFFICER'S STATEMENT

Overview

RM's financial performance for the period was resilient despite being materially impacted by school closures, and the cancellation of all 2021 UK school exams.

Group revenue increased by 11.6% to £210.9m (2020: £189.0m) driven by strong trading in RM Resources which recovered quickly following the re-opening of UK schools in March 2021. Revenue growth was driven primarily by demand for UK curriculum resources as schools focused on curriculum spending to support outdoor teaching, physical education and pupil well-being, alongside managing COVID-19 transmission risks. Revenues in RM Assessment were broadly in line with prior year with the partial recovery of global exam activity being offset by a significant customer in-sourcing a contract in 2020. Hardware and connectivity sales in RM Technology improved reflecting the ongoing digitisation of school infrastructure.

Adjusted operating profit³ increased by 22.5% to £18.5m (2020: £15.1m) and was driven by revenue growth partially offset by increased operating costs. Statutory operating profit decreased by 33.9% to £7.0m (2020: £10.6m) primarily as a result of the accounting policy change described below.

The Group continued to experience higher frictional costs in respect of freight and Brexit; increased costs associated with the resumption of key projects which were paused in 2020, and the non-repeat of prior year cost savings associated with our response to the COVID-19 pandemic. In addition, the Group continued to face significant wage inflation pressure through the year, most significantly in India.

Net debt³ closed the year at £18.3m (2020: £1.3m). The £17.0m net cash outflow reflected good operating cash generation, offset by planned spending on two large capital programmes, Project Villa, which comprises the consolidation of five distribution centres into a single automated facility, and Project Evolution, which comprises the implementation of a new Group-wide IT platform. The completion of both programmes was extended by six months to ensure their successful implementation. This was due to a need to de-risk the transition due to its inherent complexity and the impact of ongoing COVID-19 restrictions through the year. Both programmes are expected to complete in 2022 and the Group continues to utilise its £70m revolving credit facility to fund the investments in them.

Group Financial Performance

Income statement

£m	2021 ¹			2020 ¹		
	Adjusted ³	Adjustment ²	Statutory	Adjusted ³	Adjustment ²	Statutory
Revenue	210.9	-	210.9	189.0	-	189.0
Operating profit	18.5	(11.5)	7.0	15.1	(4.5)	10.6
Profit before tax	17.1	(11.5)	5.6	14.0	(4.5)	9.5
Tax	(3.3)	1.9	(1.4)	(2.7)	0.8	(1.9)
Profit after tax	13.8	(9.6)	4.2	11.4	(3.7)	7.6

1. Following the IFRS interpretations committee ("IFRIC") agenda decision, we have changed our accounting treatment and policy for IAS38 *Intangible Assets* accordingly. Prior year comparatives have been restated to derecognise previously capitalised SaaS related costs amounting to £1.7 million. See Note 33.

2. Adjustments reflect the amortisation of acquisition related intangible assets; major investment strategy costs including dual run costs, profits on sale of non-core assets, and other property related items. Further details can be found in Note 6.

3. Non-GAAP measures. See Note 6

Group revenue increased by 11.6% to £210.9m (2020: £189.0m).

The pandemic continued to impact revenues in the UK and internationally. UK revenues increased by 9.8% with international revenues up 24.2%.

Adjusted operating profit margins³ improved to 8.8% (2020: 8.0%). Adjusted operating profit improved by 22.5% to £18.5m (2020: £15.1m). Statutory operating profit decreased by 33.9% to £7.0m (2020: £10.6m).

In order to provide an understanding of underlying business performance, certain costs are identified as 'adjustments' 2 to underlying business performance.

In 2021 Adjusted items comprised the following:

	2021 £m	2020 £m
Amortisation charges associated with acquisition related intangible assets	2.0	2.0
Stock obsolescence associated with revised warehouse strategy ⁴	-	0.4
Gain on sale of legacy property ⁴	(1.4)	(0.7)
Dual running property & licence costs ⁴	2.0	0.6
Gain on sale of legacy investment	-	(0.7)
Onerous lease commitments	0.5	-
Pension GMP	-	0.2
Restructuring costs	-	1.0
Net adjustments before SaaS related expenses	3.1	2.8
IT platform costs incurred and expensed under new accounting guidance ²	8.3	1.7
Total adjustments²	11.5	4.5

4. The majority of adjusted items relate to planned spending on our two large capital programmes. These items have been disclosed as adjustments because they are material to the relevant segment.

(i) £3.1m of net adjustments relate to amortisation of acquisition intangibles, dual running and one-off property costs in relation to the warehouse consolidation programme; and

(ii) Implementation of Software as a Service ("SaaS") accounting guidance

During the year the Group continued with its implementation of a new Group-wide IT platform. Following the IFRS interpretations committee ("IFRIC") agenda decision, we have changed our accounting treatment and policy for IAS38 *Intangible Assets* accordingly. The Directors determined that £8.3m of SaaS related costs incurred during FY21 no longer meet the criteria for recognition as an asset under IAS38. Accordingly, this amount has instead been expensed to the income statement. A total of £6.9 million SaaS related costs incurred in the year have been capitalised and recognised on the balance sheet as an intangible asset.

Prior year comparatives have been restated to derecognise previously capitalised SaaS related costs amounting to £1.7m.

Taking into consideration the adjustments of £11.5m (2020: £4.5m), statutory operating profit decreased to £7.0m (2020: £10.6m).

Statutory profit before tax fell to £5.6m (2020: £9.5m) after deducting net interest charges of £1.4m in relation to the Group's credit facility and finance costs related to the defined benefit pension schemes.

The total tax charge for the year was £1.4m (2020: £1.9m). The Group's tax charge measured as a percentage of profit before tax, was 25.3% (2020: 19.9%) driven mainly by an increase in deferred tax rate which was partially offset by the effect of indexation on the sale of property.

Statutory profit after tax decreased 45% to £4.2m (2020: £7.6m).

Adjusted diluted earnings per share³ increased to 16.4 pence (2020: 13.6 pence). Statutory basic earnings per share were 5.0 pence (2020: 9.2 pence) and statutory diluted earnings per share were 5.0 pence (2020: 9.1 pence).

Cash flow

RM generated cash from operations for the year of £8.4m (2020: £25.9m).

Cash from operations is after charging £6.5m of SaaS related costs incurred during FY21 which no longer meet the criteria for recognition as an asset under IAS38. Net working capital outflows for the year were £3.5m as the business returned to growth, and the settlement of £3.5m of VAT liabilities that were deferred from FY20 under the government’s deferral scheme.

The use of cash generated comprised net capital expenditure of £11.8m (2020: £2.1m), contributions to the defined benefit pension schemes of £4.4m (2020: £4.1m), and tax payments of £0.1m (2020: £2.6m). Dividend payments were £3.9m having been reinstated following their suspension in 2020.

Divisional performance

RM RESOURCES

RM Resources revenues increased by 24% to £114.4m (2020: £92.4m) driven by strong curriculum sales following the re-opening of schools in March. UK education revenue increased by 22% with international revenues up 39%.

Divisional operating profit increased to £10.1m (2020: £3.1m) and operating margins increased to 8.8% (2020: 3.3%). The increase was predominantly driven by higher revenues partially offset by higher product and freight costs associated with COVID-19 and Brexit, reduced COVID-19 cost saving benefits, and the resumption of the digital and automation projects which were paused in 2020. Uncertainty remains regarding the impact of the pandemic on supply chains in both the UK and International markets.

RM Resources continues to make good progress with its warehouse consolidation programme, with the fit out of the new warehouse and associated office space now complete. The automation and systems integration prior to the majority of inventory transfer is ongoing, and two of the five warehouses have now been exited with one exited in the period.

UK

Revenue in the UK increased by 22% to £98.4m (2020: £81.0m) despite schools closed to face-to-face teaching for a similar period in 2021 vs. 2020. Our TTS brand performed strongly, particularly in curriculum sales supporting outdoor teaching, physical education, pupil wellbeing and COVID-19 transmission management, benefitting from its differentiated position and innovative, own-developed product portfolio.

International

International sales comprise two key channels, international distributors, through which RM Resources sells own-developed products to over 80 countries, and international English curriculum schools to whom it sells a wider portfolio of education supplies. International revenues increased by 39% to £16.0m (2020: £11.5m) benefiting from reduced restrictions in a number of key territories vs. the prior year however volumes remain depressed vs. pre pandemic levels as COVID-19 continues to impact the international landscape with regard to pupil attendance.

RM ASSESSMENT

RM Assessment provides IT software and end-to-end digital assessment services to enable online exam marking, online testing and the management and analysis of educational data. Customers include government ministries, exam boards and professional awarding bodies in the UK and overseas.

Revenue increased by 1% on the prior year to £31.9m (2020: £31.6m) with the partial recovery of global examination activity in 2021 being offset by a significant customer in-sourcing a contract in 2020. Revenues remain heavily impacted by lower examination volumes with UK general exams cancelled and reduced international exam activity being offset by an increase in professional and language qualification activity.

2021	RM Customers	Exam activity vs 2020	Exam activity vs 2019
UK School Exams	3	+10%	-95%
UK Other	6	+90%	+85%
International	9	+45%	-30%

Adjusted operating profit fell by 14% on the prior year to £5.7m (2020: £6.6m), with operating margins decreasing to 17.9% (2020: 20.9%).

COVID-19 disruption relating to ongoing international travel restrictions and global lockdown measures continues to adversely impact the sales pipeline development. Wage inflation pressure through the year increased delivery costs, driven in part by a shortage of in-demand skilled developers in India.

RM TECHNOLOGY

Revenue decreased by 1% to £64.6m (2020: £65.0m) as the Division showed its resilience to UK school closures as schools continued to require technology support with the challenge of progressing new opportunities.

Adjusted operating profit however decreased by 24% to £7.1m (2020: £9.3m), the key drivers being the combination of lower gross margins arising from a higher proportion of hardware sales, together with increased operating costs post lockdown, and the absence of prior-year, one-off benefits.

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 1% to £53.6m (2020: £54.0m) with managed services revenues declining 4% to £40.5m (2020: £42.0m). This was driven primarily by a reduction in revenues from long term contracts and a slight reduction in site numbers through the year as converting the sales pipeline became challenging. Connectivity increased 9% to £13.1m (2020: £12.0m).

Digital Software Platforms

The Digital Software Platform offering covers a number of 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 marginally to £11.0m (2020: £10.9m).

Dividend

The Board took the decision not to pay a 2019 final dividend or a 2020 interim dividend as a result of the pandemic. However, whilst COVID-19 has continued to impact the business, the Board reinstated the 2020 final dividend and paid an interim dividend in the year of 1.7p (2020: nil).

In addition, the Board proposes a 2021 final dividend of 3.0 pence per share (2020: 3.0p) which is subject to shareholder approval. The estimated cost of the final dividend proposed is £2.5m.

The Board is committed to a long-term sustainable dividend policy and the Company has £35.8m of distributable reserves, as at 30 November 2021, 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

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 prior year (which impacted the Platinum Scheme), all schemes are now closed to future accrual of benefits.

The IAS19 net position (pre-tax) across the Group improved by £49.1m to a surplus of £30.4m (2020: £18.7m deficit) with both the RM Education Scheme and the Platinum Scheme being in surplus. The improvement was driven primarily by better than expected returns on scheme assets, together with an increase in the discount rate, which is based on corporate bond yields, both of which were partially offset by an increase in inflation.

The Group deficit recovery plan payments across all schemes in 2021 were £4.4m (2020: £4.1m). The triennial valuation as at 31 May 2021 is nearing completion.

Treasury management

The Company’s financial position is supported by a committed revolving credit facility of £70million that is shared between two banks, HSBC and Barclays. It also has an additional uncommitted accordion arrangement for a further £30million, enabling the Group to extend the facility to £100m. The facility was extended during the year, and is now committed to July 2023 and retains the option of a further 1-year extension. The associated financial covenants are based on the definition of finance leases prior to the implementation of the accounting standard, IFRS16. The Group is reliant on the facility in the short term to manage its net current liability position.

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 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 to the end of May 2023 which indicate that, taking into account reasonably plausible downsides as discussed below, the Company has sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report.

In assessing the going concern position the Directors have considered the balance sheet position as included on page 120 and the level of available finance not drawn down. The balance sheet shows net current liabilities of £1.0m. At 30 November 2021, the Group had net debt of £18.3m (November 2020: £1.3m) and drawn facilities of £20m (November 2020: £5m). RM Group has a £70m committed bank facility (“the facility”) at the date of this report. Further details are set out in Note 31. Liquidity headroom at 30 November 2021 was £47.9m. Average net debt over the year to 30 November 2021 was £15.8m (2020: £16.3m) with a maximum borrowings position of £29.7m (2020: £29.6m). The debt facilities are subject to financial covenants of a maximum of 2.5 times Net Debt/EBITDA and at least 4 times interest cover/EBITDA. These covenants are tested in May and November. At 30 November 2021 the results of the covenant tests were 0.84 and 22.6 respectively.

The facility was extended by 1 year during 2021 and is committed until July 2023. During this extension process, the Board initiated conversations regarding a 3-year facility to replace the current facility when it expires and is confident in obtaining a new or renewed facility at an appropriate time.

The Chief Financial Officer’s statement outlines the performance of the Group in the year to 30 November 2021 including the impact of COVID-19. In this period UK schools were closed for a number of weeks primarily during Q1, and UK and Irish school exams were cancelled by respective governments. Despite this backdrop, revenues increased by 12% compared to 2020 and adjusted profit before tax by 22%. RM Resources continued to provide products to its customers during school closures and has experienced strong curriculum sales in 2021. In RM Assessment, whilst the UK general exams saw a significant reduction compared to 2019, other UK assessment and international examination activity recovered partially. RM Technology continues to be resilient to UK school closures as it provides the technology support to UK schools and colleges that has allowed them to operate remotely. Performance by segment is set out in Note 4. Net cash inflow from operating activities was £3.8m.

For going concern purposes, the Group has assessed a base case scenario that assumes no significant downturn in UK or International markets occurs from that experienced in the year to 30 November 2021. The base case also incorporates a reduced level of investment expenditure in 2022 versus that incurred in 2021 relating to the anticipated completion of its two large capital programmes and assumes a return to shareholders through dividends. Under that base case RM continues to maintain significant headroom against the committed facility and are within the Group’s covenants.

The Group has assessed a further severe downside scenario that adjusts the base assumptions to include:

- Further school closures for March through to May 2022 at similar levels of trading experienced in 2021, comprising a c.30% reduction in divisional revenue in those months;
- Reduced International trading and exams, including an c.25% reduction in International general school exams against budget;
- Assumes the UK exams that have been cancelled in 2021 are also cancelled in 2022;
- Slower pipeline conversion, a c .50% of budgeted annuity contracts in RM Assessment and RM Technology being achieved;
- Benefits from our ERP programme are delayed by approximately 1 year;
- Business disruption for 2 months in our RM Resources Division when the warehouse automation goes live in 2022 reducing order intake by c .50% in those 2 months;
- Minimal cost mitigations and no significant cash flow deferrals.

The Directors do not believe that all these assumptions occurring together are plausible, but under these scenarios, in aggregate, the Company continues to have good headroom against the facility and complies with bank covenants until the facility concludes. Having considered the severity of this scenario, the Board considers this to be an appropriate worst case scenario.

The Board’s assessment of the likelihood of a further downside scenario is remote, particularly with the continued vaccine booster/roll out programmes and lifting of restrictions in key countries and the indications from most governments worldwide that they intend to lift remaining restrictions as soon as practicable.

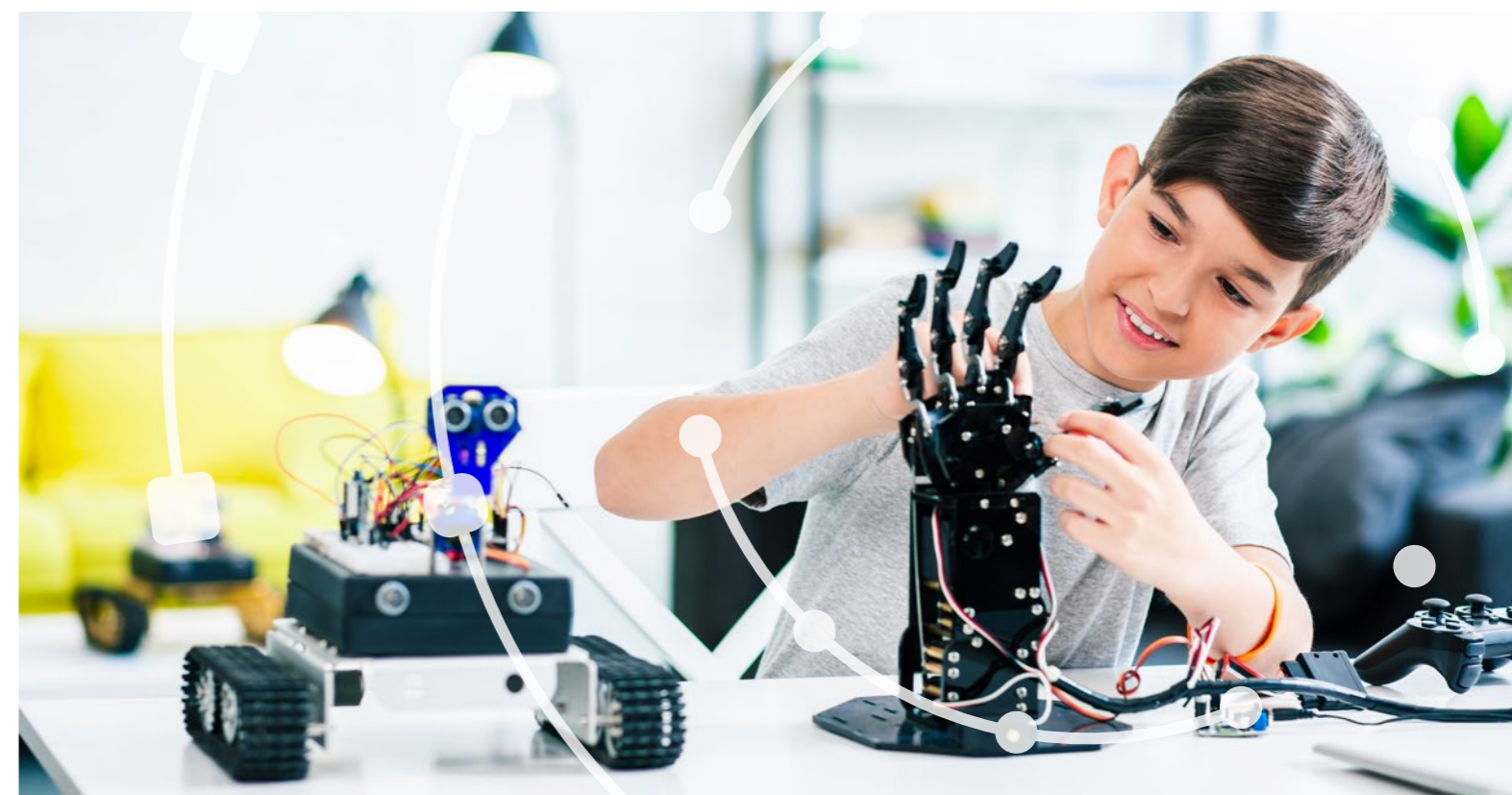
Therefore, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these Financial Statements. For this reason, the Group continues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

Financial viability statement

The financial viability statement is set out on pages 38 to 39.

Mark Berry

Chief Financial Officer
14 February 2022



FINANCIAL VIABILITY STATEMENT

The Directors' assessment of the Group's current financial position is set out in the Chief Financial Officer's review on pages 32 to 37.

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 the Company over a longer period.

The principal operating subsidiaries of the Group are RM Educational Resources Limited (the primary subsidiary through which our Resources Division operates) and RM Education Limited (the primary subsidiary through which our Technology and Assessment Divisions operate). The current performance of these Divisions is set out in Note 4 of the Financial Statements.

We have significant investment programmes, our new automated warehouse and a Group-wide ERP programme, both anticipated to deliver significant benefits to the Group but both largely funded by our debt facilities which are set out in Note 30. Our Group Treasury team actively manage the cash flow and funding requirements of the Group over the financial viability timeframe. Our current utilisation of our funding facility is summarised in our Going Concern review on pages 36 to 37

We have an established process to assess the Group's prospects. The Board undertakes a detailed assessment of the Group's strategy on a regular basis (usually annually) and the output from this assessment forms the framework for our medium-term plan which we update annually. Our medium-term plan comprises cash flows, income statements and balance sheets.

Our medium-term plan reflects our prospects and considers the potential impacts of the Principal Risks and Uncertainties set out on pages 27 to 31. We perform stress tests to assess the potential impact of combinations of those risks and uncertainties. The plan also considers mitigating actions that we may take to reduce the impact of such risks and uncertainties, and the likely effectiveness of those mitigating actions.

Period of assessment

The Directors have considered that a period of three years is an appropriate timeframe to consider the financial viability of the Company and the Group for a number of reasons.

The Group operates in the education sector, providing a range of technological solutions and services to our customers both in the UK and Internationally. Whilst in the longer term the changing nature of technology, government policies and digitalisation will impact the market in which RM plc Group operates, changes in the shorter 3-year timespan are likely to be less severe (subject to pandemic closures and associated exam cancellations). A three-year period is also consistent with the time period over which the Group's medium-term financial budgets are prepared.

A longer period of assessment introduces greater market uncertainty and hence uncertainty in the viability assessment because the variability of potential outcomes increases as the period considered extends.

Viability assessment

The Group has considered the following scenarios for financial viability:

Scenario	Principal Risk
COVID-19	Impact of COVID-19 pandemic
The underlying budget reflects the continued impact of increased frictional costs associated with COVID-19 and a degree of uncertainty in exams volumes. Additionally, a further lockdown between January 2022 to Easter 2022 was modelled for our Resources business at sales levels experienced through prior lockdowns. In our Assessment business we have modelled an impact consistent with that seen in FY21 i.e., majority of UK & Ire general exams cancelled and reduced levels of international general exams.	
UK public policy changes	Public policy risk
Short term public policy changes in education primarily impacts the transactional nature of UK schools purchases. We considered a further market decline of 5% (in addition to COVID-19 scenario above) in FY22 and a 10% reduction in FY23 and FY24 in our Resources Division. In addition, a margin denigration was modelled.	

Scenario	Principal Risk
Investment programmes	Transformation risk
The ERP solution is scheduled to complete in FY22 with some assumed benefits in the medium-term plan. Our new automated warehouse is also scheduled to be fully operational in mid-2022 with associated benefits. A reduction in sales due to transitional problems, heightened traditional costs and a reduction in expected benefits modelled.	
Adverse performance in key contracts	Dependence on key contracts
The Group has a number of significant contracts and the scenario assessed was the loss of a significant contract that is due to be renewed in FY22.	Operational execution/ Data and business continuity
We also considered the impact of a major incident at a key contract, considering the impact of data breaches, key supplier failures or technological failure and the resultant impact on brand.	
Supply chain disruption	Operational execution
RM is reliant on the cross-border movement of goods which have been affected by new Brexit related requirements and the impact on supply chains of the COVID-19 pandemic.	
We have considered the impact on profitability of this large-scale disruption continuing throughout the period of assessment.	
Growth targets	-
The medium-term plan has a number of assumptions in respect to renewal rates, new business wins and supplier inflation. We considered the impact of no new business wins in FY22 and a 50% reduction in FY23-FY24 in our annuity Divisions in Technology and Assessment.	
Business continuity	Data and business continuity risk
Over the last few years there is increasing legislation and the compliance requirements continue to increase. A breach of GDPR compliance and associated costs was modelled.	
A major incident to our main Resources warehouse was considered net of insurance coverage.	

The impact of the above scenarios was considered individually and in combination. Where the timing is unknown, the scenario was assumed to have occurred in FY22 when the Group sensitivity is greatest (due to the investment programmes' impacts on cash flows).

There are a number of mitigations that were considered in conjunction with the combined scenario risks which included:

- Cost mitigations (such as reduced marketing)
- Non-payment of discretionary bonuses
- Non-payment or reduction in dividend payments

The scenarios include a requirement for a reduced facility beyond summer 2023. The existing bank facility was extended by 1 year during 2021 and is committed until June 2023. During this extension process, the Board initiated conversations regarding 3-year facilities to replace the current facility when it expires and is confident in obtaining a new or renewed facility at an appropriate time. The Board is satisfied that there are several other financing options that could be put in place to maintain liquidity headroom over the financial viability period and that there would be adequate time to complete negotiation of such arrangements and the viability statement is dependent on a reduced facility being available.

On this basis, the stress tests indicated that none of these scenarios, including the combined scenario, would result in an impact to the Group's expected liquidity, solvency or debt covenants that could not be addressed by mitigating actions and are therefore not considered threats to the Group's viability.

Governance and Assurance

The Board reviews and approves the medium-term plan on which this Viability Statement is based. The Board also considers the period of which it should make its assessment of prospects and the Viability Statement. The Audit Committee supports the Board in performing this review. Details of the Audit Committee's activity in relation to the Viability Statement are set out in the Audit Committee Report on page 71.

The Viability Statement is subject to review by Deloitte, our external auditor. Their Audit Report is set out on page 108.

Assessment of Viability

The Board has assessed the viability of the Company over a three-year period to November 2024, taking into account the Company's current position and Principal Risks.

Based on that assessment, 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 period to 30 November 2024.

SUSTAINABILITY REPORT

As a responsible business RM wants to ensure long term sustainable success by tackling climate change and environmental challenges, supporting communities, promoting a diverse workforce, and protecting its reputation through good governance. This helps us to achieve our purpose of enriching the lives of learners and deliver on our vision of enabling the improvement of educational outcomes around the world.

This report sets out the steps taken to provide a solid foundation to further improve the sustainability of RM's business and deliver long term value.

Environmental Policy and Reporting

RM's Environmental Policy states that it is committed to conserving the Earth's resources through its objectives to deliver net zero (see target on page 47), sustainable consumption and production, and supply chain sustainability. It also contains commitments on achieving these objectives including encouraging innovative ideas and enhancing the natural environment.

The key impact areas for the Group are transport, energy and carbon, climate resilience, waste and packaging, materials in its products and supply chain, and customer and employee impacts. In the past year, RM has continued to progress plans to reduce its impact. For example:

- RM has continued to focus on digitisation as a strategic area of development through digital assessment, development of cloud based managed services and research into digital resources. These products enable significant reductions in customers' carbon and other environmental impacts compared with traditional methods. In pursuing the Company's strategy, new digital products and services and opportunities that support a sustainability agenda will continue to be considered.
- RM Resources opened a new leased facility at Harrier Park as part of a plan to rationalise and relocate its operational base and activities to a central location and improve its energy efficiency. Once this is fully operational, which is planned by the end of 2022, it is expected to reduce RM Resources' overall energy and utility demand. Unlike the current facilities used, Harrier Park has been built to reduce utility consumption with heat retention glass, rainwater harvesting and passive infra-red LED lighting.

RM Resources has continued to focus on reducing packaging waste at its distribution centres. Since the peak in 2019 following the acquisition of Consortium, packaging waste volumes, as covered by the Packaging Waste Regulations 2007, have been reduced by 27% per £m turnover. Currently, 81% of this packaging waste is reused or recycled through a compliance scheme.

An additional waste services supplier has been appointed to deploy a circular economy approach to managing waste at two RM Resources facilities: Harrier Park and Sherwood.

- In tender responses, RM Technology has recently started to offer customers the opportunity to (i) offset the carbon impact associated with its engineers who may attend the site by making a donation to the Woodland Trust; and (ii) receive, through a third party, renewable energy options such as the purchase of renewable energy utility supplies, carbon assessment and on-site renewable generation.
- Through RM Technology's Education Learning Partnership Programme, 1016 Hewlett Packard computers were returned for repurposing of components back into the supply chain. Customers accrued £101,600 in rebates in this way. RM remains one of the top resellers in education for this scheme.
- RM Education Solutions India has an established Green Team which seeks opportunities to improve environmental performance across all three facilities based at Carnival Techno Park - an ISO 9001 and 14001 certified business park. During the year, the improvements made included replacing plastic single-use cups with steel cups for employees and visitors and the introduction of a new waste segregation process to reduce the amount of waste sent to landfill.
- Where designing new products, RM Resources has focused on introducing new, less environmentally impactful materials. For example, the Company's reliance on virgin plastics has been reduced by launching products that contain plant-based materials and wastes including Eco Boulders, Eco Cones, Eco Sand & Water Kits and Build a World.

Whilst good progress has been made in reducing impacts, it is also accepted that the increase in employees working at home during the COVID-19 pandemic has contributed to these reductions.

Objectives

RM's environmental strategic approach has been developed during the course of this year. It is based on four key objectives. The diagram below gives examples of matters that were considered that helped determine the key themes which feed into each of these objectives.



RM's objectives are:

- To be net zero by 2035¹ – decarbonising through energy efficiency, replacing fossil fuels with renewable and low carbon energy, dematerialisation, digitisation, reducing material losses and avoidance of waste. To achieve net zero, RM will consider offsetting where there is strict validation of the offset. A trajectory showing how net zero will be delivered is being built.
- To achieve sustainable consumption – by being efficient in operating RM's facilities, buying what is needed and using it as sustainably as possible. For example, by using submetering throughout the Harrier Park site to better understand where energy is consumed so that the Company can seek ways to reduce it.

- To achieve sustainable production – through the materials used in RM's branded products and by ensuring its suppliers are being energy and water efficient in manufacturing those products. RM is committed to eliminating non-recycled plastic in new RM Resources branded products.
- To implement supply chain sustainability – by being clear about RM's expectations in tenders and specifications and in working with the supply chain to reduce environmental impacts associated with non-branded goods and services provided to customers. For example, there are plans to reduce packaging and introduce re-usable packaging solutions to help eliminate waste from the supply chain.

¹ See target on page 47

Environmental Improvement Plan

RM is working on achieving ISO14001 certification and has integrated sustainable procurement into its management system. It has developed an ambitious improvement plan for the forthcoming years:

- Zero waste to landfill by 2030
- Eliminate non-recycled plastic content in new RM Resources branded products by 2024
- Eliminate non-recycled plastic content packaging used in all (i) RM Resources branded products and products repackaged by RM Resources by 2023 and (ii) other products sold by RM Resources by 2030
- Remove excess, unnecessary packaging on all products by 2024
- Replace hard-to-recycle packaging materials with easy-to-recycle materials by 2030
- Develop new labelling for RM Resources' branded Eco products to enable the customer to understand the features, environmental impact reduction and end of life options by April 2023
- Run workshops in 2022 with key customers and suppliers to agree environmental priorities
- Develop energy efficient design guidelines for RM's various software products by 2025

RM's net zero and carbon targets can be found in the TCFD Report on page 47.

Actions

In order to deliver on the improvement plan, the following projects are currently underway:

- Reviewing renewable energy generation options at Harrier Park.
- Trialling a carbon offset scheme with Ecologi that, if successful, will be offered to customers.
- Embarking on a programme to better understand the packaging of products. This will enable work to be carried out with suppliers to reduce packaging volumes and remove packaging that is difficult to recycle.
- Engaging with a consultancy to look at alternative low impact materials for new products including bamboo, bio-degradable plastic and natural additives to reduce the overall amount of plastic used in products.

- Preventing packaging waste by designing the packaging to be a long-term storage solution or utilised as part of the product where possible.
- Designing products so that they are more durable and can be repaired, repurposed or reused.

Plans are also being developed that go beyond RM's direct impacts, and include supporting its employees, and working with its supply chain and customers to reduce their environmental impact:

Employees - There are eV charging points available at RM's head office in Milton Park, Abingdon and multiple eV charging points are provided at Harrier Park. These measures help encourage employees to switch to eVs and will support the anticipated change to fleet eVs for warehousing activities.

Supply chain - The introduction of sustainable procurement (ISO 20400) into RM's environmental management system will help identify key priorities. The customer workshops that are part of RM's Environmental Improvement Plan aim to facilitate the implementation of a supply chain charter that prioritises the areas RM and its supply chain should focus on.

Customers - There is a range of 'Eco' and low energy products that enable customers to reduce their impacts and replace older HP technology with newer products at a reduced cost through the Education Learning Partnership Programme. Labelling of products as 'Eco' will also help customers make better decisions on which products to purchase in order to reduce their own environmental impacts.

Performance Metrics

RM measures key aspects of environmental performance using industry standard metrics.

Energy Use Reporting

The annual quantity of energy consumed from activities for which the Company is responsible is set out below. The calculation applies to all Group companies. Data is collected in kWh that relates to the consumption of gas, electricity, and renewable energy from suppliers and or use metered data.

Energy consumed in kWh by scope and region

Scope	Source	Region	Year ended 30 September 2021		Year ended 30 September 2020		Year ended 30 September 2015 (Baseline year)	
			Energy use in kWh	Percentage of total kWh	Energy use in kWh	Percentage of total kWh	Energy use in kWh	Percentage of total kWh
Scope 1	Gas	UK	2,293,260	42.8%	2,722,046	51.6%	3,816,915	38.8%
Scope 2	Electricity	UK	2,578,439	48.1%	1,849,273	35.0%	5,158,845	52.3%
(Location based)	Electricity	ROW	490,340	9.1%	704,687	13.4%	884,714	8.9%
Total			5,362,039		5,276,006		9,860,474²	

¹ Actual data reported

² Baseline updated to take account of the below adjustments

Scope 1 covers the annual quantity of energy consumption in kWh from activities for which the Group is responsible including (a) the combustion of fuel; and (b) the operation of any facility.

Scope 2 covers the annual quantity of energy consumption in kWh from the purchase of electricity, heat, steam or cooling by the Group for its own use.

In the year ending 30 September 2021, scope 1 and 2 as a % of total kWh consumption for UK is 90.9% and the rest of the world 9.1%.

Emissions Reporting

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 2021.

The methodology in the GHG Protocol Corporate Accounting and Reporting Standard (revised edition)³ has been applied. The figures include emissions arising from all financially controlled assets. The calculation applies to all Group companies. It is based on the kWh data collected for all facilities, and the mileage of Company vehicles and business use of personal vehicles. This is converted to carbon dioxide equivalents using conversion factors appropriate to the location of the impact taken for utility use and for vehicles. Defra conversion factors are used for cars based on an average-sized car.

All other emissions factors have been selected from the emissions conversion factors published annually by the Department for Business, Energy & Industrial Strategy⁴.

³ <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁴ <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>



Emissions by scope

Scope	Source	Region	Year ended 30 September 2021			Year ended 30 September 2020		Year ended 30 September 2015 (Baseline year)	
			Tonnes CO ₂ e	Percentage of total CO ₂ e	Absolute totals Tonnes CO ₂ e	Tonnes CO ₂ e	Absolute totals Tonnes CO ₂ e	Tonnes CO ₂ e	Absolute totals Tonnes CO ₂ e
Scope 1	Van/car travel	UK	110	7.4%		187		658	
	Van/car travel	ROW	2	0.1%		4		185	
	Gas	UK	465	31.4%	577	555	746	691	1,464
Scope 2 (location based)	Electricity	UK	547	36.9%		431		2,364	
	Electricity	ROW	358	24.2%	906	516	947	742	3,105
Total					1,483		1,693		4,472 ¹

Note: CO₂e means CO₂ equivalent

¹ Baseline updated to take account of the below adjustments. Actual data reported 4,402 tonnes.

Scope 1 covers the annual quantity of energy consumption in kWh from activities for which the Group is responsible including (a) the combustion of fuel; and (b) the operation of any facility.

Scope 2 covers the annual quantity of energy consumption in kWh from the purchase of electricity, heat, steam or cooling by the Group for its own use.

In the year ending 30 September 2021, scope 1 as a % of total CO₂e for UK is 75.7% and the rest of the world is 24.3%.

During the year ended 30 September 2020, the new facility at Harrier Park was assessed as 'very good' by BREEAM standards and implemented efficient utility usage, waste reduction/recycling and use of energy saving features in products.

In 2015, India travel emissions were reported in the Annual Report as 18 tonnes, but it included scope 3 emissions and is restated without scope 3 emissions in the baseline data used.

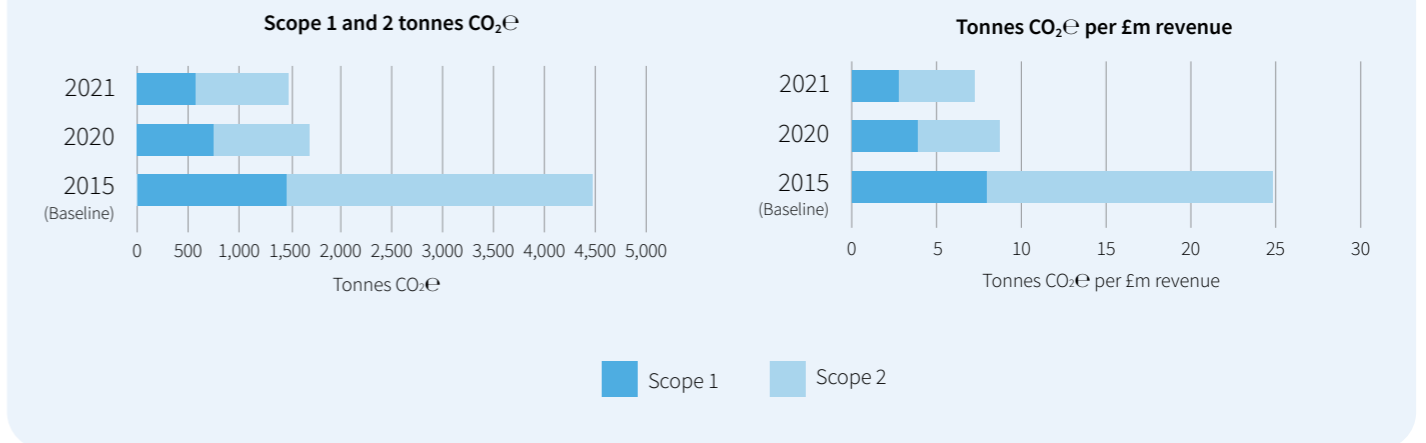
Adjustments

In the period since the start of the base line year there have been a number of business changes that impact these figures:

- There have been two acquisitions: the Consortium business, including its distribution facilities, in June 2017 which forms a substantial part of RM Resources today and the SoNET business in June 2019. Both businesses have added emissions to the Group and the baseline used has been adjusted to take this into account.
- The PC manufacturing business was closed prior to the base year. Emissions from building consolidations following the closure of this business which occurred after the start of the base year have been removed from the baseline year figures.

Based on the data in the table above, the Group's emissions have reduced, between the baseline year and 2021, by some 66.8%. This reduction is due to office closures, relocations to properties which have LED lighting and more energy efficient heating/cooling systems and the decarbonisation of the National Grid in Great Britain. However, some of the reduction between 2019 and 2021 is attributable to offices being closed and hybrid working due to COVID-19 and we recognise that not all of this will be permanent.

Emissions have also been analysed using intensity metrics, which 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 £m of revenue' in line with industry standards. This is shown in the table overleaf.



Emissions per £m of revenue

The improvement of emissions per £m revenue between the baseline year and 2021 is 71%.

Tonnes CO ₂ e/£m per revenue	Year ended 30 September 2021	Year ended 30 September 2020	Year ended 30 September 2015 (Baseline year)
Scope 1	2.76	3.84	7.95
Scope 2	4.32	4.88	16.86
Total	7.08	8.72	24.81 ¹

¹ Baseline updated to take account of the below adjustments

The aggregate energy consumption of the Group during the year ended 30 September 2021 and 30 September 2020 was:

		2021 kWh	2020 kWh
Electricity	UK	2,578,439	1,849,273
Electricity	India	466,987	670,168
Electricity	Australia	23,353	33,842
Gas	UK	2,293,260	2,722,046
Total		5,362,038	5,275,330

This comprises (i) the combustion of fuel and the operation of any facility; and (ii) the annual quantity of energy consumed resulting from the purchase of electricity, heat, steam or cooling by the Group for its own use.

91% of consumption was in the United Kingdom and 9% was in the rest of the world based on the information provided by suppliers. The Group purchases renewable electricity in the UK to support large scale renewable generation. However, carbon conversion factors used do not take account of this.

Task force on climate-related financial disclosures

The alignment of reporting on managing climate risk in line with the TCFD framework will become mandatory for RM in next year's Annual Report. Work on this has begun and this report is prepared on that basis. Reporting against the TCFD recommendations will continue to evolve as climate risk and opportunity scenario planning is carried out in 2022 and new metrics around scope 3 will be progressed.

Governance

The risks and opportunities of climate change for RM is overseen by the Board to ensure they are considered as part of business strategy and risk management.

The Executive is responsible for overseeing the senior management's implementation of sustainability activities including the handling of climate related risks and opportunities.

The following groups have recently been established:

- a Sustainable Development Governance Panel made up of managers from across the Group. It is responsible for managing the activities required to be carried out in order to become a sustainable business, reviewing key risks and opportunities, including those relating to climate change, and developing and implementing a strategy and plans to address those risks and opportunities. The agenda for the Panel includes procurement, logistics, design, finance and facilities management. The Panel is led by the RM Resources Managing Director; and
- a Sustainable Development Working Group that is subordinate to the Sustainable Development Governance Panel. It establishes the technical requirements and standards that need to be met. It makes proposals to the Governance Panel and facilitates the wider understanding of how to implement strategies and plans. It appoints the Chair annually from its members.

A dedicated Environment Manager who reports into the HR Director provides technical support to both groups.

The Governance Panel updates the Executive Committee at least quarterly. This includes reviewing climate change risk assessments and overseeing any related decision-making and involves reporting against sustainability strategy targets. The Board is updated quarterly.

The Environment Manager reviews RM's own data and the impact of climate change on its operations and keeps abreast of publications and reports by leading climate risk research and organisations including the Intergovernmental Panel on Climate Change (IPCC) and the UK Committee on Climate Change.

Principal and emerging risks including climate change risks are reviewed by the Board as part of the Company's risk management process and any material financial implications of climate risk and potential impact on RM's accounts are shared with the Audit Committee.

Strategy and Risk Assessment

RM's objectives are to achieve net zero, sustainable consumption, production and procurement across its business and supply chain. Its plans include actions to address climate related risks and identify opportunities for impact reduction, adaptation for climate change and enhanced climate resilience. As RM's approach evolves it is increasingly influencing the products it develops and purchases, its own operations and the operations of those in its supply chain. Further information on this is on page 42.

To understand the effect of global warming and its impact on operations, the risks and opportunities arising from a global temperature change of no more than 1.5°C about pre-industrial levels by 2100 will be reviewed. The risks and impact on RM's business in a world affected by climate change greater than 4°C scenario will also be reviewed.

Risk assessments and scenario analyses are planned. These will be completed via workshops across business Divisions and corporate functions. These risks are considered using the same format as for principal and emerging risks as set out on pages 25 to 26 and mitigations are then developed based on these assessments. They will look at the impact on short, medium and long-term time horizons and the financial implications, including capital deployment. Additionally, RM will consider the speed of reaching temperature increases and the impact of this on its activities. Further information on this will be provided in next year's report.

A macro-analysis has been developed this year using high level scenario impact reports by the IPCC and has begun to identify where some of the key risks lie. It indicates that in the 1.5°C scenario, the risk to RM's workforce and its own operations in the UK will largely remain as currently to 2050 and in the and 4°C scenario this risk is considered to be low to medium to 2050.

RM is committed to playing its part in managing down the effect its carbon emissions have on climate change by decarbonising its activities, moving towards a circular economy and, should it become necessary, offsetting its impact using schemes that permanently remove carbon from the atmosphere.

Next year, the plan is to start work looking at climate change resilience with partners dovetailing into the work that will arise from the UK government net zero Strategy.

Metrics and Targets

RM's approach has targets underpinning it which will be further developed in conjunction with the results of the climate change risk assessments and scenario analyses to be carried out. This will be reviewed annually to ensure it takes account of new developments in science, technology and legislation.

RM's current environmental improvement plan includes the following climate change targets:

- Becoming net zero by 2035¹
- Reducing scope 1 and 2 carbon emissions, against the 2015 baseline, in line with the Government reduction target of 78% by 2035²
- Using 50% on site or locally generated renewable energy at Harrier Park by 2024
- Supporting large scale renewable generation in the UK by continuing to purchase renewable electricity for RM's use

¹ This covers scope 1 and 2 emissions, see following paragraph for scope 3.

² During the year ending 30 November 2021, scope 1 and 2 carbon impacts reduced by 67.5% against the 2015 baseline.

In order to better understand scope 3 emissions, data is being gathered on around 36,000 products that are sold, including the material composition, manufacturing methods, supply chain impacts, logistics and end of life management so they can be prioritised for reduction and appropriate targets set. Once this data is available, a net zero target including scope 3 emissions will be developed, progress will be reported in next year's Annual Report. Nevertheless, RM is committed to delivering net zero across scope 3 ahead of 2050.



Workforce

The Group employs nearly 2000 people. Its aim is to create a culture and an environment that enables employees to work together collaboratively, creatively, efficiently and in a safe way.

	Average Headcount 2021				Average Headcount 2020					
	UK	India	Australia	Other ¹	Total	UK	India	Australia	Other	Total
All employees	1,100	861	27	2	1,990	1,072	729	36	0	1,837
Permanent					1,773					1,716
Temporary/ contract staff					216					121

¹ Spain and Singapore

Health and Wellbeing

RM is committed to supporting its employees and promoting positive Health and Wellbeing. The priority over the past year was to ensure that the workforce remained safe and well, whilst continuing to provide the services its customers need. Further information on the measures taken is set out on in the Employees section on pages 65-66.

As employees return to working in offices RM launched 'My Work Blend@RM' which is a hybrid working approach that enables employees to work flexibly where appropriate and help them balance their roles and lives.

Equality, Diversity and Inclusion

RM believes equality, diversity and inclusion ('EDI') are important and its aim is that all employees receive fair and equal treatment. The workforce needs to reflect and represent the needs of the customers and communities RM serves. RM seeks to create an inclusive and flexible working environment for its employees.

The first step in achieving these goals has been to complete an EDI audit to understand how diverse and inclusive the Company is today. This work was completed by a third party during the first half of FY21. The results indicated scope for further action as many of its people and managers wanted to better understand how to make RM a more diverse and inclusive organisation.

Over the past year, RM has put in place new governance to oversee EDI projects and programmes, to ensure it is encouraging diversity and inclusivity. There is now a voluntary network of 20 EDI advocates and a steering group to plan, execute and evaluate EDI initiatives. These initiatives have included:

- Providing essential education and awareness. To support this, learning sessions have been held and resources shared through a virtual EDI library on RM's intranet. There is also an anonymous 'Ask Us Anything' service through the EDI advocates.
- RM has launched a recruitment pilot programme to help attract more diverse candidates. This programme trains people managers to consider how they define and advertise job roles, and how they manage the evaluation process to support candidates from a diverse range of backgrounds. There is also a multi-channelled approach to help identify a diverse range of individuals.
- Supporting diverse communities in RM is an important part of the plan and 4 new EDI networks been established. These provide a safe space for these networks to share their experiences and provide representation to change policy and practice in RM. They represent the People of the Global Majority, Women at Work, LBGTQIA and Neurodiversity. After the Women at Work network championed the subject of menopause, the UK healthcare benefit has been updated to include menopause support.
- RM's Executive is taking part in a Reverse Mentoring scheme, to improve its personal knowledge and awareness of EDI.
- As part of Inclusion Week in September 2021, RM has launched a programme to encourage UK employees to share diversity data. Nearly 30% have updated their data. This will help set objectives and targets to improve diversity across the Group.

The Equal Opportunities Policy commits RM to preventing any form of discrimination, harassment, intimidation or victimisation, promoting equal opportunities for everyone and promoting a good and harmonious working environment where everyone is treated with respect and dignity. This Policy is available on RM's website www.rm.com. The Anti-Bullying Policy encourages employees to come forward with any concerns of bullying or harassment and sets out how such matters will be dealt with.

These policies and the actions referred to in this section support the strategy by helping create a better skilled workforce by encouraging people from different backgrounds to apply and contribute to the business.

Employees with Disabilities: The Group gives equal consideration to applications for employment received from candidates with disabilities, having regard to their aptitudes and abilities. Where existing employees develop a disability that materially affects their ability to perform their work role, retraining, use of appropriate technology and making available suitable alternative employment within the Group are explored and their further training, career development and promotion opportunities are supported.

The following table shows the percentage of employees who are female. The data is based on the number of permanent employees and Board members on 30 November each year. Over recent years, the percentage of women across the Executive and senior management has improved. The reduction in women at this level this year has been due to a combination of reporting line changes, unfilled vacancies at the date of this report and recruitment for vacancies.

	2021	2020	2019	2018
Board including Executive Directors	14%	17%	17%	17%
Senior Managers (excluding Executive Directors)¹	35%	36.5%	25%	19%
All employees	38%	38%	39%	38%

¹ Covers those employees who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of it or the Company.

The following table sets out a more detailed summary of the permanent staff employed on 30 November 2021 (and as at 30 November 2020):

	As at 30 November 2021			As at 30 November 2020		
	Male	Female	Total	Male	Female	Total
All employees	1,179 (62%)	715 (38%)	1,894	1,055 (62%)	650 (38%)	1,705
Senior Managers (excluding Executive Directors)¹	37 (65%)	20 (35%)	57	33 (63.5%)	19 (36.5%)	52
Executive Committee and direct reports²	27 (60%)	18 (40%)	45	23 (53.5%)	20 (46.5%)	43
Board	6 (86%)	1 (14%)	7	5 (83%)	1 (17%)	6

¹ Covers those employees who have responsibility for planning, directing or controlling the activities of the Group, or a strategically significant part of it or the Company.

² Covers the 'senior management' as defined in the Code and excludes EAs and PAs.

There are ongoing initiatives to help ensure a balanced participation in the workforce:

- a pilot programme with The Academy of Women's Leadership to help create a stronger female talent pipeline for senior roles;
- women are represented on the shortlist for all senior vacancies; and
- flexible and agile working to support the need to balance careers.

Gender pay data is available on the public websites for subsidiaries (RM Technology, TTS and Consortium).

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

Development and Reward

The Company recognises that talented people are central to the success of the business. Employees are encouraged to set learning goals framed around their career aspirations as well as what RM requires of them. Managers guide them through monthly developmental coaching conversations. Employees have access to online learning platforms, social and peer learning opportunities, coaching and mentoring as well as 'on the job' experiences. Employees are encouraged to attain professional qualifications or certifications where applicable to their role. Apprentices are supported in gaining their qualifications and essential work experience. RM has employed 14 apprentices over the past three years in the UK.

The Company's emphasis is on fair pay structures across the Group and bonus schemes that support and encourage a high-performance culture. The Group incentivises employees and senior management through the payment of bonuses linked to business objectives, together with the other components of remuneration detailed in the Remuneration Report. The Company does not operate an employees' share scheme due to the size and geography of the Group's workforce. Regular benchmarking is undertaken across the sector in terms of pay and reward.

There are also policies setting out the working practices and benefits available to employees. These policies are published internally.

Community

RM's purpose is to supply products and services which enrich the lives of learners worldwide. It's important therefore that the Group has a positive impact across both the education sector and communities.

RM is very conscious that one of the UN Sustainable Development Goals is "quality education" and RM takes very seriously its part in delivering and improving sustainability in this critical area.

Beyond the classroom, this is achieved in the UK education sector in many different ways:

- In the last year RM has provided evidence to Government consultations that have included the Department for Education's (DfE's) consultation on "Helping Schools Buy"; the Government's (post-BREXIT) Taskforce on Innovation, Growth and Regulatory Reform consultation; the DfE's edTech 2.0 strategy and OFQUAL/DfE's Summer Exams consultation. RM also responded to the All-Party Parliamentary Group for Education Technology which published its inaugural report on "Lessons from Lockdown: what was learnt about Education Technology in 2020" which included evidence that the Company supplied.

- RM has been actively engaged with the DfE since the first school lockdown – initially in their programme to roll-out remote learning to schools via Microsoft Teams and Google Classroom, and then in their 'Get Help With Tech' programme, working with the Department (at their request based on the Company's work on remote learning) to help review and shape the DfE's thinking about what a 'post platform implementation' support package looks like for schools.

- Executive board positions are held on the Group's primary trade bodies: the British Educational Suppliers Association (BESA) and the e-Assessment Association (eAA).

In communities:

- RM UK-based employees become School Governors and MAT Trustees allowing employees to take up to 20 hours paid time off per year for Governor activities, and some senior employees take on broader industry roles. Over 30 colleagues have such roles.
- UK employees raised money for United World Schools enabling 20 children to be educated for an entire year.
- In India, the local business set up the RMESI Foundation in 2007 to provide support in and around Trivandrum, India to bright, underprivileged children in pursuing their education. During the last academic year, it has through the following:
 - **Graeme Dewart Scholarship:** provided school fees for 26 under-privileged students worth £11,900;
 - **Connect the Disconnected Programme:** distributed 83 mobile devices to students in 11 schools in Trivandrum to aid online learning worth £8,700; and
 - **School Adoption Programme:** adopted 1 additional school this year in addition to the 3 existing primary schools. This programme contributes to the salaries for Computer and English teachers and for school supplies. Currently £1,000 has been provided for salaries.

- In May 2021, RM Resources employees at the Harrier Park site in Hucknall delivered a significant volume of educational resource to a local charity. Hucknall was particularly hard hit by the pandemic with a high local need for food banks and other donations and support. The resources donated formed part of a new local scheme to open pop-up mother and toddler schemes. These schemes provided families in need of support with access to world class resources and gave parents a little respite from the stress of being locked down at home with small children.

- In October 2020, RM Resources donated £18,000 worth of high-quality educational resources to 33 different multi-academy trusts, nursery chains and charities in the UK.

RM continued to provide significant support for the UK educational system and this year:

- In response to the announcement of school closures, RM Resources created and launched a series of 'Learning at Home' downloads for EYFS, KS1 and KS2. The home learning downloads were free and included activities and resources for across the curriculum.

During the second closure of schools, RM Resources were responsive and collated a 'Wellbeing Collection' that provided free activities and resources that teachers and parents could use to support children's emotional wellbeing.

A series of blogs was also created from experienced educationalists to provide teachers and parents with ideas for home learning.

- RM Technology promoted a range of free content for the entire sector on the RM website sharing best practice to support with remote education. This included videos, help sheets, case studies from schools and free webinars.

RM promoted a four-month free trial of RM Easimaths.

The RM Technology team was restructured in order to extend its customer service desk support hours to 7am-10pm Monday to Friday to support teachers who were obliged to work outside normal school hours.

Support was offered to schools if their Network Manager became sick or unavailable due to of COVID-19.

Guidance on remote learning for Account Managers was promoted to better understand where help was required.

Governance

It is important at RM that governance ensures it can deliver its purpose and strategy in a way that is aligned with its values, so that it is a trusted partner to its customers and other stakeholders.

RM is committed to conducting its business with integrity and its approach to risk and compliance helps encourage the right behaviours across the business.

The Corporate Governance Report on page 58 sets out the framework for governance in RM and the role of the Board.

Code of Conduct

An employee Code of Conduct has been created and is being prepared for roll-out across the Group. The Code governs the ways of working across the business and sets out the standards that employees are expected to follow. The Code reflects RM's culture and emphasises that employees are trusted to behave with integrity and honesty, and in accordance with applicable laws and regulations. There are a comprehensive set of policies that set out guidance and specific processes and procedures that employees are required to follow.

Employees will be required to confirm annually that they have read, understood and comply with the Code.

All policies are owned by a specified member of senior management and policy review dates set in order to ensure they are regularly assessed and kept up-to-date.

Anti-bribery and corruption

As part of the education sector, RM strongly supports the prohibition against giving, receiving or offering any bribes or any other forms of corruption. The Anti-Bribery Policy sets out the standards and processes all employees and relevant partners are required to follow. These are designed to minimise the circumstances under which such behaviours may occur. The policy also covers the giving and receiving of gifts and hospitality and expenses.

The policy has been revised this year to give employees more practical examples and to make it clearer and easier for them to understand its application. Training on this has also been given to relevant teams.

A formal assurance process is carried out twice a year that requires employees to confirm that they understand and comply with this policy.

There is also an Anti-Money Laundering Policy which commits RM to promoting and maintaining the highest level of ethical standards in relation to all its business activities and a zero-tolerance approach to money laundering. It commits RM to acting fairly and with integrity in all its business dealings and relationships. It provides for procedures to be followed, situations that may be considered suspicious, action to be taken in such circumstances and record keeping requirements. Only a limited group of employees can release any payments and those employees are fully appraised of these risks.

Competition Law

A new Competition Policy was approved this year. To help ensure it is understood across the business, training has been given to all relevant employees to help them understand the issues they need to be aware of. A register is maintained by the Legal Department for all employees attending trade association meetings and specific training is mandatory for them.

Data Protection

Given the nature of its operations, RM has always taken data protection matters seriously. The security and integrity of customer data is critical to the Group and 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 Information Officer and attendees include the Group's Data Protection Officer ('DPO'), Chief Financial Officer, senior HR employees and representatives from each of the Divisions.

As part of its ongoing programme of GDPR compliance, the Group has formal Data Protection Policies and a Cookies Policy covering data of employees, customers, candidates, examiners and visitors to its websites. The policies commit RM to protecting and respecting the privacy of individuals and complying with all legal requirements. New starters are assigned mandatory training on GDPR and ongoing training is provided to all staff, as well as to contractors and temporary staff that have access to Company systems or data. Security vetting of relevant suppliers and other third parties is conducted when considered appropriate.

The DPO works independently of management in fulfilment of the statutory duties required of that role and can, if necessary, escalate issues directly to the Board via the Company Secretary. As well as attending the GSBCC, the DPO provides regular updates to the Board on data protection matters. Both customers and employees can raise queries with, and send complaints to, the DPO. All potential personal data breaches are investigated and recorded. No data breaches have been reported to the ICO, the UK's regulator, in the past year.

Data Security and Resilience

Given RM's role supporting and advising schools and other education bodies, data security and resilience are taken seriously. For details of the actions taken, see the Principal Risks and Uncertainties section at page 28.

The GSBCC, referred to in the Data Protection section above, also oversees data security and resilience matters.

Access to systems is role based and applied with a principle of least privilege. Access is reviewed regularly through established internal processes and is subject to external independent audits as part of maintaining ISO certifications. The latest audits reported no non-conformances. The GSBCC also maintains Cyber Essentials Certification. Business accounts are additionally protected with multi-factor authentication (MFA) and user behaviour analytics and are monitored by a Security Information and Event Management (SIEM) solution. The Company has a Cryptographic Policy that governs encryption controls, with disk encryption applied to all employee machines.

The RM Acceptable Usage Policy provides guidance for all RM Group employees regarding how they may and may not use Company systems and data, and their responsibility for information security. The policy is reviewed annually prior to formal approval by the GSBCC, which oversees data protection matters. The Acceptable Usage Policy is further supported by other specific policies including Data Classification & Handling and Physical Controls.

Data security policies are controlled, reviewed and subject to external audit as part of maintaining ISO certifications.

RM also runs a formal Security Awareness programme for all new staff.

As part of 'secure by design and by default' principles, business continuity management for the RM Assessment, RM Technology and RM ESI Divisions is aligned to ISO standards and subject to external audit, ISO 22301 certification is in place.

Were a breach to occur, the Company has established relationships with third-party partners to support with cyber incident response and crisis PR.

Health and Safety

The Health and Safety Policy covers employees on its sites and at customer sites. It commits RM to a safe working environment, a culture of open discussion on health and safety issues, transparent reporting and compliance with all relevant laws and regulations. The Group has implemented a health and safety management system which is designed to continually improve health and safety and meet the requirements of ISO45001.

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.

The Group Health and Safety Committee includes representatives from each of the Divisions and Corporate Services. It meets quarterly and is chaired by the Group's Head of Health and Safety. Each RM site has a Site Health and Safety Committee; this is chaired by the Health and Safety Director. Each Site Safety Committee reviews health and safety practices at that site.

A range of health and safety training is provided on an ongoing basis to employees, contractors and temporary staff.

Significant work has continued this year in improving staff induction and setting up processes at Harrier Park, and there remains a continued focus on safe operations during COVID-19 conditions. A Group level COVID-19 committee meets every 2 weeks to review changing conditions and to ensure regular and timely communications continue and are effective for flexible working patterns. Accidents and near misses are tracked and reviewed. There was one Lost Time Incident reported during the year which related to Trowbridge Distribution Centre (in the previous year there were 3 Lost Time Incidents).

The Head of Health and Safety provides a quarterly report to the Board on health and safety across the Group and can escalate any issues to the Board via the Company Secretary. The reports contain information relating to accidents and near misses. Further information on this is detailed in the Employees section on page 66.

Human Rights and Modern Slavery

RM is committed to minimising the opportunity for modern slavery to take place within RM and its supply chain. It has this year reviewed its internal processes and programme of review for suppliers. The Modern Slavery statement is available on the RM website.

Further information on the Supplier Code of Conduct for the RM Resources Division, which manages a significant majority of the suppliers of the Group and the commitments required from them in relation to human rights is set out in the Suppliers and Partners section on 61. This Code is being reviewed with the intention that it will then be applicable to all Group suppliers.

Political Donations

Neither the Company nor any of its subsidiaries made any UK political donations or incurred any UK political expenditure, nor made any contribution to any non-UK political party, during the year.

Safeguarding

RM is committed to protecting students of its customers from harm. The Safeguarding Policy applies to anyone working on behalf of RM including employees, contractors and agency staff.

The Policy states the principles that guide the approach to child protection and online safeguarding covering recruitment of staff, partnering with customers when any allegation is made, the incident and whistleblowing measures and the supply of products and services that help customers keep children and young people protected from online harm. There were no incidents reported in the last year.

The Policy further states the Company has a responsibility to keep children and young people safe. This is regardless of age, gender, race, religion or belief, sex or sexual orientation. It recognises that some children are additionally vulnerable because of the impact of previous experiences, their level of dependency, communication needs or other issues.

All staff working in environments where children are present must be familiar with policies at that place. Staff must report any incident that may give rise to a concern to the nominated child protection lead at that institution.

Share Dealing Code

The Share Dealing Code is applicable to all employees and Directors. It is designed to ensure that they do not misuse any information about the Group which is not public. There are clear processes for informing individuals about their obligations under the Code and obtaining authorisation to deal.

Tax

As a UK company, the Group pay taxes in the UK, contributing some £12m in taxes to the UK Government over the past three years. The approach to tax is aligned with RM's purpose and values and to ensure that RM pays the right amount of tax at the right time based on laws, rules and regulations in the territories in which it operates. The Tax Strategy is on RM's website.

Whistleblowing

Employees are encouraged to speak up if they feel that something is not right. RM's Whistleblowing Policy has been updated this year and publicised to employees to make this clear. The Policy states that employees can speak to their manager, HR partner or other high-level person in the Company in the first instance if they have any concerns and there is also an independent third-party service they can use to report any concerns in confidence and anonymously if they wish. Information on this policy and the contact details of the third party are readily available on the internal employee portal.

The Policy provides that all allegations raised are forwarded to the Chief People Officer (unless it relates to them) and members of the RM People team are trained to handle such matters. The individual will be informed of the process in dealing with the matter. The Policy sets out RM's commitments in complying with the Public Interest Disclosure Act 1998 to protect any person who raises a relevant concern. The Policy states that any case that poses a significant risk to the business is reported to the Audit Committee with ultimate ownership by the Board. No concerns were raised in the past year.



BOARD OF DIRECTORS

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. He is a former Executive Chairman of 4imprint Group plc and a former Chairman and 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. John will retire on 16 February 2022.

NEIL MARTIN

Chief Executive Officer

Neil Martin was appointed as the Chief Executive Officer of RM on 1 March 2021. He was the Chief Financial Officer of RM from 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. He started his career by spending seven years at Exxon Mobil. Neil is a Chartered Accountant (CIMA).

MARK BERRY

Chief Financial Officer

Mark Berry was appointed as Chief Financial Officer and Executive Director on 20 September 2021. He was the interim Chief Financial Officer from 8 March 2021. Prior to joining RM he was Chief Financial Officer and Executive Director at Foxtons Group plc, the estate agent, for 3 years. Before that he held a number of senior roles at Hays plc, the FTSE 250 listed specialist recruiter, including 5 years as Group Financial Controller and prior to that as European FD and Head of M&A. He started his career at Deloitte and is ACA qualified.

CHARLES BLIGH

Independent Non-Executive Director (r) (n)

Charles Bligh joined the Board on 2 July 2021 as a Non-Executive Director. He is currently the Chief Executive Officer at Restore plc and was appointed to this position in April 2019. He was previously Chief Operating Officer and main Board Director at TalkTalk Telecom Group plc, which he joined in 2011. He previously spent 20 years at IBM Corporation in various countries, culminating in his role as Vice President, Commercial Sector in UK and Ireland.

PAUL DEAN

Independent 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 was previously the Non-Executive Director and Chair of the Audit Committee of Wincanton plc and Focusrite plc, the Senior Independent Director and Chair of the Audit Committee at Porvair plc and Polypipe plc. He was the 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. She is a Non-Executive Director at GB Bank, 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

Senior Independent 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. He is the nominated Non-Executive Director for workforce engagement. He is currently Group Chief Operating Officer and Chief Executive of the Informa Intelligence Division of Informa plc. He was previously the 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.

Committee membership as at the date of this report:

- (a) Audit Committee Member
- (r) Remuneration Committee Member
- (n) Nomination Committee Member



INTRODUCTION FROM THE CHAIRMAN

As Chairman, I am responsible for ensuring that the Company has high standards of corporate governance. In respect of the year ended 30 November 2021, RM plc was subject to the UK Corporate Governance Code 2018 ('Code'), which was published by the Financial Reporting Council in July 2018 (available at www.frc.org.uk). The Board aims for the Group to meet and exceed the standards of the Code and to foster a culture of open and honest communication and constructive challenge throughout the organisation. There is a governance structure of checks and balances, a proper division of responsibilities and active consideration given to all relevant stakeholders. The Board sees this as a positive contributor to effective business operations.

This Corporate Governance Report incorporates the relevant sections of the reports of the three Board Committees. It summarises how the provisions of the Code have been applied and how the Board and Board Committees have fulfilled their responsibilities during the year. It sets out how RM's approach to corporate governance supports the Company's strategy, the Board and its Committees' key focus areas during the year.

Governance

On behalf of the Board, I confirm that the Company has applied the principles and complied with the provisions of the Code throughout the 12-month period ended 30 November 2021 except in the case of provisions:

- 40 insofar as views were not sought from shareholders and the workforce on remuneration and
- 41 insofar as we have not engaged with shareholders on remuneration nor engaged with the workforce to explain how executive remuneration aligns with wider Company pay policy.

This is explained on page 79 (Stakeholder Engagement).

The table below sets out the where the relevant content on the application of the Code's principles can be found in this Annual Report.

Composition

During 2021, Neil Martin became CEO and David Brooks retired from the Board. Mark Berry was appointed Chief Financial Officer and Executive Director and Charles Bligh was welcomed as a new Non-Executive Director. My retirement was also announced and Helen Stevenson will take over as my successor with effect from 16 February 2022. These appointments were made after extensive search processes and the appointees bring skills and experiences that are valuable and complementary to the Board. For further information on how the Board managed succession during the past year, see the Nomination Committee Report.

Effectiveness

During a year dealing with significant change to the Board and the impact of the COVID-19 pandemic, the Board has performed well and this was reflected in the feedback during the Board evaluation this year. Further information is contained in this Corporate Governance Report.

Stakeholders

RM believes strongly that the long-term success of the Company is linked to ensuring accountability, transparency and fairness in dealings with stakeholders. The strength of the Company's relationship with its suppliers has helped the business to continue to provide goods and services to RM's customers during the pandemic. The relationships the business has with other stakeholders has also been important, particularly when the Company moved to protect its cash position by suspending shareholder returns. You can read more about RM's engagement with shareholders on page 66.

John Poulter

Chairman
14 February 2022

1. Board Leadership and Company Purpose

A: Leadership, long-term success, value generation and societal contribution	Purpose, Values and Culture (20-21) Throughout the Sustainability Report (40-54), Corporate Governance Report (58-68) and Remuneration Committee Report (77-96) there are descriptions of how the long-term sustainable success of the Company and its contribution to wider society is promoted and shareholder value generated.
B: Purpose, values, strategy and culture	Purpose, Values and Culture (20-21) Purpose and Culture (64) Major Activities of the Nomination Committee (99-100)
C: Resources and controls	Resources (12) KPIs (18) Managing our Risks (25) Internal Controls (67-68) Review of Risk Management (73-74)
D: Stakeholder engagement	Stakeholder Engagement (65-67) Section 172(1) Statement (22-24)
E: Workforce policies and practices	Remuneration Policy and Stakeholder Engagement (79-80) Whistleblowing (54) Employee Stakeholder Engagement (65-66)

2. Division of Responsibilities

F: The Chairman	Board of Directors (60) Roles (61) Board Evaluation (62-63)
G: Board composition and division of responsibilities	Board of Directors, Board Committees (60-61) Roles (61) Directors' Conflicts of Interest and Independence (63)
H: Role and time commitment of non-executive directors	Board of Directors (60) Board Attendance (62) Committee Attendance (70, 78 and 98) Roles (61) Directors' Conflicts of Interest and Independence (63)
I: Board function and the company secretary	Board of Directors (60)

3. Composition, Succession and Evaluation

J: Board appointments and succession planning	Nomination Committee Report (99-100) Board Diversity and Inclusion Policy (64)
K: Board and committee skills, experience and knowledge	Board Tenure (62) Board Composition (101)
L: Board evaluation	Board Evaluation (62)

4. Audit, Risk and Internal Control

M: Internal and external audit independence and effectiveness	Internal Controls (67-68) Audit Committee Report (70-74)
N: Fair, balanced and understandable assessment of position and prospects	Statement of Directors' Responsibilities (107)
O: Risk management, internal control framework and principal risks	Managing our Risks (25) Principal Risks and Uncertainties (27-31) Internal Controls (67-68)

5. Remuneration

P: Remuneration policies and practices	Remuneration Committee Report (77-96)
Q: Executive remuneration	Remuneration Committee Report (87-91) Remuneration Policy, Stakeholder Engagement (79-80)
R: Independent judgement and discretion in remuneration outcomes	Discretion (80)

BOARD OF DIRECTORS

The Board consists of the Chief Executive Officer, Chief Financial Officer and five Non-Executive Directors including the Chairman. The Chairman was considered independent on appointment. The Board considers all the Non-Executive Directors (including the Non-Executive Director 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 judgement (see further discussion in the Directors' Conflict of Interests and Independence section below). 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. It has a formal schedule of matters reserved to it for decision-making. Those matters include the approval of interim and annual Financial Statements, the annual budget, significant Stock Exchange announcements, significant contracts and capital investment. It also reviews 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 in circumstances where it is considered appropriate to do so.

A forward agenda for the Board is maintained to ensure that all necessary and appropriate matters are covered during the year. The Board is provided with accurate, timely and clear information. As part of the Board pack prepared for each meeting, the Board receives monthly management accounts and operational reports from the CEO, CFO and General Counsel and reports from other members of the Executive and the Group. The Board is also provided with specific reports on key areas and projects and informed of any key developments or issues that require their consideration. 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 any issues that may give rise to concerns are brought to the attention of the Board. During the year, reports were presented on various matters including regular updates on the development of the new national warehouse and the delivery of the new internal IT systems. Further information on other reports it received are in the Stakeholder Engagement report below. The Board requests further information on any matter that they consider relevant, which may include ongoing updates, assurance as to the proposed actions to resolve such matters and information on corrective actions taken. This year this has included IAS38 treatment of project costs, environmental matters and further information on various health and safety issues in connection with the pandemic.

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 a defined term subject to annual re-election by shareholders at each Annual General Meeting.

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 are available on www.rmplc.com. For each Committee, information on their composition and activities is provided in the respective reports.

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 to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society.
- 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, effective contribution from Non-Executive Directors and ensures constructive relations between Executive and Non-Executive Directors.
- Sets the agenda, ensures adequate time is available for discussion of agenda items, promotes a culture of openness and debate at Board meetings and ensures directors receive accurate, timely and clear information.
- Provides support and advice to the CEO.
- 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 not resolved through the normal channels

Non-Executive Directors

- Share full responsibility for the execution of the Board's duties.
- Scrutinise and constructively challenge strategic proposals and hold management to account
- Offer specialist advice and strategic guidance
- Monitor the performance of management on an ongoing basis

Audit Committee

- Oversees and monitors the Group'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 Officer (CEO)

- 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 ATTENDANCE

The Board has 11 scheduled meetings a year. A record of attendance for each Director is set out in the table below. Additionally, there were several ad hoc meetings held by the Board during 2021 to discuss the impact of the COVID-19 pandemic. Board meetings were mostly held virtually for the majority of the year due to COVID-19 social distancing requirements. The Board also approved a number of matters during the year by written resolution.

Board meetings	No. of meetings held in the period/Eligible to attend
John Poulter	11/11
Mark Berry (from 20 September 2021)	3/3
Charles Bligh (from 2 July 2021)	4/4
David Brooks (until 1 April 2021)	2/2
Paul Dean	11/11
Vicky Griffiths	11/11
Patrick Martell	11/11
Neil Martin	11/11

All Directors received papers for all meetings in advance. When a Director was unable to attend a meeting, they were given 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 significant appointments have been undertaken by a Director in the year ended 30 November 2021.

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	43%
2-5 years	14%
5+ years	43%

INDUCTION

All Directors receive an induction on joining the Board. Charles Bligh and Mark Berry joined the Board this year and met with all Board Directors, members of the Executive and other relevant employees individually. They also received comprehensive resources on Board activities and Company documents such as Committee Terms of Reference, Delegation of Authority and Group structure. Visits to Company sites have not been feasible due to COVID-19 restrictions for much of the year but they participated in a visit to the new distribution centre at Harrier Park where they met with members of the RM Resources Division.

BOARD EVALUATION

The performance of the Board, each Board Committee and each Director is reviewed on an annual basis. A review was conducted at a meeting in November 2021. The principles and provisions of the Code and Guidance on Board Effectiveness were covered.

The performance of the:

- Chairman was assessed by the Non-Executive Directors, led by the Senior Independent Director;
- Chief Executive Officer was assessed by the Chairman, in consultation with the other Non-Executive Directors; and
- Chief Financial Officer was 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, enhances the collective effectiveness of the Board, acts with integrity, leads by example and promote the desired culture. Communication during the COVID-19 pandemic was felt to have continued to be good but that it had impeded the Board's effectiveness. A number of additional meetings have been held due to the pandemic. Relationships between Directors were considered to be positive with an open and collaborative Board culture and that members worked together to meet objectives. The Board reviewed its composition and diversity.

The Committees were also reviewed and overall were felt to function well. The Chairman is highly regarded by other Directors and encourages constructive debate and his knowledge of the Group was valued. The Chairman also reviewed the performance of each member of the Board.

A number of practical suggestions were made with regard to:

- finding more time for the Board to spend together face to face particularly given the number of relatively new members and the enforced distance as a result of COVID-19;
- greater discussion on climate and sustainability plans and strategies for the Company; and
- further discussion on the broader competitive marketplace for each Division to ensure a common understanding of the complexity and landscape in which they compete.

The improvements suggested in the Board evaluation last year on the running of meetings were felt to have been implemented.

An external facilitated Board evaluation was considered but it was felt it would not be useful given the recent changes to the Board and retirement of the Chairman.

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 Executive Committee's 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 AND INDEPENDENCE

There are procedures in place to identify, authorise and manage any conflict of interest of any Director with those of the Company. These procedures have operated effectively during the year.

Charles Bligh is the CEO of Restore plc, which is a supplier to RM of scanning and associated services. Further to the considerations of the Board, as detailed on page 99, the Board considered Charles to be independent on his appointment in July 2021. The Board believes that, since his appointment, Charles has constructively challenged matters that come before the Board and the Committees on which he serves, and effectively holds management to account. Accordingly, the Board is satisfied that Charles demonstrates the qualities of independence in carrying out his duties. The Board will continue to monitor this on an ongoing basis. Additionally, Charles was not involved in any discussions relating to the use of Restore plc or that specifically affected Restore's relationship with RM.

Vicky Griffiths is a partner at Independent Search Partnership ('ISP'), which was engaged during the period in the search for a new Non-Executive Director. The Board does not consider this has impaired, or impairs, the independence of Vicky Griffiths, owing to the fact this firm has only been engaged once by RM and the fees relating to this engagement were non-material and in any event Vicky agreed not to receive any element of the fees as a partner at ISP. Vicky Griffiths did not participate in the decision to use ISP.

There were no other conflicts of interest identified. 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.

ESG

See the various sections covering Environmental, Social and Governance matters in the Company's Sustainability Report on page 40 to 54.



BOARD DIVERSITY AND INCLUSION POLICY

The Board is committed to ensuring appointments to the Board promote diversity and an inclusive culture so that it has the range of perspectives, experiences and backgrounds necessary to support good decision making. Diversity and inclusion are embraced at all levels in RM and are reflected in the Company's culture and values which will help deliver RM's strategic objectives.

The Board recognises the following objectives

Objectives	Action taken
Aim to achieve:	Currently there is one female Board member but the new Chair will increase this to two when her appointment commences on 16 February 2022 which will be equivalent to 29% of the Board.
(i) female members representing 33% of the total Board membership; and	Currently, there is no Board member from an ethnic minority background on the Board.
(ii) increased ethnic diversity, within the context of current Board size.	Diversity has been and will continue to be an area of focus in future Director searches.
A focus on diversity in succession planning and when seeking to make Board level appointments.	Diversity was a key consideration in each of the appointments made this year.
To consider composition and diversity as part of its review of effectiveness in the Board evaluation.	These matters were considered in the 2021 Board evaluation.
To make key diversity and inclusion information about the Board, senior management and its wider employment population available in the Annual Report.	Over recent years there has been a substantial increase in the number of female senior managers across the business, data on this is shown on page 49. Data on other aspects of diversity to help with transparency is being collected where individuals consent to us doing so.

Further information including diversity statistics is in the Sustainability Report on page 49.

PURPOSE AND CULTURE

The Board is responsible for the Company's purpose, values and strategy and for satisfying itself that these and its culture are aligned. The Board monitors this in various ways:

- The reviews presented at each Board meeting highlight matters that show how the Company is pursuing its purpose and are indicators of the health of the Company's culture. This includes metrics and updates on workforce matters including figures on workforce changes and feedback from workforce engagement, details of whistleblowing reports, health and safety statistics on incidents and performance updates, legal compliance activities, and reports on any regulatory matters and disputes that have arisen.
- Whilst site visits have been limited in the last year, the Board has visited the new Harrier Park distribution centre. This provided the Board with an opportunity to engage with senior managers and other employees to hear their views directly.
- The Board received reports on feedback from the Company's audit of its culture.
- The Audit Committee receives reports from internal audits of procedure and practices across the Company providing alerts to issues that could threaten the Company's culture.
- The Remuneration Committee reviews workforce remuneration policies and practices and assesses their alignment with the culture and strategy of the Company. Gender pay reports are reviewed annually to ensure these are consistent with the Company's values.
- The Nomination Committee considers the Group's diversity and inclusion strategy, practices and progress to ensure it reflects the Company's values.

The Board have also reviewed the Company's new Code of Conduct which sets out the standards of behaviour expected from employees. This Code of Conduct embodies the culture of the Company and highlights how employees are trusted to comply with this code when acting on behalf of the Company. The Board will receive reports on any activities reported that are not in compliance with this Code.

STAKEHOLDER ENGAGEMENT

Engagement with the Company's key stakeholders is vital to building a business that provides valued products and services to its 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 the Company'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 and this is reflected in the strategic objectives to 'Reach more customers' and 'Improve share of customer spend'. The Company is in regular contact with its customers and strives to better understand their expectations about the products and services that will help customers deliver their educational objectives. This includes the range of products and services RM provides to support teachers in the classroom and the development of examination and assessment software that improves the efficiency and effectiveness of learner assessment. The Board discusses at each meeting any issues arising in relation to the Company's key customers, the services it provides to them and future changes to those relationships. This year, this has included the impact of increased complexity and delays in shipping due to Brexit, the impact on supply chains due to the COVID-19 pandemic, and a mid-year price increase by the RM Resources business to reflect higher supply costs. The Board has also been briefed on the plans to make the import and sale of goods into the European Union more efficient. The Board further receives regular updates on new customer wins, significant tender process updates and approves all major new contracts.

The impact of the COVID-19 pandemic on RM's customers in schools and examination authorities was considered by the Board regularly during the year. The business continued to

supply schools and maintain the IT services of the schools it supports so they could continue to stay open and to help them when they were closed. RM worked with examination authorities when exams were delayed or cancelled to help manage the impact of these decisions.

The Company has launched RM Vantage, a new cloud-based proposition for UK schools, to make it easier for pupils to work at school and at home. RM Resources launched new products including the Kitt learning companion robot and the Early Years Projector, which allows children to create, build and explore with light.

To ensure that the business continues to understand the changing needs of its customers, the Company undertakes regular UK and global independent market research studies with its customers and others. This helps the business understand customer needs, informs RM's product development teams of market demands and requirements (especially post COVID-19) and improves the Company's ability to communicate the benefits of RM's products and services to its customers.

- Employees

The Board considers workforce treatment and engagement as an issue of core importance and as key to achieve its strategic objective to 'Attract and retain talent'. A number of processes have been put in place to assist the Board in monitoring such matters outlined below and in the Workforce section on pages 48 to 51.

People at all levels of the organisation are invited to monthly business unit briefings and regular senior leader catch-up sessions with employees which also cover financial updates and other important matters. Employees are given the chance to ask questions and share their views on the business at these meetings and through staff surveys. These have been largely held digitally during 2021 given the difficulty with face-to-face communication. 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. This Forum has continued this year and seven meetings were held. Key issues raised this year have included diversity and inclusivity, working at home and RM's new policy on place of work (My Work Blend@RM - see Sustainability Report for further details), the return to work in RM's offices and the vision for the Company. Feedback from such employee engagements and the Employee Forum were shared with the Board. The Board also visited the new distribution centre at Harrier Park to review progress and talk with members of the RM Resources business about the opportunities and impact of the new facility.

Patrick Martell is the designated Non-Executive Director for workplace engagement. He was appointed as the Board felt this was the best approach to engage with different parts of the workforce, in order to provide feedback to the Board from employees and this has been found to have been successful. He was appointed in this role as it was felt that the longevity of his tenure as a Non-Executive Director and his position as Chair of the Remuneration Committee and Senior Independent Director would be helpful. Patrick agreed a timetable of activities to engage with employees in different settings and with employees across the organisation during the year. In this role, Patrick has met 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. These meetings have had to be virtual given the impact of the COVID-19 pandemic. Patrick is supported by HR in the preparation for these meetings and in putting the agenda together. Patrick reports back to the Board on the outcome of these discussions to help provide an insight into employee challenges, views and priorities. This feedback has been helpful in Board discussions and decision-making in connection with the workforce as well as strategic business planning.

The health and safety of employees is of paramount importance to the Board. The Board receives quarterly reports on health and safety which cover key measures taken and details of material incidents and trends. Updates on the health and safety processes at the new distribution centre at Harrier Park have been regularly provided to the Board. The Board has also been keen to understand how health and safety measures have been maintained at the distribution centres that are closing down. Employee concerns about working in the distribution centres and returning to offices were listened to which influenced the measures taken and communication of those measures to employees. In India, in response to employee concerns, vaccinations were organised and funded for staff and facilities, and oxygen concentrators were available to help staff suffering from COVID-19.

In response to the pandemic, as part of prioritising the wellbeing of employees, RM set up a Mental Health Network. This is a group of Mental Health First Aiders and Champions who are available to all employees for a confidential conversation about how they are feeling and to direct them to further help and support as necessary. Weekly wellbeing and mental health virtual drop-in sessions were also set up. These are initiatives led by employees, with the Company's support, to help other employees with mental health issues. There is an online portal with information and access to online courses to help build resilience. All employees have access to an Employee Assistance Programme provided by Aviva which offers access to a confidential helpline 365 days/24 hours

with online support and guidance, face-to-face counselling and specialist bereavement counselling available if required.

During the COVID-19 pandemic, employees have been provided with equipment to help them work from home and training was made available to help employees understand the health and safety aspects of homeworking. Distribution Centres have remained in operation throughout the pandemic and they have maintained the reconfigured processes that enable social distancing even after lock-down was lifted. The Board have received updates throughout the year on how COVID-19 was affecting employees and the steps taken to support them. No employees were on furlough during the year.

- Shareholders

The Annual General Meeting is 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; shareholders were given the opportunity to raise questions in advance and invited to attend a listen-only conference call of the event. Each of the Directors were available to speak with institutional shareholders on request.

During the year, virtual investor events and results conference presentations were held by the Executive Directors to speak to shareholders directly about RM's strategy and performance. In order to maintain dialogue with institutional shareholders, the Executive Directors offer to speak with shareholders following interim and final announcements of results, and otherwise, as appropriate.

Key shareholder publications include the full and half year results announcements and press releases as well as information on the RM website.

The Board is kept apprised of the views of major shareholders and market perceptions by the Executive Directors and Chairman respectively, following meetings held with shareholders, its brokers and advisers and reports provided by them. Shareholder feedback this year has covered performance, strategy, dividends, succession and the impact of COVID-19, and this forms a part of the discussions at Board meetings. The Company also receives enquiries from shareholders during the year on a wide range of subjects including this year, the use of AI in RM's products. The business individual responds to these. The appropriate level of the final dividend to shareholders was given significant consideration by the Board, taking into account the differing expectations expressed by shareholders, as was the decision to request that shareholders do not attend the Annual General Meeting. The Board also receives regular updates on shareholder register changes and analyst communications.

- Suppliers and Partners

Regular review meetings are held with strategic suppliers at least quarterly to review performance and potential opportunities for improvement in how both RM and its suppliers work together, in order to achieve RM's strategic objective of 'Operational excellence'. Potential new suppliers who may offer a sales opportunity for a new product, additional production options, a new version of a product or new service, or cost saving are reviewed for capacity to deliver expected volumes, quality, innovation, financial solvency, regulatory compliance and ethical position. Suppliers are also assessed to identify potential risks through the lifecycle of a contract and to highlight those suppliers in respect of whom further due diligence is required.

The Resources Division, which handles the majority of suppliers, requires its suppliers to accept its Supplier Code of Conduct and to commit to labour practices such as:

- no child labour;
- no forced labour;
- no discrimination in hiring and employment practices on the basis of race, religion, ethnicity, gender, age, marital status, sexual orientation, disability union membership or political affiliation;
- fair wages and limits on working hours;
- humane treatment;
- freedom of association; and
- safe working conditions.

This Code is being reviewed and it is intended the new version will apply to all RM suppliers.

The Board approves material supply contracts and were briefed on the tender process and the different bidders for the new freight provider (further details in the Section 172 Statement on page 22), the supply chain challenges caused by the COVID-19 pandemic and Brexit, and the impact on deliveries from suppliers and to customers in the EU. RM supported its suppliers in a number of ways during the pandemic including easier payment for those with cash flow difficulties during difficult supply chain periods, using the Company's warehouse space for supplier stock when third-party warehousing space was tight and making commitments to give them business security and plan production more easily.

In some jurisdictions, RM partners with local businesses to support local customers and provide a more locally orientated service. The Company works closely with such partners to understand the local market and discuss how

RM's products could benefit potential customers in that market and working collaboratively.

Supplier reviews and audits are made to help ensure RM's supply chain is not involved in or connected in any way to modern slavery. The Board received a report on this and has approved the Modern Slavery Statement, which is regularly reviewed and available on the Company's website.

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

- Environment/Community

The Company continues to be a trusted and reliable partner to schools, nurseries and other educational organisations across the UK and increasingly around the world. It was important therefore during the pandemic for the Company to ensure that its customers continued to receive the goods and services they required to stay open and that it did so in a safe way for the benefit of schools, students and the community.

Customer expectations regarding environmental considerations in connection with the goods and services RM provides is taken into account and has led to or influenced some of the initiatives discussed on page 42 and is therefore important to the Company's strategic objectives to 'Reach more customers' and 'Increase share of customer spend'.

Further information on the activities that RM and its employees have engaged in over the year to support communities and in furtherance of its environmental objectives is set out in the Sustainability Report.

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 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 2021 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 judgements 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 Company and Group's systems of internal financial control and risk management include:

- A financial planning process with an annual budget approved by the Board.
- Regular budget updates including updated forecasting 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.
- 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 Board 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.

In assessing effectiveness, the Audit Committee reviewed a report from management that enabled them to assess:

- the inherent internal control system weaknesses (such as formalised automated linkages between the many systems, reliance on off system calculations for certain revenue recognition) and how these are addressed by appropriate management review and detailed process and outcome checks, internal audits and external audit findings (on a substantive based audit approach);
- the consolidated risk register review carried out across the Group and management's actions to address risks;
- the content of whistleblowing reports; and
- the impact of planned improvements to controls in particular the new Group IT system, enhanced plan of internal audits and the set-up of a new Group Risk Committee.

In relation to the new finance ERP system, the range of control requirements that are defined in the new system are based on improvements to the current system and best practise. The system is tested by key business users. Progress on the new system is tested and reported to the Steering Committee (comprising selected members of the Executive and other key stakeholders) who report highlights to the Board. The key details of the improvements planned in this new system are increased automation and system generated reporting on key performance metrics and exceptions and which were detailed in the report referred to above.

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



AUDIT COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 30 November 2021.

THE AUDIT COMMITTEE

The Audit Committee ('Committee') operates under terms of reference approved by the Board. These can be found on the Group's website at www.rmplc.com.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Audit Committee during the year ended 30 November 2021 comprised Paul Dean FCMA (Chairman), Vicky Griffiths and Patrick Martell, all of whom were independent Non-Executive Directors. The Group considers that Paul Dean (as a Chartered Management Accountant and former FTSE250 Finance Director) has significant recent and relevant financial experience, as further described in the Directors' Biographies section of this Annual Report.

To encourage effective communication, in addition to the above members, the Board Chairman (John Poulter), the CEO (David Brooks and after his resignation Neil Martin), the CFO (Neil Martin and after his appointment as CEO, Mark Berry), Charles Bligh (Non-Executive Director), Group Financial Controller (Jo Bridgman) and other management are invited to attend the Audit Committee meetings as appropriate.

The Audit Committee met three times during the period, attendance is set out below. All of these meetings were part of the regular schedule of meetings set out in the Committee's Terms of Reference. These meetings are planning around the Company's financial calendar.

	No. of meetings held in the period/Eligible to attend
Paul Dean	3/3
Vicky Griffiths	3/3
Patrick Martell	3/3

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.

ROLES AND RESPONSIBILITIES

The Audit Committee is responsible for carrying out the audit functions as required by DTR 7.1.3R and assists the Board in fulfilling its oversight responsibilities in respect of the Company and the Group. The Committee's responsibilities include:

Financial reporting

To review the reporting of financial and other information to the shareholders of the Company and to monitor the integrity of the Financial Statements, including the application of key judgements and estimates and to ensure their application is presented in a fair, balanced and understandable manner.

Risk management, internal control and compliance

To review and assess the adequacy of the systems of internal control and risk management, and monitor the risk profile of the business.

Internal audit

To approve the internal audit plan. Review the effectiveness of the internal audit function and review all significant recommendations and ensure they are addressed appropriately and in a timely manner.

External audit

To review the effectiveness and objectivity of the external audit process, assess the independence of the external auditor and ensure appropriate policies and procedures are in place to protect such independence.

Effectiveness

To report to the Board on how it has discharged its responsibilities.

FINANCIAL REPORTING

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 IFRIC interpretations of configuration costs on SaaS software development in relation to IAS38 *Intangible assets* 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.
- Whether the Company's financial report is fair, balanced and understandable.

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 significant areas of judgements and estimates identified by the Committee, in conjunction with management and the external auditor, together with a number of areas that the Committee deemed significant are as follows:

Matter considered: Long-term revenue recognition

In long-term customer 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

Audit Committee action

The Audit Committee received papers which included regular updates on the key judgements and estimates arising out of the more complex and significant contracts in respect of IFRS15, which in the period have related to Assessment contracts. The Committee is also provided with a regular update on any significant new contracts throughout the business and the types of performance obligations and judgements identified in these contracts.

Outcome

The revenue recognition policy includes the disclosure of the significant judgements and estimates in relation to its application and the Committee is satisfied that these have been properly disclosed. The Committee is satisfied that the disclosures given within the accounts are sufficient to gain a proper understanding of the methodology of accounting for revenue across the Group, including the recognition of deferred income at the balance sheet date. The revenue recognition policy has been updated to provide enhanced clarification of our policy following external audit review.

Matter considered: IAS38 capitalisation of capital projects

The Group has invested in two significant capital projects, RM's new automated warehouse (primarily comprising tangible fixed assets) and the new ERP solution (comprising intangible assets). These programmes represent significant cash investment projects and it is important that only items that meet the capitalisation criteria are treated as fixed assets, with appropriate useful economic lives.

Audit Committee action

The Audit Committee has reviewed management papers that set out the approach to capitalisation and the adjustments made in light of the IFRIC interpretation issued during the year. The Audit Committee has reviewed the disclosures in the Annual Report and the revised accounting policy.

Outcome

The Audit Committee is satisfied with the treatment of capitalised intangibles particularly with respect to RM's ERP programme and believes the disclosures in the Annual Report allow the reader to obtain a good understanding of the nature of the adjustments made, and to understand the Group's revised accounting policy with respect to capitalisation.

Matter considered: Defined benefit pension scheme valuations

The measurement of the defined benefit liability in respect of the defined benefit schemes within the Group is a complex area, relying on assumptions on inflation, mortality, corporate bond yields, expectations of returns on assets amongst other assumptions. There is a risk that any one assumption could lead to misstatement of the Group's liability in respect of these pension obligations and the pension charge or movement recognised in the income statement or statement of comprehensive income.

Audit Committee action

The Audit Committee reviewed the disclosures presented in the Annual Accounts. They also challenged the key assumptions and reviewed the sensitivity to changes in some of the key assumptions and reviewed where those assumptions lie in the context of other companies.

Outcome

The Audit Committee is satisfied that the estimation of the Group's pension liabilities and the narrative that accompanies them gives the required level of information for the reader of the accounts to determine the impact on the Group of its pension obligations.

Matter considered: Carrying value of goodwill and intangibles

The Group carries significant asset balances in respect of goodwill and intangible assets related to acquisition activity. In addition, the parent Company carries a material balance of investment in subsidiaries on its Financial Statements. The impairment assessment requires the application of judgement concerning future prospects and forecasts.

Audit Committee action

The Audit Committee has reviewed the robustness of the impairment model and challenged the appropriateness of assumptions used to calculate and determine the existence of impairment.

Outcome

The Audit Committee is satisfied that no impairment of goodwill or intangibles was recognised in these statements which is in line with expectations given the assessment was based on board-approved future projections. The Audit Committee is also satisfied that the sensitised value in use outcomes have significant headroom before impairment would need to be considered and as such have not disclosed sensitivity analysis in the Annual Report.

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, at the Board's request also considered whether the half year results and the Annual Report were fair, balanced and understandable and whether the information provided was sufficient for the reader of the statements to understand the Group's position and performance, business model and strategy. The Audit Committee reviewed both the narrative and financial sections of the reports to ensure they were consistent and gave a balanced view of the performance of the business in the year and that appropriate weight was given to both positives and negative considerations. The Audit Committee also considered whether the half Year and full year results announcements were presented clearly.

The Audit Committee considered whether the Annual Report and Accounts enables readers to understand the Company's financial position and prospects, as well as assess its going concern status and longer-term viability.

APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee recommended, and shareholders approved at the Company's Annual General Meeting on 8 April 2021, the appointment of Deloitte LLP as Group external auditor. This was the first year of appointment for Deloitte LLP.

During the prior year the Group conducted a formal competitive and comprehensive audit tender process led by the Audit Committee. The Board 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 were 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 are comfortable that the current audit partner from Deloitte is independent from the Group. This assessment is based on internal review of relations and confirmation by the audit firm itself. The Audit Committee recommended to the Board (which was subsequently approved) the reappointment of Deloitte be put to shareholders for approval at the 2022 AGM.

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. The Independent Auditor's Report sets out the key external audit risks and how these have been addressed by the external auditor which were discussed with the Audit Committee. The external auditor also reports on other matters such as upcoming regulatory changes, control observations, peer practises. The Audit Committee did not request additional areas to be reviewed by the external auditor. 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.

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 and independence 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 15% of the annual audit fee (excluding the interim review). 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 and with reference to the FRC's 2019 Ethical Standard.

Fees for non-audit work in the period were 11.4% (£49k) of the annual audit fee (or 1% excluding the interim review), which relates to the Banking Facility Covenant Compliance review (£4k) and the Interim Review (£45k). Whilst the Interim Review is not required to be performed by the Auditor, it is common practice to be performed by the Auditor. The Banking Facility Covenant requires an external audit on the covenant compliance and again it is common for this to be performed by the Auditor as there is a significant leverage from the audit work performed for the audit.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL

As with any business, RM is exposed to risks as an inherent part of creating value for shareholders. As described below, 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 Committee is responsible for monitoring the effectiveness of the Company's internal system of control. The Committee reviewed and assessed the need to address certain control findings in respect of the process for approving journal entries in the current IT systems and also in relation to formality of controls operating over certain revenue contracts accounted for under IFRS 15. The Committee is satisfied that management has a plan in place to address these findings, in part through the new IT systems, and will review the implementation of this plan in 2022.

With the exception of those items referenced above, the Audit Committee is satisfied that the Group's risk management and internal control processes are effective and 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.

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. Current system limitations are mitigated by good analytical review controls. The Board are anticipating the new IT systems will improve finance system controls. 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.

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, the Group has continued routine audits that review adherence to the agreed controls and processes in its India subsidiary and have completed audits of RM Technology's credit note processes, GDPR compliance (performed by external audit firms) and an internal assessment on cyber and information security.

We have also produced and approved a more formalised audit plan, whose implementation is in an early stage, that focusses the internal audit activities on the Group's revised risk review undertaken during the year.

'WHISTLEBLOWING' POLICY

The Group has adopted a formal Whistleblowing Policy and more details may be found in the Sustainability Report at page 54.

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 Group has implemented policies and procedures to ensure that it is transparent and ethical in all business dealings as referenced in the Sustainability Report at page 51.

Paul Dean
Chairman, Audit Committee
14 February 2022





■ REMUNERATION REPORT

Part A – Remuneration Committee Chairman’s Statement

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 November 2021.

This report is divided into the following three sections:

Part A – Remuneration Committee Chairman’s statement: which provides an overview of the Report, the functioning and membership of the Remuneration Committee, and the major activities and outcomes for the year ended 30 November 2021;

Part B – Directors’ Remuneration Policy: which provides a summary of the Policy and which will continue to apply without amendment for the forthcoming year; and

Part C – Implementation Report: which sets out the payments and awards made to Directors for the year ending 30 November 2021 and how the Directors’ Remuneration Policy will operate for the year ending 30 November 2022.

THE REMUNERATION COMMITTEE

The Remuneration Committee (‘Committee’) operates under Terms of Reference approved by the Board. These can be found on the Group’s website at www.rmplc.com.

No Director is involved in deciding their own remuneration.

ROLES AND RESPONSIBILITIES

The Remuneration Committee is responsible for setting a formal and transparent procedure for developing the Policy on Director remuneration in accordance with the Code.

The Committee’s responsibilities include:

Reviewing the appropriateness of the Directors’ Remuneration Policy

Determining with the Board the policy for remuneration of the Executive Directors, Chairman of the Company and Executive, ensuring the alignment of the Company’s purpose, values and strategy and promoting the long-term success of the Company. Reviewing this policy annually.

Setting Remuneration

Setting and authorising annually the remuneration of the Chairman, Executive Directors and Executive in accordance with the policy and with due account taken of all relevant factors, such as individual and Group performance and remuneration payable by companies of a comparable size and complexity.

Workforce remuneration

Reviewing workforce remuneration and related policies across the Group and taking account of this in setting Executive Director remuneration.

Incentive Plans

Approving all performance related pay schemes, targets set and total annual payments made under these schemes. Reviewing such schemes to ensure these plans are structured appropriately and are consistent.

Discretion

Determining whether discretion should be exercised to ensure payments are fair.

Effectiveness

To report to the Board on how it has discharged its responsibilities and making appropriate recommendations.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Remuneration Committee during the year ended 30 November 2021 comprised Patrick Martell (Chairman), Charles Bligh, Paul Dean, Vicky Griffiths, 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 Remuneration Committee met six times during the period, attendance is set out below. Meetings were mostly held virtually for most of the year due to COVID-19 social distancing requirements. The Committee also approved a number of matters during the year by written resolution.

	No. of meetings held in the period/Eligible to attend
John Poulter	6/6
Charles Bligh (from 2 July 2021)	2/2
Paul Dean	6/6
Vicky Griffiths	6/6
Patrick Martell	6/6

MAJOR ACTIVITIES OF THE REMUNERATION COMMITTEE

Impact of COVID-19 on Remuneration

The Committee has given careful consideration to remuneration in the context of the continuing COVID-19 environment. No employees have been furloughed or made redundant during the past year as a result of the pandemic and there are no plans to do so.

The Committee also considered the difficulty the COVID-19 pandemic has created in setting targets for Executive Directors and Long-Term Incentive Plan (LTIP) performance measures. The Committee were concerned to ensure that targets were stretching and properly rewarded performance and that they were aligned to strategy given the impact on trading during the year ending 30 November 2020. As a result, it was not felt appropriate to include an earnings per share target for the bonus or LTIP. The bonus target was therefore based on adjusted operating profit before interest and tax and further details are on page 80. The bonus proposals for employees were also reviewed to ensure the Executive Directors' targets were aligned.

The LTIP target for all awards granted in 2021 was based solely on TSR, further details are on page 80. The targets for LTIPs for Executive Directors are the same as for other employees granted an LTIP award during the year ended 30 November 2021.

No performance targets for any bonus or LTIP awards were altered during the year due to the impact on trading of the COVID-19 pandemic.

Director Changes

The Committee considered and agreed the remuneration to be given to Neil Martin on his appointment as Chief Executive Officer and Mark Berry on his appointment as the Chief Financial Officer.

- The base salary for each role is closely aligned to the base salary paid to their respective predecessor.
- Other benefits including retirements benefits are in line with the Remuneration Policy and the same as those given to the majority of other employees.
- Bonus and LTIPs are expected to be equivalent to those envisaged for their predecessors although Neil Martin's initial LTIP award was set at the maximum of 150% of his base salary, further details below.
- Further details are in the report.

David Brooks whose resignation as Chief Executive Officer was effective on 1 April 2021 was accordingly treated as a Voluntary Leaver for the purposes of the termination policy in the Remuneration Policy and no payments for loss of office were made.

Charles Bligh was appointed as a Non-Executive Director on 2 July 2021, his remuneration is in line with other Non-Executive Directors.

UK Corporate Governance Code 2018 considerations

Throughout the year, the Committee has considered the factors set-out in provision 40 of the 2018 Corporate Governance Code. In the Committee's view the Company's Directors Remuneration Policy, approved at the AGM last year, and current practices are consistent with these provisions, except as described in the section called Stakeholder Engagement overleaf.

Factors in provision 40	RM policy and practice
Clarity	The Remuneration Policy and arrangements for Directors are clearly described each year in the Annual Report. The disclosures related to remuneration, the bonus targets and the performance metrics for LTIPs are clear. This promotes effective engagement with shareholders and the workforce.
Simplicity	The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Remuneration for Directors and the workforce are therefore simple and easily understood. Only a small number of targets are used for bonuses and LTIPs and these are based on the Company's performance.
Risk Management	Bonus and LTIPs awards are linked to performance, have stretching targets with low percentage pay-outs at threshold. The Committee has broad discretion to reduce bonuses if it does not consider the formulaic outcome to be appropriate in the circumstances and malus and clawback provisions can also be operated where appropriate.
Proportionality	The Committee takes account of underlying business performance and the experience of shareholders and other stakeholders when determining outcomes to ensure poor performance is not rewarded. The Committee also considers the wider workforce pay and policies.
Predictability	The report includes scenario charts showing the potential pay-out at various levels and all awards are subject to maximum levels as 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.

The remuneration is designed to support strategy and long-term sustainable success. The performance metrics chosen for variable pay were selected to take into account the impact of the COVID-19 pandemic on performance. They were designed to support the strategic objectives and long-term sustainable success by rewarding profitable performance in the short-term and to incentivise profitable sales during a time of disruption to schools and exams and share price performance in the longer term.

Remuneration Policy

The Remuneration Policy was approved at the AGM on 8 April 2021. It was approved by shareholders with 87% of shares voted in favour. The Policy will remain in force until a revised policy is approved by shareholders at the AGM in 2024 at the latest. The Policy is shaped by the principles in provision 40 of the Code.

Stakeholder Engagement

During the year, we did not fully effectively engage with shareholders or the workforce on Executive Director remuneration matters. This was because:

- Employees did not raise any concerns as to the alignment of Executive Director remuneration through any of the employee engagement channels, including via engagement with the designated Non-Executive Director during the year.
 - The Company's approach to pay reviews and bonuses across the Group in 2021 were shared with employees. Employees were given the opportunity to provide feedback and feedback was received from employees and employees receive communications through a variety of channels including regular colleague briefings and the Group's Employee Forum but feedback was not obtained on alignment with Executive Directors remuneration.
- Following the approval of the Remuneration Policy at last year's AGM, shareholders have not raised with the Company any concerns with regard to Executive Directors' remuneration.
 - Investor feedback received by relevant Directors during the year on Director remuneration has been broadly supportive.
 - The Chairman of the Remuneration Committee was available to discuss remuneration with shareholders should it have been required.

- The Remuneration Policy was approved last year and no change is proposed, in addition:
 - there were no pay rises for or bonus payments to Executive Directors during the year;
 - Executive Director benefits and pension entitlements are still the same as for the majority of the workforce; and
 - with the resignation of David Brooks as CEO, each of the new CEO and CFO appointed during the year were offered remuneration packages closely based on their predecessors.

Engagement with shareholders and the workforce on Executive Director remuneration is planned during 2022 and will be part of shareholder meetings with the new Chairman.

Consideration of Workforce Remuneration, Policies and other Measures

The Committee considered workforce remuneration and policies and their alignment with rewards and incentives offered in Executive Director remuneration and was regularly updated on employee pay and benefits throughout the Group. During the year, the Committee reviewed various internal measures including pay ratios and pay gaps in reviewing salaries and variable pay.

I have given feedback on the interactions I have had with employees as the designated Non-Executive Director for Employee Engagement. The impact of the new Labour Code in India has been reviewed and discussed by the Board.

Advisers

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.

LTIP Awards

On 16 March 2021, the LTIP award granted in March 2018 vested. The performance against the targets for that award were significantly impacted by the effect of the COVID-19 pandemic. The Earnings Per Share target was not met but the TSR performance resulted in a partial satisfaction of that target. The Committee approved the vesting of the 2018 LTIP awards in line with the satisfaction of performance targets.

The award vested at 38.5% and the Board did not consider that they needed to exercise any discretion to alter that outcome. Further information relating to the vesting of that award is set out in paragraph 1 of Part C of this report.

The Committee approved the grant of LTIP awards to senior members of the workforce on 22 March 2021. The award made to Neil Martin as the newly appointed CEO was equivalent to 150% of base salary, as permitted by the Policy. While the Committee recognises that 150% is a higher level, than granted in previous years, it considered this level to be necessary and appropriate to secure his appointment to the role at that time.

The Committee also approved the grant of further awards on 10 August 2021 and 7 October 2021 to newly recruited senior employees including one award to the Chief Financial Officer. The award made to Mark Berry as the newly appointed CFO was equivalent to 93% of base salary, as permitted by the Policy. The Committee considered this level to be necessary and appropriate to secure his appointment to the role at that time.

2022 Pay Approach

The Committee reviewed the base salary levels for the Executive Directors after considering workforce remuneration.

Pay rises have not yet been awarded to Executive Directors for 2022. The average pay raise across the wider UK workforce was 2.5%.

Bonus award for 2021

A bonus of 35.8% of base salary was paid to Executive Directors for the year ended 30 November 2021 after considering the bonuses to be paid to the wider workforce. Neil Martin's bonus was based on his respective base salary during the year. Mark Berry's bonus was pro-rated for his time in the role.

Discretion

The Board did not exercise discretion with regard to Directors' remuneration outcomes during the year as it was felt the Remuneration Policy and targets set for bonuses and LTIPs worked as intended given performance during the year of the individuals and the business and experience of shareholders, employees and other stakeholders.

The Committee approved the Directors' Remuneration Report for the 2021 Annual Report and Accounts.

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

The Committee considers that the overall pay outcome for the year ended 30 November 2021 is justified given the overall performance of the business, the context of the impact of the COVID-19 pandemic, its alignment with workforce remuneration and the performance of the Executive Directors.

Patrick Martell

Chairman, Remuneration Committee

14 February 2022

PART B – REMUNERATION POLICY

This new Remuneration Policy became effective immediately following its approval at the 2021 Annual General Meeting, on 8 April 2021. This section contains the main tables from the Policy. Certain details have been updated to reflect the implementation of the Policy during the year. The full Remuneration Policy, as approved by shareholders, can be found in the 2020 Annual Report and Accounts which are available at www.rmplc.com.

The following table sets out a summary of the various components of remuneration for Executive Directors.

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.
Pension²	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.	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • be stretching but realistic; • reflect expectations of the investor community; • avoid unnecessary risk-taking; and • encourage long-term planning and decision-making. <p>The Remuneration Committee has discretion, where it believes it to be appropriate, to override the formulaic outcome arising from the annual bonus plan.⁵</p> <p>Annual bonuses are subject to malus and clawback provisions (see further overleaf).⁵</p> <p>Annual bonuses are not pensionable.</p>	<p>55% of base salary for on-target performance, with a maximum figure for over-performance of 110% of base salary.</p> <p>At threshold performance, bonuses will be paid at no more than 20% of the maximum opportunity.</p> <p>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).</p>	<p>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</p> <p>Details of the specific performance targets will be disclosed retrospectively in the following year’s Remuneration Report.</p> <p>If personal targets are set, those targets will be subject to an underpin based on Company performance.</p>
LTIPs	Incentivises Directors to achieve returns for shareholders over a longer time frame.	<p>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.</p> <p>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).</p> <p>Once LTIPs have vested and been exercised, dividends or dividend equivalents can be paid on the relevant shares.</p> <p>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</p> <p>LTIP awards are subject to malus and clawback provisions (see further below).⁵</p> <p>LTIP awards are not pensionable.</p> <p>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.</p>	<p>200% of base salary per annum.</p> <p>At threshold performance, no more than 25% of the award will vest.</p>	<p>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</p> <p>The vesting period for LTIPs will be a minimum of 3 years.</p> <p>Details of performance targets will be disclosed retrospectively in the Remuneration Report following the year in which LTIPs are granted.⁴</p> <p>All targets will be subject to an underpin based on the underlying performance of the Company.</p>

Notes:

1. There is no maximum base salary or maximum for any of the benefits.
2. Group company RM Education Limited 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. Neil Martin was also provided with a private healthcare package for his immediate family [this ceased on 1 March 2021].
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 2022] 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.

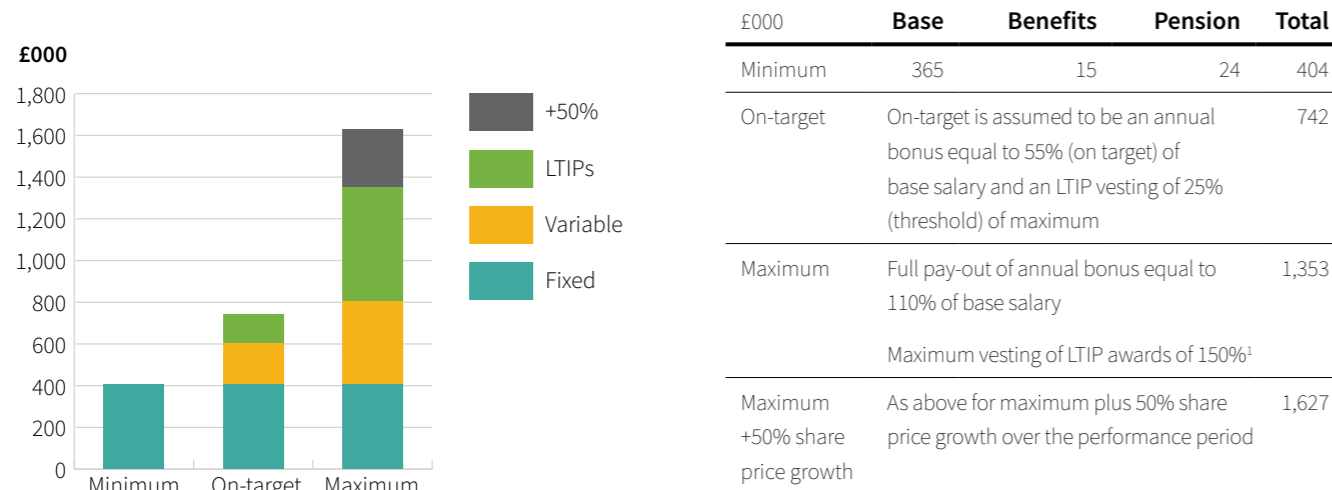
Element	Purpose and link to strategy	Operation	Maximum Opportunity	Performance Metrics
Fixed Pay				
Fee	To reward individuals for fulfilling their roles and attract good candidates.	The Committee makes recommendations to the Board on the Chairman's remuneration. The Chairman and the Executive Directors 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.

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

ILLUSTRATION OF REMUNERATION POLICY [UPDATED FOR THE YEAR ENDING 30 NOVEMBER 2021]

The graphs below and on page 85 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 2022. However, it is noted that the illustrations show maximum LTIP awards at 150% of base salary¹. 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.

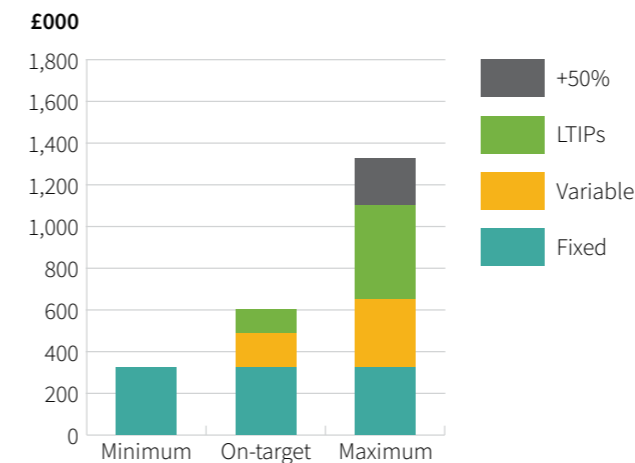
Chief Executive Officer



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



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:** 29% fixed pay, 30%, variable pay & 41% LTIPs. **Maximum with 50% share price growth:** 24% fixed pay, 25% variable pay & 51% LTIPs.

Notes:

- Although the maximum under the Policy is 200%, it is not proposed to award any LTIP at more than 150% so that figure is used in these illustrations.

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.

DISCRETION

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.

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.

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 below. No compensation is payable on termination, other than any accrued fees and expenses.

Details of the Directors' service contracts and/or letters of appointment who served for all or part of the year ended 30 November [2021] 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
Mark Berry	20 September 2021	Indefinite	12 months
Charles Bligh	2 July 2021	1 July 2024	3 months
David Brooks	1 July 2012	1 April 2021	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

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 2021 and, in respect of those Directors, the equivalent figures for the year ended 30 November 2020. The table has been audited:

Name	Salary/fees £000		Taxable benefits £000		Annual bonus £000		LTIPs (vested) £000		Retirement benefits £000		Total £000		Total Fixed Remuneration ⁶ £000		Total Variable Remuneration ⁶ £000	
	2021	2020 ⁵	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Executive																
David Brooks ²	122	319 ¹	4	11	-	0	-	438	7	24 ¹	133	792	133	354	-	438
Neil Martin ⁴	348	261 ¹	15	15	125	0	116	400	24	21 ¹	628	697	387	297	241	400
Mark Berry ²	60	-	2	-	21	-	-	-	0	-	83	-	62	-	21	-
Non-Executive																
John Poulter	135	118	-	-	-	-	-	-	-	-	135	118	135	118	-	-
Charles Bligh ²	17	-	-	-	-	-	-	-	-	-	17	-	17	-	-	-
Paul Dean ³	46	32	-	-	-	-	-	-	-	-	46	32	46	32	-	-
Vicky Griffiths ³	40	14	-	-	-	-	-	-	-	-	40	14	40	14	-	-
Patrick Martell	51	42	-	-	-	-	-	-	-	-	51	42	51	42	-	-
Total	819	827	21	26	146	0	116	838	31	45	1,133	1,736	871	898	262	838

Notes:

1. The section below headed "Retirement Benefits" explains how those benefits have been calculated and presented in the above tables.
2. The fees show the portion of the year during which they were a Director during 2021.
3. The fees show the portion of the year during which they were a Director during 2020.
4. The figures shown cover the respective period as CFO and, from 1 March 2021, CEO.
5. In 2020, 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.
6. Total fixed remuneration is the aggregate of the base salary, pensions and benefits, and total variable remuneration is the aggregate of the bonus and LTIPs.

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:

The Committee decided that on-target bonuses for the year ending 30 November 2021 for Executive Directors would be based upon the Company achieving an adjusted operating profit before interest and tax target, with any pay-out to be determined on a straight line basis between £16.5m (0% pay-out) to £22m (100% pay-out), subject to the Committee being satisfied as to the long-term underlying performance of the business and the quality of operating profit delivered. Threshold performance at 20% would therefore be £17.6m and on-target performance at 55% would therefore be £19.5m.

In the event there is significant over-performance against target then a bonus payment in excess of 100% could be available, up to the maximum of 110% of base salary. This would be reviewed by the Board in the context of full year trading and outlook for the year ending 30 November 2021.

The Committee considered the Company's performance relative to that target. Group adjusted operating profit before interest and tax was £18.5m. In light of that performance, the Committee determined that a bonus of 35.8% of base salary should be paid, in line with the performance measure.

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 or the quality of the operating profit delivered. The Committee was satisfied that this was the case.

LTIPs:

LTIP awards that vested in 2021

On 16 March 2021, the award granted to Neil Martin under the LTIP Scheme in March 2018 vested in part, reflecting the extent to which the performance criteria were met. Each performance criteria was equal to 50% of the award.

The performance criteria were based on:

1. the Company's relative Total Shareholder return (TSR) performance measured from the average of the FTSE SmallCap (ex IT) Index during January and February 2018 to the average of the Index during January and February 2021. The Company's performance placed it at the 67th percentile as compared to the comparator group. Vesting was based on a straight-line scale between 25% vesting at the 50th percentile and 100% vesting at the 75th percentile (or above). The vesting level was therefore 77%; and
2. 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 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 26.1 pence and 34.1 pence respectively. The minimum vesting was not met for this target.

Based on the above performance criteria, the award vested at 38.5% (based on fifty percent of the 77% vesting level of the TSR performance measure). The Board applied no discretion.

As such, 51,975 Options vested for Neil Martin. Based on the share price at close on the date of vesting (222.5 pence), the value of the award at that date for Neil Martin was £115,644. While that figure is shown in the table above, Mr Martin exercised those Options and on 16 March 2021 sold 24,478 shares at 215 pence (valued at £52,627) for tax and National insurance purposes. The remaining 27,497 shares are the subject to a 2 year holding period and the shares are held on a nominee basis by the LTIP trustees during this period.

Compared to the share price used to calculate the number of shares granted (212 pence), this represents a 5% share price increase since the grant date to the end of the performance period. The Committee is satisfied that the implied value vesting and the overall single figure 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 Neil Martin is £5,457. No dividend equivalent (either in cash or shares) was paid on the exercise of the award.

LTIP awards that vest in 2022

The LTIP award granted to Neil Martin in March 2019 will vest in March 2022. 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 not expected to be met and, if this is the case, options would also not be expected to vest for this part of the award. Details of the amount that vest will be contained in the Remuneration Report next year.

Past Directors:

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

Retirement benefits:

Neil Martin is a member of a defined contribution pension scheme operated by RM Education Limited. The Group would ordinarily make a contribution to that scheme of 7% of base salary (under the same arrangements, for that level of employee contribution, as for the majority of other employees). However, due to HMRC limits, the amount paid into the scheme for 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.

Mark Berry became a member of a defined contribution pension scheme operated by RM Education Limited in December 2021 (under the same arrangements for that level of employee contribution, as for the majority of other employees). He contributes 4.5% of his salary which is matched by the Company.

Termination Payments:

There were no termination payments in the year.

2. DIRECTORS' LONG-TERM INCENTIVE PLANS

During the year ended 30 November 2021, the following long-term incentive awards were made.¹

Name	Type of share award	Grant date	No. of Shares/options	Face value of award at grant £000 ²	% of base salary	Percentage that would vest at threshold performance	The end of the period over which the performance conditions have to be fulfilled	A summary of performance targets and measures
Neil Martin	Nil cost Option	22 March 2021	250,000	547	150%	25% for TSR element	February 2024	100% on relative TSR performance ⁴
Mark Berry	Nil cost Option	7 October 2021	120,000	278	93%	25% for TSR element	September 2024	100% on relative TSR performance ⁴

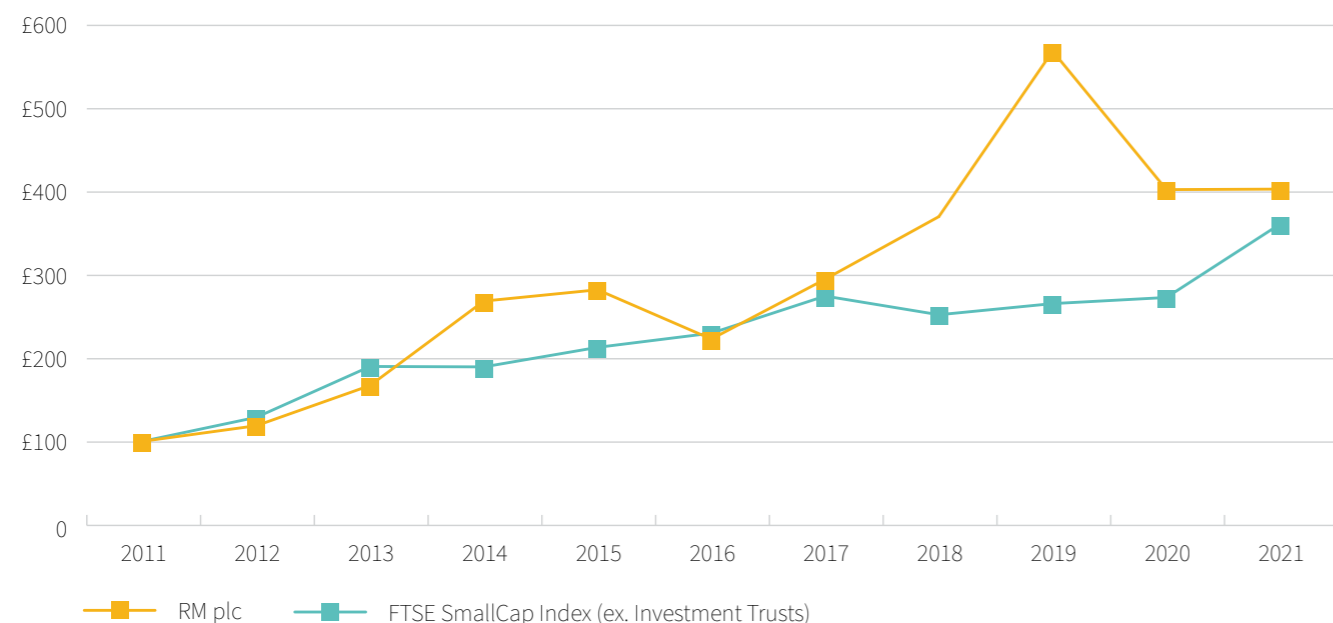
Notes:

1. Awards granted under the LTIP Scheme.
2. The face value of the award has been calculated by multiplying the maximum number of shares in the award by the average share price over the 5 preceding trading days on the date of grant of the award (219 pence for Neil Martin and 232 pence for Mark Berry). The exercise price per share of £0.00.
3. One hundred percent (100%) of the award is based on the Company's relative TSR performance for the period from 1 February 2021 to 31 January 2024. The Company's TSR performance shall be measured against the TSR performance of the companies within the FTSE SmallCap (ex IT) 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%).
4. One hundred percent (100%) of the award is based on the Company's relative TSR performance for the period from 01 October 2021 to 30 September 2024. The Company's TSR performance shall be measured against the TSR performance of the companies within the FTSE SmallCap (ex IT) 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%).
5. This table has been audited.

3. PERFORMANCE GRAPH

The following graph shows the value, by 29 November 2021, of £100 invested in RM plc on 30 November 2011 compared with the value of £100 invested in the FTSE SmallCap Index (ex. Investment Trusts) 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.

Year	CEO	Single Figure (£000)	Annual variable element award rates against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
2012 ¹	Rob Sirs	49	0%	0%
	Martyn Ratcliffe	237	0%	0%
2013 ²	Martyn Ratcliffe	52	0%	0%
	David Brooks	327	58%	0%
2014	David Brooks	576	75%	0%
2015	David Brooks	1,246	50%	91%
2016	David Brooks	655	45%	100%
2017	David Brooks	713	73%	36%
2018	David Brooks	982	64%	100%
2019	David Brooks	553	41%	0% ³
	David Brooks	792	0% ⁴	100%
2021 ⁵	David Brooks	133	0%	0%
	Neil Martin	628	35.8%	38.5%

Notes:

- Rob Sirs from 1 December 2011 to 31 January 2012. Martyn Ratcliffe from 1 February 2012 to 30 November 2012.
- Martyn Ratcliffe from 1 December 2012 to 28 February 2013. David Brooks from 1 March 2013.
- During the year none of the Group's LTIPs were due to vest.
- No bonus was paid and the 1% discretionary payment made to all employees was not paid to Executive Directors.
- David Brooks from 1 December 2020 to 31 March 2021. Neil Martin from 1 March 2021 to 30 November 2021.

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.

	2021 £m	2020 £m
Total remuneration to employees ¹	59.7	55.8
Dividends paid ²	3.9	Nil
Corporation tax paid ³	0.1	2.6
Defined benefit pension cash contribution ³	4.4	4.1

Notes:

- Includes remuneration paid to Executive Directors. Note 7 to the Financial Statements shows how this has been calculated, figures for social security costs and share-based payments have been excluded. This includes the CEO salary paid to David Brooks and Neil Martin.
- These figures have been extracted from Note 12 to the Financial Statements.
- These payments have been added for context as other significant payments made by the Company. These figures have been extracted from the Cash Flow Statement.

6. PERCENTAGE CHANGE IN REMUNERATION OF DIRECTORS

The following tables set out the percentage change for the following elements of remuneration paid to Directors and UK employees over the period from 1 December 2020 to 30 November 2021 and previous year ended 30 November 2020.

	1 December 2020 to 30 November 2021			1 December 2019 to 30 November 2020		
	Salary/Fees	Taxable Benefits	Annual Bonus	Salary/Fees	Taxable Benefits	Annual Bonus
Executive Directors						
Neil Martin (CEO from 1 April 2021 and previously CFO) ¹	33%	-2.4%	- ²	0%	-0.47%	-100%
David Brooks (ceased to be a Director and CEO on 1 April 2021)	-62%	-63%	N/A	0%	-0.81%	-100%
Mark Berry (appointed as CFO from 20 September 2021)	0%	0%	0%	N/A	N/A	N/A
Total UK Employees	5.6%	12.93%	-²	2.03%	2.01%	-34.02%

Notes:

- This includes the increase in remuneration due to the change in role from CFO to CEO in March 2021.
- No bonus was paid in the preceding year.

	1 December 2020 to 30 November 2021			1 December 2019 to 30 November 2020		
	Salary/Fees	Taxable Benefits	Annual Bonus	Salary/Fees	Taxable Benefits	Annual Bonus
Non-Executive Directors						
John Poulter Chairman	0%	N/A	N/A	0%	N/A	N/A
Charles Bligh (appointed as a Director on 2 July 2021)	0%	N/A	N/A	0%	N/A	N/A
Paul Dean (appointed as a Director and Chairman of the Audit Committee on 4 February 2020)	0%	N/A	N/A	0%	N/A	N/A
Vicky Griffiths (appointed as a Director on 1 July 2020)	0%	N/A	N/A	0%	N/A	N/A
Patrick Martell (Senior Independent Director and Chairman of the Remuneration Committee)	0%	N/A	N/A	0%	N/A	N/A

Notes:

1. RM plc does not have any employees. The comparator group therefore comprises all employees of the UK subsidiaries (excluding Directors) who were employed throughout the full financial year on a full-time equivalent basis.
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. 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 years ended 30 November 2020 and 30 November 2021.
4. Individuals who were no longer Directors in the year ending 30 November 2021 have not been included in the above table. Details of their change in remuneration are detailed in previous Annual Reports to the extent this was required to be provided. These are available at www.rmplc.com in the Reports section.

7. CEO PAY RATIO

The following table sets out the CEO pay ratios for the year ended 30 November 2021. 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, 50th and 75th 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.

The median for all employee to CEO pay ratio is 18.3 : 1 which the Committee considers is within a reasonable range considering the structure and nature of the 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.

The change in the ratio compared with 2020 is principally due to the reduced Long-Term Incentive Plan payment to the CEO this year offset by no bonus payments being paid in 2020.

Year	Method	25 th Percentile Pay Ratio	Median Pay Ratio	75 th Percentile Pay Ratio
2021	A	25.6 : 1	18.3 : 1	12.1 : 1
2020	A	33.3 : 1	23.9 : 1	15.8 : 1

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

Year		25 th Percentile	Median	75 th Percentile
2021	Salary	£22,500	£28,750	£48,875
2021	Total Pay	£25,150	£35,211	£53,392

Notes:

1. Method A was chosen as the statistically most accurate calculation. The total remuneration on a full-time equivalent basis as at 30 November 2021 for all UK employees was calculated and employees ranked accordingly.
2. The bonus calculation for employees was based on the actual bonus figures (adjusted to create FTE figures where individual are employed on a part-time basis). The figures for the pay ratio in 2020 are based on the actual bonus calculation figures, which were zero. FY20 ratios have been restated to include the LTIP of the CEO that vested in 2020.
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 2021.
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 2021. This approach allows meaningful data for a large group of individuals to be obtained in a more efficient way.
5. CEO pay is as per the single figure of remuneration as at 30 November 2021, as disclosed on page 90. It covers the single figure of remuneration for Neil Martin and David Brooks, each pro-rated for the time they were acting as CEO with the exception of Bonus and LTIP which are Neil Martin's complete figures.
6. The median pay ratio is considered consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

8. STATEMENT OF IMPLEMENTATION

This section sets out how the Remuneration Policy will be implemented in the year commencing on 1 December 2021. No significant changes in remuneration are expected during this year.

Salary and fees: Since the start of the financial year, the Committee has not increased the base salary of the Executive Directors or the fees for Non-Executive Directors. This is expected to be reviewed shortly and alignment with the workforce's pay rises will be considered. The base salary and fees of Directors at the date of this report is:

Executive	£000
Neil Martin	365
Mark Berry	300
Non-Executive	
Chairman (Including the Chairman of Nomination Committee)	135
Non-Executive Director base fee	40
Senior Independent Director (additional fee)	3
Chairman of Remuneration Committee/Designated Non-Executive Director for HR (additional fee)	4
Chairman of Audit Committee	6

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

Bonus: Due to issues of commercial sensitivity, it is not considered that it is in shareholders' interests to disclose any further details of these targets but we are committed to provide appropriate levels of disclosure of these performance measures and performance against them in next year's Annual Report and Accounts. Bonus levels will be in line with the Remuneration Policy.

LTIPs: It is anticipated that, during the year ending 30 November 2022, an award will be made to Neil Martin and Mark Berry, 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 is expected to be c.100% of base salary. Under the Remuneration Policy that was approved by shareholders at last year's AGM, the maximum opportunity for LTIPs was increased from 150% to 200% of base salary per annum in order to give the flexibility to increase the award when appropriate; this was considered to be in line with the median maximum potential opportunity, identified from benchmarking studies, at peer companies. We sought to identify which of our shareholders voted against this change or abstained in order to understand their reasons for doing so but had difficulty doing so and none of those shareholders contacted the Company in order to explain their concerns.

The appropriate performance conditions is still being discussed at the date of this report but is expected to include relative TSR. It is intended that the measures will encourage the generation of sustainable long-term returns to shareholders. The appropriate range has yet to be finalised but will be confirmed by the Committee in due course. Full details will be disclosed in next year's Annual Report and Accounts.

9. STATEMENT OF SHAREHOLDER VOTING

Voting at the Annual General Meeting held on 8 April 2021 in respect of the Remuneration Policy and Report for the year ended 30 November 2020 was as follows:

	% of votes in favour	% of votes against	Number of votes withheld
Resolution to approve the Remuneration Policy in 2021	87.23%	12.77%	8,833,873
Resolution to approve the Remuneration Report in 2021	99.63%	0.37%	497,051

10. DIRECTORS' SHAREHOLDINGS

The beneficial interests of the Directors including connected persons in the ordinary shares of RM plc as at 30 November 2021 were:

	Holding as at 30 November 2021	Vested but unexercised scheme interests	Current holding as % of base salary ¹	Shareholding policy met ²	Holding as at 30 November 2020
John Poulter	87,500	-	-	-	87,500
Mark Berry	-	-	-	No	-
Charles Bligh	-	-	-	-	-
Paul Dean	20,000	-	-	-	20,000
Vicky Griffiths	2,900	-	-	-	2,900
Patrick Martell	5,000	-	-	-	5,000
Neil Martin	227,562	-	139%	No	115,416

Notes:

1. Calculated based on the average share price for the period 1 December 2020 to 30 November 2021 (£2.23) and base salaries as at 1 January 2022.
2. The Directors' Remuneration Policy requires Executive Directors to build and maintain a shareholding requirement of at least 200% of base annual salary within 5 years of the first opportunity for an LTIP to vest. For Neil Martin this is within 5 years of 4 October 2018; for Mark Berry this is expected to be within 5 years of 8 October 2024.
3. There have been no changes in any of the above shareholdings since 30 November 2021 at 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 plans¹:

LTIP Awards ²				
Neil Martin	Date of Grant	No. of Shares/Options	Performance Conditions	Share price at grant
	14 March 2019	122,000	See notes 3, 4 and 5	(2019) 242 pence
	16 March 2020	105,000	See notes 3, 6 and 7	(2020) 171 pence
	22 March 2021	250,000	See notes 3 and 8	(2021) 220 pence
Mark Berry	Date of Grant	No. of Shares/Options	Performance Conditions	Share price at grant
	07 October 2021	120,000	See notes 3 and 8	(Oct 2021) 234 pence

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.
2. Granted under "The RM plc Performance Share Plan 2010" and from 16 March 2021 under the "RM plc Performance Share Plan 2019". All LTIP awards are subject to a minimum vesting period of 3 years.
3. The LTIP awards granted in 2019, 2020 and 2021 were awards of options, with an exercise price of £0.00 per option. 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 17 March 2023 to 16 March 2033. If the options granted in March 2021 vest, they would be exercisable in the period 25 March 2024 to 24 March 2034. If the options granted in October 2021 vest, they would be exercisable in the period 08 October 2024 to 07 October 2031.
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 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.
5. 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 IT) Index ('Comparator Group') (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).
6. 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.
7. 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 IT) Index ('Comparator Group') (Comparator Group) during January and February 2020 to the average during January and February 2023 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).
8. 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.

13. REMUNERATION COMMITTEE DETAILS

Details of the Remuneration Committee and its membership are contained in the introduction 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 Contracts and LTIP schemes.

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 Deloitte 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.

By Order of the Board

Patrick Martell
Chairman, Remuneration Committee
14 February 2022



NOMINATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 30 November 2021.

THE NOMINATION COMMITTEE

The Nomination Committee ('Committee') operates under terms of reference approved by the Board. These can be found on the Group's website at www.rmplc.com.

COMMITTEE MEMBERSHIP AND ATTENDANCE

The Nomination Committee during the year ended 30 November 2021 comprised John Poulter, Patrick Martell, Paul Dean, Vicky Griffiths and, after his appointment as a Non-Executive Director, Charles Bligh.

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.

The Nomination Committee held 3 scheduled meetings during the period and several ad hoc meetings. Attendance is set out below. Meetings were held virtually for most of the year due to COVID-19 social distancing requirements. The Committee also approved a number of matters during the year by written resolution.

While the Chairman chairs the Nomination Committee, the Senior Independent Director did so when the Committee was dealing with the appointment of a new Chairman.

	No. of meetings held in the period/Eligible to attend
John Poulter	3/3
Charles Bligh (from 2 July 2021)	2/2
Paul Dean	3/3
Vicky Griffiths	3/3
Patrick Martell	3/3

ROLES AND RESPONSIBILITIES

The Nomination Committee is responsible for leading the process for Board appointments, ensuring that plans are in place for orderly succession to both the Board and the Executive and overseeing the development of a diverse pipeline for succession.

The Committee's responsibilities include:

Board composition

Evaluating the size, structure and composition (including the balance of skills, experience, knowledge, independence and diversity) of the Board and making recommendations to the Board with regard to any changes.

Succession planning

Ongoing succession planning and appointment procedures for Board and Executive level appointments.

Appointment process

Leading the process for Board appointments and making recommendations to the Board.

Sufficient Time

Assessing whether Directors can commit sufficient time to fulfil their responsibilities.

Diverse pipeline

Overseeing the development of a diverse pipeline for succession for the Board and Executive and monitoring the impact of diversity initiatives across the Company.

Effectiveness

To report to the Board on how it has discharged its responsibilities.

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 a new:
 - CEO and an additional Non-Executive Director, which was led by the Chairman;
 - CFO, which was led by the CEO; and
 - Chairman, which was led by the Senior Independent Director.

All members of the Committee were involved in each recruitment process, including the determination of the required skills, knowledge and experience for each role and offer made to the preferred candidate.

All preferred candidates were interviewed initially by the Director leading the process, then by all members of the Committee and the other Board members. A thorough due diligence and referencing process was conducted for the preferred candidate for each role.

Candidates were assessed against the required skills, knowledge and experience determined for each role. The benefits of diversity, independence and ability to devote sufficient time to carry out the role were also considered in each process. Executive recruitment search firms engaged for each role were briefed to provide a diverse range of candidates.

The Committee made recommendations to the Board in respect of each appointment for the Board's approval.

Notwithstanding the above, Neil Martin was not involved in the Committee meetings involving the appointment of a new CEO and the Board Chairman was not involved in the process for the appointment of a new Chairman.

The following executive recruitment search firms were engaged as part of the recruitment process:

- Korn Ferry was engaged for the search for the new CEO;
- Odgers was engaged for the search for the new CFO;
- Independent Search Partnership was engaged for the search for an additional Non-Executive Director; and
- Ridgeway Advisers was engaged for the search for the new Chairman.

Vicky Griffiths is a partner in Independent Search Partnership (see page 63, Directors, Conflicts of Interests and independence). Korn Ferry, Odgers, Independent Search Partnership and Ridgeway Advisers do not have any other connection with the Company or individual Directors (other than in relation to similar previous appointments).

The appointment of Neil Martin as CEO was effective from 1 March 2021. Neil brings significant knowledge of the Company and its evolution over the past several years and the response to the COVID-19 pandemic, as well as the education sector.

The appointment of Mark Berry as CFO was effective from 20 September 2021, although he started as interim CFO on 8 March 2021. Mark brings experience as the CFO of a listed company and a broad range of finance roles in a large, listed company.

The appointment of Charles Bligh as an independent Non-Executive Director was effective from 2 July 2021. Charles is the CEO of Restore plc, a listed company, and brings substantial technology experience.

Restore plc is a supplier to RM of scanning and associated services. Following careful consideration, the Committee and the Board determined that Charles would be able to provide constructive challenge at RM notwithstanding his role at Restore plc. In reaching this conclusion, the Board considered the non-material size of RM's business relationship with Restore plc, and the fact that handling of this business relationship at RM is delegated to management as part of normal delegation of authority by the Board. It was decided that, during his tenure, Charles would not participate in discussions relating to the use of Restore plc or which may otherwise specifically affect Restore plc's relationship with RM, and that Charles would not be a member of the Audit Committee. It was considered that these steps would avoid any potential conflict of interest.

The nomination of Helen Stevenson as Non-Executive Chairman will be effective from the day after the release of the preliminary results for the year ending 30 November 2021. Helen is independent on appointment. Amongst the requirements for the role, it was considered important that the candidate had the ability to support the development and delivery of the Group's strategy, was enthusiastic about the Group's purpose and vision, and could lead the Board and promote the right culture. Helen brings broad experience as a member of Boards, including of listed companies across a range of sectors, strong communication skills to further the Company's stakeholder relationships and relevant professional experience.

Further details on the skills, knowledge and experience of each of the new appointments is set out below and in their biographies on page 56 except in respect of Helen which is in the AGM Notice and on the RM website at www.rmplc.com.

- The review of succession plans and appointment procedures, a number of times during the year, as the changes to the Board were planned for and decisions made. In doing so it assessed the skills, knowledge and experience that new Board members would be required to have as the composition of the Board changed and considered how to achieve the objectives of the Board Diversity Policy (set out in the Corporate Governance Report). The Board remains committed to promoting broader diversity and an inclusive culture and this was an area of focus in its succession plans and appointments.

The Board has one Non-Executive Director, Patrick Martell, who is nearing the ninth anniversary of his appointment. The Committee intends to carry out a review of the composition of the Board as part of its consideration for the appointment of a new Non-Executive Director.

- In addition to the changes referred to above, the Executive team has been strengthened through the external hire of a new Chief Information Officer.

The Executive considered the adequacy of the Group's succession plans, including gender balance and diversity below the Board. These plans cover short term absences and longer-term changes. The Group's management has also been strengthened through a number of external appointments and internal promotions this year that have maintained diversity. When search firms are used for such appointments, they are also briefed to provide a diverse range of candidates. There is a good gender balance across these roles (see the Workforce section in the Sustainability Report on page 49 for more information).

- Diversity and inclusion in the workforce potentially create a better environment for innovation and service excellence and achieve the strategic goals. See page 48-49, the Sustainability Report, for further information and details of RM's policy on equal opportunities and how it supports strategy.
- Details of the Board evaluation and the outcomes and actions taken is set out on page 62-63.
- The approval of this Nomination Report for the year ended 30 November 2021.



BOARD COMPOSITION

The Board reviews the composition of the Board and the skills, knowledge and experience of its members, taking into account tenure and diversity. Information on the skills, experience and knowledge of each Director is set out below and on page 56 (Board of Directors). With the changes to the Executive Director positions, the Committee identified that an additional Non-Executive Director, with experience leading a listed technology business, would be beneficial and after following the process described above, it recommended this appointment to the Board. The Committee considers the current Board membership provides the right mix of skills, knowledge and experience.

Board Skill, Knowledge and Experience

	John Poulter	Neil Martin	Mark Berry	Charles Bligh	Paul Dean	Vicky Griffiths	Patrick Martell
Independence	X			X	X	X	X
Functional Background: Operations		X					
Functional Background: Finance		X	X		X		
CEO & Leadership Experience	X	X	X	X			X
Education sector		X				X	
Technology/ E-commerce sector		X		X			
Supply Chain sector		X			X		
M&A/Restructuring	X	X	X	X	X		X
Governance, Risk & Regulatory	X	X	X	X	X	X	X
International	X	X	X	X	X		X
Stakeholder/IR/IP	X	X	X	X	X		X
Strategy development	X	X	X	X	X		X
People		X		X		X	X

John Poulter

Chairman, Nomination Committee

14 February 2022



■ DIRECTORS' REPORT

The Directors submit their report together with the audited consolidated and Company Financial Statements for the year ended 30 November 2021.

The Strategic Report on pages 4 to 21 includes an indication of likely future developments in the business of the Group and details of the Company's business model and strategy. The Corporate Governance Report on pages 58 to 68 is incorporated into this report by reference.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting will be held on 7 April 2022 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.

ARTICLES

The constitutional documents can only be amended, or replaced, by a special resolution passed in a General Meeting by at least 75% of the votes cast and are available at www.rmplc.com.

AUDITOR: INDEPENDENCE AND DISCLOSURE OF INFORMATION TO AUDITOR

As far as each of the Directors is aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditor, Deloitte LLP, is unaware and each of the Directors confirms that all steps have been taken that ought to have been taken, as a Director, to make himself or herself aware of any relevant audit information and to establish that the Company's auditor has been made aware of that information.

A resolution to re-appoint Deloitte LLP as auditor of the Company will be proposed at the next Annual General Meeting.

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
Mark Berry (from 20 September 2021)
Charles Bligh (from 2 July 2021)
David Brooks (until 1 April 2021)
Paul Dean
Vicky Griffiths
Patrick Martell
Neil Martin

Biographical details of the current Directors are given in the Board of Directors section of the Annual Report on page 56.

The appointment and removal of Directors is governed by the constitutional documents of the Company and the Companies Act 2006. Under the constitutional documents of the Company, either the shareholders of the Company by ordinary resolution, or the Board, can appoint a Director. The appointment can be either to fill a vacancy or as an addition to the existing Board, provided that the maximum number of Directors shall in no event exceed 12. 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. Directors can be removed pursuant to an ordinary resolution passed by the Company. All Directors have either a letter of appointment or a service contract, details of which can be found in the Remuneration Report on page 86.

DIRECTOR INSURANCE AND INDEMNIFICATION

The Group has provided indemnity insurance for the Directors and officers of Group companies during the financial year and at the date of signing this report. All the Directors also have the benefit of a Deed of Indemnity entered into with the Company 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 its constitutional documents, which power is subject to the provisions of the Companies Act 2006 and to any directions given by special resolution of the Company. These powers include the Directors' ability to allot or purchase shares in the Company, the exercise of which in each case is subject to the Companies Act 2006 which provides, amongst other things, that the Directors must seek shareholder authority for the allotment of shares in the Company and the market purchase of shares in the Company. Accordingly, the Directors seek shareholders' authority to allot shares in the Company, and to purchase the Company's own shares in the market, at each AGM.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors' responsibilities statement on page 107 is incorporated by reference into this report.

DIVIDENDS

The total dividend paid and proposed for the year is 4.7 pence per share. This is comprised of the interim dividend of 1.7 pence per share as approved by the Directors and paid in August 2021 and, subject to shareholder approval at the Annual General Meeting on 7 April 2022, a final dividend (as recommended by the Directors) of 3.0 pence per share.

MANAGEMENT REPORT

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, this Directors' Report, together with the Strategic Report and the material incorporated by reference into each report, comprise the Management Report. 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, future prospects and principal risks and uncertainties.

OVERSEAS BRANCHES

The Group has an overseas branch in Singapore.

RESEARCH AND DEVELOPMENT

The Group continues to develop and maintain its existing software products whilst staff work to develop new and more effective systems and products. The Group incurred £1.3m of research and development in the year, which was expensed in the income statement (2020: £2.7m). This primarily relates to product research, maintenance and related expenditure which does not meet capitalisation criteria.

SHARE CAPITAL

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. On a show of hands, each shareholder present in person or by proxy at a general meeting and, on a poll, every shareholder present in person or by proxy, has one vote for which they hold. All of the shares in the Company carry the same rights, include the right to participate in dividends and in any distribution of surplus assets on a winding-up. Under the Company's constitutional documents, the right to vote in respect of any share is subject, amongst other things, to there being no unpaid call on that share nor there being any outstanding notice given under section 793 of the Companies Act 2006 in respect of that share. The right to vote is also subject to the provisions of the Companies Act 2006. Electronic and paper proxy appointments and voting instructions must be received by RM's registrar, Link Group, not less than 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time of the holding of the relevant meeting or adjourned meeting.

As at 30 November 2021, the RM plc Employee Share Trust owned 618,796 ordinary shares in the Company (0.74% of the issued share capital) to satisfy awards under the Company's employee share plan. 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. The Trustees have waived the right to receive dividends on shares held in the Company. Employees, with vested share plan awards whose shares are subject to a holding requirement and held on their behalf by the Trust on a nominee basis, are able to give directions to the Trust to vote on their behalf and to receive dividends in relation to those shares.

SHARES: ALLOTMENT AND PURCHASE

At the Annual General Meeting held on 8 April 2021, 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 as at 8 March 2021. 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 and the Company did not purchase or otherwise acquire any of its own shares during the financial year.

The Directors will seek to renew these authorities at the next Annual General Meeting scheduled for 7 April 2022.

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 September 2021, 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 2023. The principal facility of £70m has not changed. 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.

IMPORTANT EVENTS SINCE THE END OF THE FINANCIAL YEAR

There have been no events affecting the Company, and its subsidiary undertakings in the consolidation, since the end of the financial year.

SUBSTANTIAL SHAREHOLDINGS

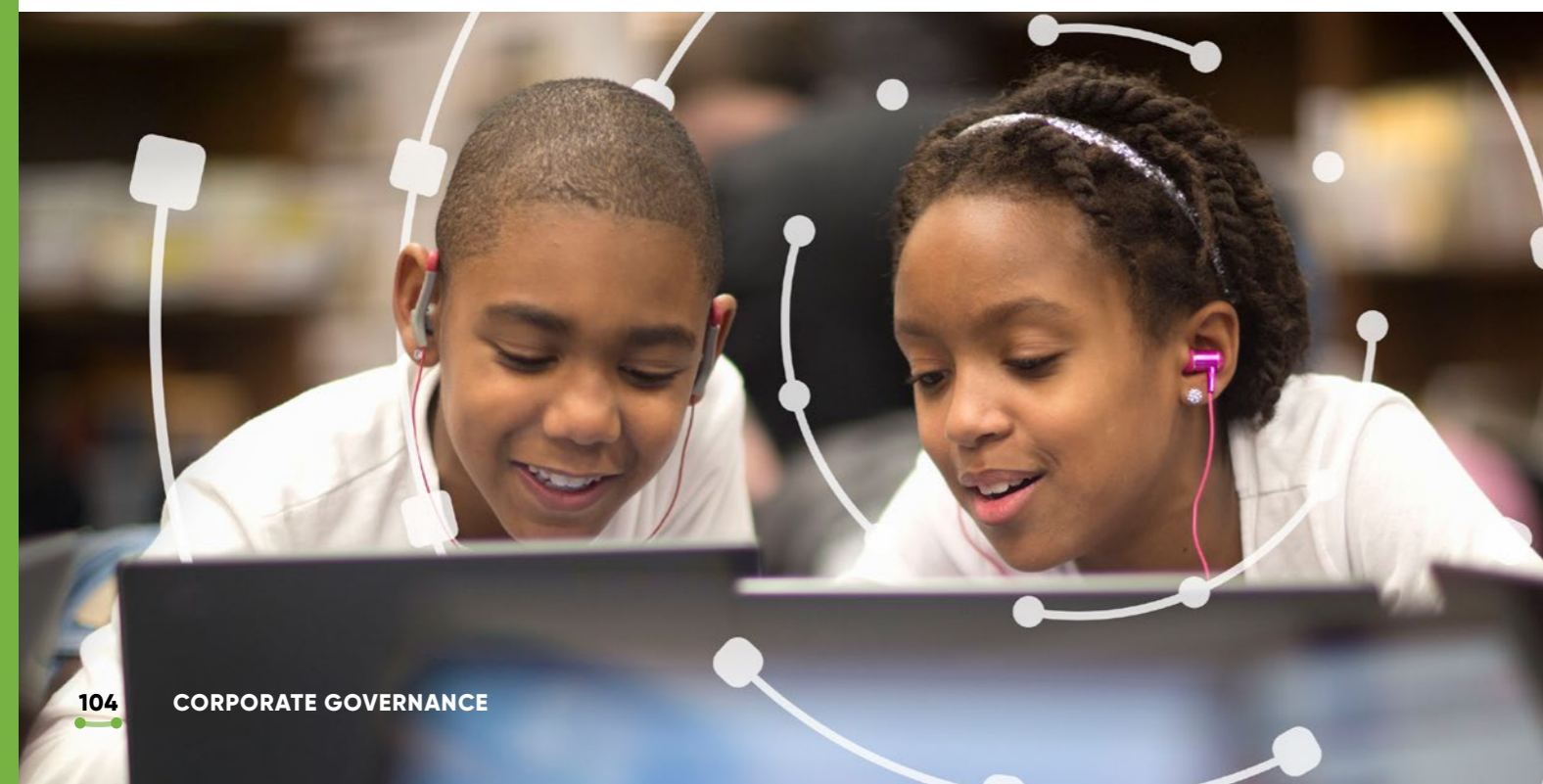
On 30 November 2021, the Company had received notifications that the following parties were interested in accordance with DTR 5:

Shareholder	No. of voting rights Direct	No. of voting rights Indirect	% of voting rights as at 30 November 2021	Date of TR1
Schroders Investment Management Ltd	0	14,263,444	17.01%	5 June 2020
Castlefield Fund Partners Ltd	13,000,000	0	15.50%	31 March 2020
Aberforth Partners LLP	0	10,967,211	13.08%	17 March 2021
BlackRock Inc	0	8,779,532	10.46%	10 November 2020
Canacord Genuity Group Inc	0	4,725,312	5.63%	14 March 2019

Since 1 December 2021, the Company has received notifications from:

- BlackRock Inc on 10 December 2021 notifying us of 9,261,532 indirect voting rights and 11.04% of voting rights and on 11 February 2022 notifying us of 9,205,760 indirect voting rights and 10.97% of voting rights; and
- Sandford Deland Asset Management on 14 January 2022 notifying us of 14,340,000 direct voting rights and 17.10% of voting rights.

The percentage interest is as stated by the shareholder at the time of the notification and current interests may vary.



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.

For further information see the Notes to the Financial Statements and Note 31 (Financial Risk Assessment) of the Financial Reports.

ADDITIONAL DISCLOSURES

Disclosures required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), to the extent not already disclosed or referred to in this report, can be found on the pages specified in the table below, all of which are incorporated into this report by reference.

Disclosures required by Listing Rule 9.8.4R can be found on the pages specified in the table below, all of which are incorporated into this report by reference. There is nothing further to disclose pursuant to Listing Rules 9.8.4R:

	Page
Allotment for cash of equity securities	N/A
Contracts of significance	105
Directors' waived emoluments	N/A
Dividend waiver	N/A
Employee engagement, interests and effect	65-66 (Employees)
Employee share scheme	50 (Development and Reward)
Employees with disabilities	49
Engagement with suppliers, customers and others and effect	67 (Suppliers and Partners)
Greenhouse gas emissions, energy consumption and energy efficiency	42-47
Interest capitalised and tax relief	N/A
Long Term Incentive schemes	95 (section 11)
Political donations	53

By Order of the Board

Mark Lágler

General Counsel and Company Secretary, RM
14 February 2022

Registered in England and Wales No 1749877

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 the parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 the 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 Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company 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.

This Responsibility Statement was approved by the Board of Directors and is signed on its behalf by:

By Order of the Board

Neil Martin
Chief Executive Officer
14 February 2022

Mark Berry
Chief Financial Officer
14 February 2022



INDEPENDENT AUDITOR'S REPORT

to the members of RM plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. OPINION

In our opinion:

- the Financial Statements of RM plc (the 'parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 November 2021 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 and International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent Company balance sheets;
- the consolidated and parent Company statements of changes in equity;
- the consolidated cash flow statement; and
- the related Notes 1 to 33.

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> The appropriateness of management estimates in revenue recognition for certain long-term contracts in the RM Assessment business; and The valuation of intangible assets on major IT development programmes.
Materiality	The materiality that we used for the Group Financial Statements was £725,000 which was determined as approximately 5% of profit before tax adjusted for non-recurring items.
Scoping	Our audit scope covered 98% of the Group's revenue, 95% of the Group's profit before tax and 92% of the Group's total assets.

4. CONCLUSIONS RELATING TO GOING CONCERN

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of the processes and controls underpinning management's forecasting of financial performance and cash flow and determination of downside scenarios including those to support accuracy of the models and the underlying data;
- Assessment of the Group's borrowing facilities as set out in Note 31 of the Financial Statements, including the extension of the Group's revolving credit facility in the year;
- Performing procedures to assess liquidity headroom in the going concern period and actual and forecast covenant positions based on the base case assessment and severe downside scenario as set out in the Going concern section of Note 2;
- Challenge of the adequacy of downside scenarios including reperformance of the reverse stress tests and performing sensitivity testing, considering the plausibility of a break-even scenario;
- Assessment of whether there is a material inconsistency between the viability statement and the knowledge we obtained during the audit;
- Evaluation of whether events or conditions give rise to a risk of management bias; and
- Assessment of the adequacy of the going concern disclosures in the annual report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Appropriateness of management estimates in revenue recognition for certain long-term contracts in the RM Assessment business

Key audit matter description	<p>The RM Assessment business generated revenue in the year of £31.9m, (2020: £31.6m). As set out in the accounting policies, within Note 2 to the Financial Statements, there are a number of judgements taken in applying IFRS 15 <i>Revenue from Contracts with customers</i> for the contracts in this business.</p> <p>£11.7m of the revenue generated in the year, (2020: £11.4m), relates to five contracts with multiple performance obligations and a variable transaction price based on the number of exam scripts. In accounting for these contracts there is a key source of estimation uncertainty relating to the estimate of exam scripts, which earn variable consideration over the life of the contract. The impact of the COVID-19 pandemic on exam sittings and the format of assessment in the current and prior year create a greater level of uncertainty in this estimate. Given this estimate could be the subject of management bias and has a material impact on revenue recognised in the year we identified a risk of potential fraud in respect of revenue recognition for these contracts. The complexity of this estimate also impacted the audit team's allocation of resources, particularly as regards the seniority of staff who worked on this area. For these reasons, we identified this element of revenue recognition as a key audit matter.</p> <p>Further details are included within the Audit Committee report on page 71, and Notes 2 and 3 to the Financial Statements on pages 129 and 138.</p>
How the scope of our audit responded to the key audit matter	<p>In response to the identified key audit matter we have performed the following procedures for contracts with material variable revenue:</p> <ul style="list-style-type: none"> • obtained an understanding of relevant controls used by the Company when determining the assumptions applied in the models that drive revenue recognition; • assessed the appropriateness of the revenue recognition policies applied against the five step model in IFRS 15 <i>Revenue from Contracts with customers</i> through a review of the underlying contract terms; • assessed the accuracy of management's revenue models against contractual terms and compliance with the principles within IFRS 15 <i>Revenue from Contracts with customers</i>; we did this through independently modelling the contracts to form our own expectation of the outputs and compared those to management's calculations; • challenged key estimates made by management in determining the total transaction price in respect of exam volumes. This included assessing forecasting accuracy, understanding the level of constraint relative to operational forecasts, reviewing the latest correspondence with customers and assessing the available confirmatory and contradictory external market evidence; and • assessed the appropriateness of management's sensitivity analysis for key estimates and the clarity of related disclosures as required under IAS 1 for significant judgements and key areas of estimation uncertainty.
Key observations	<p>We are satisfied that revenue recognised for contracts with material variable consideration is appropriate and we did not identify any differences of judgement or calculation that are material.</p> <p>We tested the revenue recognition models using a fully substantive approach and placed no reliance on controls. There are significant complexities in management's models that drive revenue recognition that create risk of error or manipulation. We observed that controls over these models, including the inputs in relation to volume of exam scripts, could be improved through a greater extent of automation and more formalised review. Further details are included within the Audit Committee report on page 73.</p>

5.2 Valuation of intangible assets on major IT development programmes

Key audit matter description	<p>The Group is investing in a major programme to implement new IT systems, referred to as Evolution, which are predominately using cloud based Software-as-a-Service ('SaaS') arrangements and third-party implementation partners to improve systems and processes.</p> <p>In April 2021 the IFRS Interpretations Committee published an agenda decision in relation to the accounting treatment for configuration and customisation costs in SaaS arrangements. The committee concluded that typically these costs do not result in an intangible asset of the customer and should be recognised as an expense unless the criteria for recognising a separate asset are met. The Group performed a detailed analysis of the nature of expenditure incurred and determined that £12.2 million of total spend to date should be expensed. £3.9 million of this amount was incurred and previously capitalised in prior periods and therefore management have restated the prior year Financial Statements to reflect this change in accounting policy.</p> <p>Given the size of the amounts and the complexity and judgement in applying the interpretation we identified this to be a key audit matter.</p> <p>Further details are included within the Chief Financial Officer's statement on page 33, the Audit Committee report on page 72, and Notes 2 and 33 to the Financial Statements on pages 132 and 178.</p>
How the scope of our audit responded to the key audit matter	<p>In response to the identified key audit matter we have performed the following procedures:</p> <ul style="list-style-type: none"> • obtained an understanding of relevant controls used by the Company when determining amounts to be capitalised or expensed and in assessing the impact of the change in accounting policy; • reviewed and challenged management's accounting policy to assess whether it aligns with the IFRIC interpretation on IAS 38 <i>Intangible assets</i>; • tested, on a sample basis, the nature of the configuration and customisation costs and the related systems through review of the underlying contracts of relevant providers and system integrators and involvement of IT specialists to independently assess whether items should be capitalised or expensed; • challenged whether any elements of the prior period adjustments related to errors in the historical application of IAS 38 rather than adoption of a new accounting policy; and • assessed the disclosures relating to the change in accounting policy against the requirements of IAS 8 <i>Accounting policies, changes in accounting estimates and errors</i>.
Key observations	<p>We are satisfied that amounts capitalised and expensed are materially accurate and in line with the latest guidance from the IFRS Interpretations Committee on IAS 38 <i>Intangible assets</i>.</p> <p>We are satisfied that the impact of the change in accounting policy has been appropriately disclosed in the Financial Statements.</p>

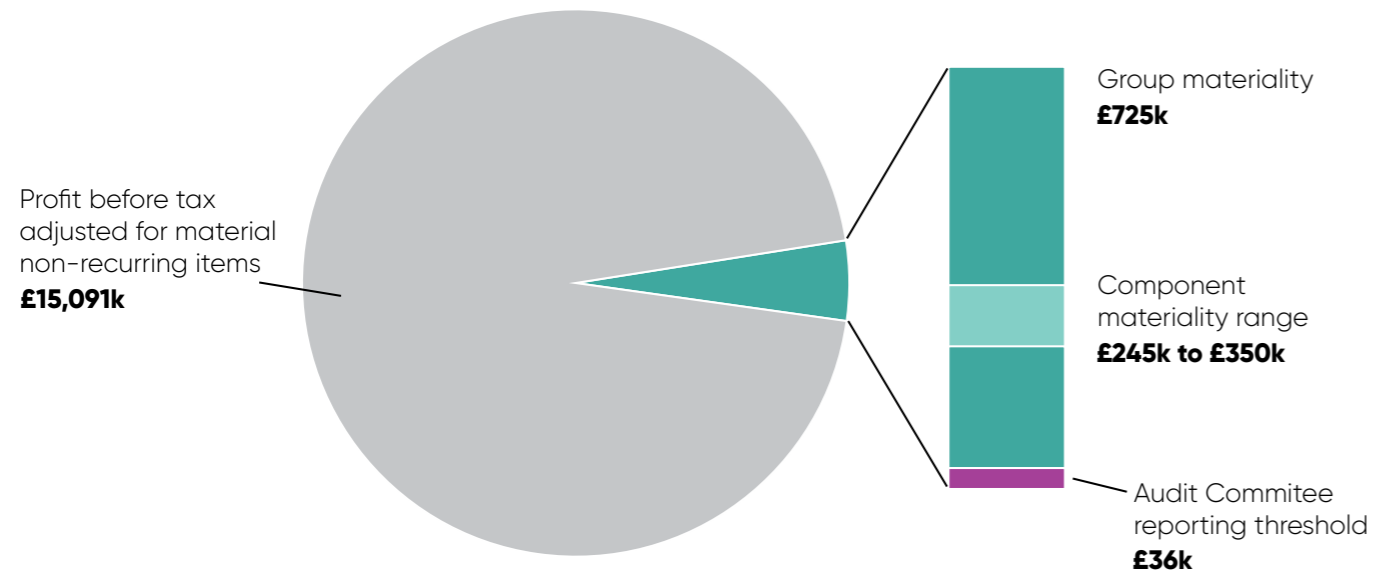
6. OUR APPLICATION OF MATERIALITY

6.1 Materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	£725,000 (2020 previous auditor: £880,000)	£350,000 (2020 previous auditor: £700,000)
Basis for determining materiality	5% of profit before tax adjusted for material non-recurring items. In the year ended 30 November 2021 the adjustments made for non-recurring items are consistent with those presented in Note 6; however we did not exclude amortisation of acquisition related intangibles from our determination of materiality as it is a recurring item. In 2020 the previous auditor set materiality based on 5% of profit before tax adjusted for material non-recurring items averaged over the previous three years.	Parent Company materiality equates to less than 0.2% of net assets, which is capped at approximately 50% of Group materiality. In 2020 the previous auditor set materiality based on 0.5% of the Company's total assets.
Rationale for the benchmark applied	Adjusted profit before tax reflects the manner in which the underlying business performance is reported and assessed by external users of the Financial Statements.	Net assets are considered to be an appropriate benchmark for the parent Company given that it is a holding company.



6.2 Performance materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Group Financial Statements	Parent Company Financial Statements
Materiality	65% of Group materiality	70% of parent Company materiality
Basis and rationale for determining performance materiality	In setting performance materiality, we considered: <ul style="list-style-type: none"> • The quality of the control environment in the Group, including the systems in place and informality of certain controls, and the extent to which it has been impacted by COVID-19; • The fact that it was our first year as auditors of the Group and parent Company; • The low number of corrected and uncorrected misstatements identified in the prior year; and • The level of consistency in key personnel within the finance team. Given the nature of the parent Company's operations as a holding company, we considered that a reduction of performance materiality to 70% was sufficient.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £36,250 (2020 previous auditor: £44,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

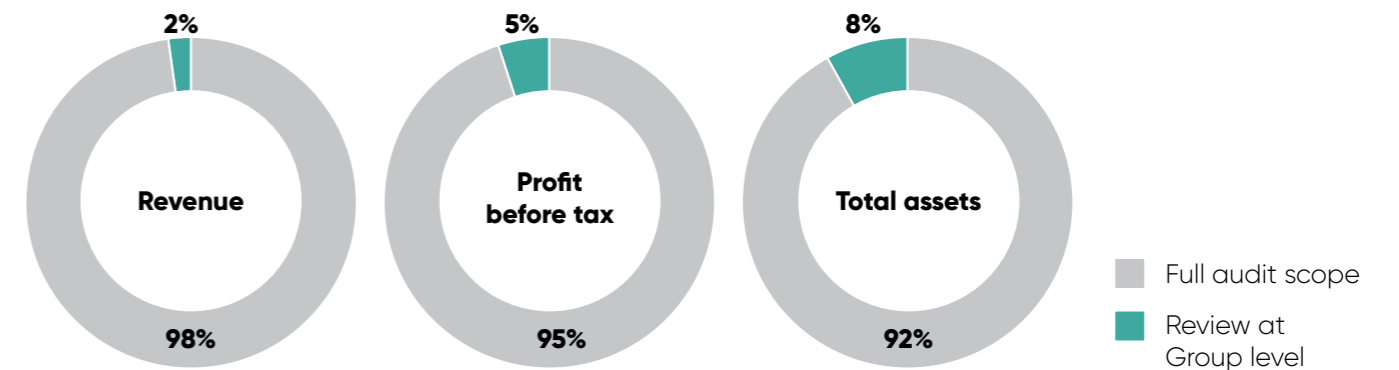
7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at a Group level.

Based on that assessment we focussed our Group audit scope on the audit work at three components, which were subject to a full scope audit. This included the parent Company, and the three principal UK based trading businesses; RM Resources, RM Technology and RM Assessment. These account for 98% of the Group's revenues, 95% of profit before tax and 92% of total assets. Our audit work at these components was executed at levels of materiality applicable to each individual component, which were lower than Group materiality ranging from £245,000 to £350,000.

All work was carried out by the Group engagement team for both the Group and component audits.

At the Group level, we also tested the consolidation process and carried out analytical procedures to re-confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to full scope audit.



7.2 Our consideration of the control environment

The Group operates a diverse IT infrastructure. With the involvement of our IT specialists we obtained an understanding of the relevant IT environment which included, in some instances, performance of general IT control (“GITC”) testing. Weaknesses in the IT control environment meant we did not place reliance on those controls for the purposes of our substantive audit procedures.

For all components we obtained an understanding of the relevant controls associated with the financial reporting process, key audit matters, and in relation to significant accounting estimates. We have taken a non-controls reliance approach throughout our audit.

As discussed in the Audit Committee Report on page 73 there is currently a lack of formality and documentation in the Group’s control environment, particularly in relation to journal approvals. However, management mitigate the systems deficiencies with management review controls and are implementing a significant IT transformation programme which will allow a greater degree of automation. A more formal control framework will be developed alongside the system implementation.

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor’s report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors’ responsibilities statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group’s and the 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 the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group’s remuneration policies, key drivers for Directors’ remuneration, bonus levels and performance targets;
- the Group’s own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group’s documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, pensions, and IT specialists regarding how and where fraud might occur in the Financial Statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Management estimates of variable consideration in revenue recognition for certain long term contracts in the RM Assessment business;
- Accounting for major capital programmes in accordance with IAS 38 *Intangible assets* and IAS 16 *Property, plant and equipment*; and
- The potential for bias in the presentation of items as adjustments to profit.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the Financial Statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation in relevant jurisdictions.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the Group’s ability to operate or to avoid a material penalty.

11.2 Audit response to risks identified

As a result of performing the above, we identified management estimates of variable consideration in revenue recognition for certain long term contracts in the RM Assessment business and the valuation of intangible assets on major IT development programmes as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- enquired of management, the audit committee and legal counsel concerning actual and potential litigation and claims;
- performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- read minutes of meetings of those charged with governance, reviewing internal audit reports and reviewed correspondence with HMRC;
- in addressing the risk of bias in the presentation of items as adjustments to profit, we have reviewed the accounting policy to assess whether it is in line with regulatory guidance, and we have challenged whether items presented as adjustments are classified in line with this policy; and
- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 36;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 36;
- the Directors' statement on fair, balanced and understandable set out on page 107;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 25 to 26;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 73; and
- the section describing the work of the Audit Committee set out on pages 71-74.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1 Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of this matter.

15. OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

15.1 Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board on 8th April 2021 to audit the Financial Statements for the year ending 30 November 2021 and subsequent financial periods.

15.2 Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. USE OF OUR REPORT

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.

Kate Hadley (Senior statutory auditor)
For and on behalf of Deloitte LLP

Birmingham, United Kingdom
14 February 2022

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 November 2021			Restated Year ended 30 November 2020		
		Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Revenue	3	210,853	-	210,853	188,999	-	188,999
Cost of sales		(140,220)	-	(140,220)	(121,551)	(365)	(121,916)
Gross profit		70,633	-	70,633	67,448	(365)	67,083
Operating expenses	5	(52,164)	(11,483)	(63,647)	(52,119)	(4,154)	(56,273)
Impairment losses	14	-	-	-	(248)	-	(248)
Profit from operations		18,469	(11,483)	6,986	15,081	(4,519)	10,562
Other income	8	28	-	28	21	-	21
Finance costs	9	(1,396)	-	(1,396)	(1,055)	-	(1,055)
Profit before tax		17,101	(11,483)	5,618	14,047	(4,519)	9,528
Tax	10	(3,282)	1,858	(1,424)	(2,668)	775	(1,893)
Profit for the year		13,819	(9,625)	4,194	11,379	(3,744)	7,635
Earnings per ordinary share	11						
- basic		16.6p		5.0p	13.8p		9.2p
- diluted		16.4p		5.0p	13.6p		9.1p
Paid and proposed dividends per share	12						
- interim				1.70p			-
- final				3.00p			3.00p

Throughout this statement, adjusted profit and EPS measures are stated after adjusting items which are identified by virtue of their size, nature and/or incidence. The treatment of adjusted items is applied consistently period on period and is consistent with the way that underlying trading performance is measured by management (see Note 6 for details).

All amounts were derived from continuing operations. The restatement is detailed in Note 33.

The notes on pages 126 to 180 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 30 November 2021 £000	Restated Year ended 30 November 2020 £000
Profit for the year		4,194	7,635
Items that will not be reclassified subsequently to profit or loss			
Defined benefit pension scheme remeasurements	26	44,860	(16,302)
Tax on items that will not be reclassified subsequently to profit or loss	10	(10,364)	2,854
Items that are or may be reclassified subsequently to profit or loss			
Fair value gain on hedged instruments		242	346
Tax on items that are or may be reclassified subsequently to profit or loss	10	(45)	(3)
Exchange loss on translation of overseas operations		(180)	(205)
Other comprehensive income/(expense)		34,513	(13,310)
Total comprehensive income/(expense)		38,707	(5,675)

The notes on pages 126 to 180 form an integral part of these Financial Statements. The restatement is detailed in Note 33.

CONSOLIDATED BALANCE SHEET

		At 30 November 2021	Restated At 30 November 2020	Restated At 1 December 2019
	Note	£000	£000	£000
Non-current assets				
Goodwill	13	49,202	49,322	49,107
Intangible assets	14	23,405	19,016	21,054
Property, plant and equipment	15	16,217	8,423	9,183
Right-of-Use assets	16	18,018	19,391	-
Defined benefit pension scheme surplus	26	35,037	665	976
Other receivables	20	82	63	939
Contract fulfilment assets	19	4,169	3,420	2,193
Deferred tax assets	10	156	5,333	3,457
		146,286	105,633	86,909
Current assets				
Inventories	18	19,055	18,594	22,151
Trade and other receivables	20	33,865	31,475	31,238
Contract fulfilment assets	19	1,360	728	844
Held-for-sale asset	21	3,034	4,793	1,428
Tax assets		3,665	2,633	804
Cash at bank		3,560	5,941	5,534
		64,539	64,164	61,999
Total assets		210,825	169,797	148,908
Current liabilities				
Trade and other payables	22	(61,369)	(61,491)	(51,231)
Tax liabilities		-	(163)	(117)
Provisions	24	(2,066)	(435)	(1,585)
Overdraft		(2,082)	(2,480)	(4,006)
		(65,517)	(64,569)	(56,939)
Net current (liabilities)/assets		(978)	(405)	5,060
Non-current liabilities				
Other payables	22	(21,072)	(20,987)	(3,483)
Provisions	24	(1,475)	(3,998)	(3,868)
Deferred tax liability	10	(10,830)	(3,339)	(3,356)
Defined benefit pension scheme obligation	26	(4,686)	(19,318)	(6,951)
Borrowings	23	(19,744)	(4,779)	(16,534)
		(57,807)	(52,421)	(34,192)
Total liabilities		(123,324)	(116,990)	(91,131)
Net assets		87,501	52,807	57,777
Equity attributable to shareholders				
Share capital	25	1,917	1,917	1,917
Share premium account		27,080	27,080	27,080
Own shares	27	(444)	(841)	(1,007)
Capital redemption reserve		94	94	94
Hedging reserve		177	(65)	(411)
Translation reserve		(882)	(702)	(497)
Retained earnings		59,559	25,324	30,601
Total equity		87,501	52,807	57,777

The notes on pages 126 to 180 form an integral part of these Financial Statements.

The prior years have been restated (see Note 33 for further details).

These Financial Statements of RM plc, registered number 01749877, were approved and authorised for issue by the Board of Directors on 14 February 2022.

On behalf of the Board of Directors

Neil Martin

Director

Mark Berry

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Own shares	Capital redemption reserve	Hedging reserve	Translation reserve	Retained earnings	Total
	Note	£000	£000	£000	£000	£000	£000	£000
At 1 December 2019 - as reported		1,917	27,080	(1,007)	94	(411)	32,399	59,575
Configurations costs expensed	33	-	-	-	-	-	(1,798)	(1,798)
At 1 December 2019 - as restated		1,917	27,080	(1,007)	94	(411)	30,601	57,777
Profit for the year - restated		-	-	-	-	-	7,635	7,635
Other comprehensive income/(expense)		-	-	-	-	346	(205)	(13,310)
Total comprehensive income/(expense)		-	-	-	-	346	(205)	(5,816)
Transactions with owners of the Company:								
Share-based payment awards exercised		-	-	166	-	-	(166)	-
Share-based payment fair value charges	28	-	-	-	-	-	705	705
At 1 December 2020 - as restated		1,917	27,080	(841)	94	(65)	25,324	52,807
Profit for the year		-	-	-	-	-	4,194	4,194
Other comprehensive income/(expense)		-	-	-	-	242	(180)	34,451
Total comprehensive income/(expense)		-	-	-	-	242	(180)	38,645
Transactions with owners of the Company:								
Share-based payment awards exercised		-	-	397	-	-	(397)	-
Share-based payment fair value charges	28	-	-	-	-	-	(100)	(100)
Ordinary dividends paid	12	-	-	-	-	-	(3,913)	(3,913)
At 30 November 2021		1,917	27,080	(444)	94	(882)	59,559	87,501

The notes on pages 126 to 180 form an integral part of these Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 30 November 2021	Restated Year ended 30 November 2020
	Note	£000	£000
Profit before tax		5,618	9,528
Investment income	8	(28)	(21)
Finance costs	9	1,396	1,055
Profit from operations		6,986	10,562
Adjustments for:			
Pension GMP	6	-	170
Amortisation and impairment of intangible assets	14	2,406	3,038
Depreciation and impairment of property, plant and equipment	15, 16	4,281	3,718
Gain on disposal of other asset	5	-	(713)
Gain on disposal of property, plant and equipment	5	(1,449)	(949)
Loss/(gain) on foreign exchange derivatives		64	(625)
Share-based payment (credit)/charge		(100)	705
(Decrease)/increase in provisions		(353)	1,443
Defined benefit pension scheme administration cost	26	52	37
Operating cash flows before movements in working capital		11,887	17,386
(Increase)/decrease in inventories		(460)	3,557
(Increase)/decrease in receivables		(2,318)	2,362
Increase in contract fulfilment assets		(1,381)	(1,111)
Movement in payables:			
Increase in trade and other payables		1,177	6,012
Utilisation of provisions	24	(528)	(2,284)
Cash generated from operations		8,377	25,922
Defined benefit pension scheme cash contributions	26	(4,450)	(4,094)
Tax paid		(135)	(2,589)
Net cash inflow from operating activities		3,792	19,239
Investing activities			
Interest received		28	21
Proceeds on disposal of investment asset		-	1,560
Proceeds on disposal of property, plant and equipment		3,214	2,900
Purchases of property, plant and equipment	15	(8,024)	(5,801)
Purchases of other intangible assets	14	(6,977)	(801)
Net cash used in investing activities		(11,759)	(2,121)
Financing activities			
Dividends paid	12	(3,913)	-
Drawdown/(repayment) of borrowings	23	15,000	(12,000)
Borrowing facilities arrangement and commitment fees		(497)	(226)
Interest paid		(675)	(501)
Payment of leasing liabilities		(3,889)	(2,523)
Net cash generated by/(used in) financing activities		6,026	(15,250)
Net (decrease)/increase in cash and cash equivalents		(1,941)	1,868
Cash and cash equivalents at the beginning of the year		3,461	1,528
Effect of foreign exchange rate changes		(42)	65
Cash and cash equivalents at the end of the year		1,478	3,461
Bank overdraft		(2,082)	(2,480)
Cash at bank		3,560	5,941
Cash and cash equivalents at the end of the year		1,478	3,461

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

The notes on pages 126 to 180 form an integral part of these Financial Statements. The restatement is detailed in Note 33.

COMPANY BALANCE SHEET

		At 30 November 2021	At 30 November 2020
	Note	£000	£000
Non-current assets			
Investments	17	126,430	126,530
Other receivables	20	7,263	7,329
		133,693	133,859
Current assets			
Trade and other receivables	20	106	48
Tax assets		526	411
		632	459
Total assets		134,325	134,318
Current liabilities			
Accruals	22	(118)	(151)
Trade and other payables	22	(49,602)	(64,122)
		(49,720)	(64,273)
Net current liabilities		(49,088)	(63,814)
Non-current liabilities			
Borrowings	23	(19,744)	(4,779)
		(19,744)	(4,779)
Total liabilities		(69,464)	(69,052)
Net assets		64,861	65,266
Equity attributable to equity holders			
Share capital	25	1,917	1,917
Share premium account		27,080	27,080
Own shares	27	(444)	(841)
Capital redemption reserve		94	94
Retained earnings		36,214	37,016
Total equity		64,861	65,266

The notes on pages 126 to 180 form an integral part of these Financial Statements. The Company has taken the exemption under Section 408 of the Companies Act 2006, not to produce an Income Statement. The profit for the year was £3,608,000 (2020: £3,581,000). These Financial Statements of RM plc, registered number 01749877, were approved and authorised for issue by the Board of Directors on 14 February 2022.

On behalf of the Board of Directors

Neil Martin
Director

Mark Berry
Director

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Own shares	Capital redemption reserve	Retained earnings	Total
Note	£000	£000	£000	£000	£000	£000
At 1 December 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
Profit for the year	-	-	-	-	3,608	3,608
Total comprehensive income	-	-	-	-	3,608	3,608
Transactions with owners of the Company:						
Share-based payment awards exercised	-	-	397	-	(397)	-
Share-based payment fair value charges	28	-	-	-	(100)	(100)
Ordinary dividends paid	12	-	-	-	(3,913)	(3,913)
At 30 November 2021	1,917	27,080	(444)	94	36,214	64,861

The notes on pages 126 to 180 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 policy for the use of Alternative Performance Measures is explained in Note 2 with further details provided in Note 6.

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 with the exception of capitalisation of configuration costs of a SaaS based solution. During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRS Interpretations Committee agenda decision clarifying how IFRS Standards apply to these types of arrangements. The new accounting policy is presented below. Historical financial information has been restated to reflect the impact of the change—refer Note 33. Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of the costs incurred relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of, and the recognition criteria for, an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these

assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

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.

In the year, the Company decided to apply Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) in place of IFRS. The Company has applied FRS 101 issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015, and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;

- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Company produces consolidated Financial Statements which are prepared in accordance with International Financial Reporting Standards. As the consolidated Financial Statements of the Company include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share-Based Payments* in respect of group settled share based payments; and
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided.

As permitted by s408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account or statement of comprehensive income for the year. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

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 to the end of May 2023 which indicate that, taking into account reasonably plausible downsides as discussed below, the Company have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of this report.

In assessing the going concern position the Directors have considered the balance sheet position as included on page 120 and the level of available finance not drawn down. The balance sheet shows net current liabilities of £1.0m. At 30 November 2021, the Group had net debt of £18.3m (November 2020: £1.3m) and drawn facilities of £20m (November 2020: £5m). RM Group has a £70m committed bank facility ('the facility') at the date of this report. Further details are set out in Note 31. Liquidity headroom at 30 November 2021 was £47.9m. Average net debt over the year to 30 November 2021 was £15.8m (2020: £16.3m) with a maximum borrowings position of £29.7m (2020: £29.6m). The debt facilities are subject to financial covenants of a maximum of 2.5 times Net Debt/EBITDA and at least 4 times interest cover/EBITDA. These covenants are tested in May and November. At 30 November 2021 the results of the covenant tests were 0.84 and 22.6 respectively.

The facility was extended by 1 year during 2021 and is committed until July 2023. During this extension process, the Board initiated conversations regarding 3 year facilities to replace the current facility when it expires and is confident in obtaining a new or renewed facility at an appropriate time. The Board is satisfied that there are several other financing options that could be put in place to maintain liquidity headroom and that there would be adequate time to complete negotiation of such arrangements.

The CFO report outlines the performance of the Group in the year to 30 November 2021 including the impact of COVID-19. In this period UK schools were closed for a number of weeks primarily during Q1, and many UK and Irish exams were cancelled by respective governments. Despite this backdrop, revenues increased by 12% compared to 2020 and adjusted profit before tax by 22%. In RM Resources, we continued to provide products to our customers during school closures and have experienced strong curriculum sales in 2021. In RM Assessment (formerly RM Results), whilst the UK general exams saw a significant reduction compared to 2019, other UK assessment and international examination activity recovered partially. RM Technology (formerly RM Education) continues to be resilient to UK school closures as it provides the technology support to UK schools and colleges that has allowed them to operate remotely. Performance by segment is set out in Note 4. Net cash inflow from operating activities was £3.8m.

For going concern purposes the Group has assessed a base case scenario that assumes no further significant downturn in UK or International markets occurs than that experienced in the year to 30 November 2021. The base case also incorporates a reduced but still significant level of investment expenditure in 2022 as we have spent in 2021 relating to our major transformation projects and assumes a return to shareholders through dividends. Under that base case we continue to maintain significant headroom against our committed facility and are comfortably within our covenants.

The Group has assessed a further severe downside scenario that adjusts our base assumptions to include:

- Further school closures for March through to May 2022 at similar levels of trading experienced in 2021, comprising a c.30% reduction in divisional revenue in those months;
- Reduced International trading and exams, including an c.25% reduction in International general school exams against budget;
- Assumes the UK exams that have been cancelled in 2021 are also cancelled in 2022;
- Slower pipeline conversion, a c.50% of budgeted annuity contracts in RM Assessment and RM Technology being achieved;

- Benefits from our ERP programme are delayed by approximately 1 year;
- Business disruption for 2 months in our RM Resources Division when the warehouse automation goes live in 2022 reducing order intake by c.50% in those 2 months;
- Minimal cost mitigations and no significant cash flow deferrals.

The Directors do not believe that all these assumptions occurring together is plausible, but even considering all these scenarios in aggregate we continue to have good headroom against the facility and comply with bank covenants until the facility concludes. The Directors also believe there is reasonable expectation of entering into a new agreement on similar terms as the existing renewed facility. Having considered the severity of this scenario, the Board considers this to be an appropriate worst case scenario.

The Board's assessment of the likelihood of a further downside scenario is remote, particularly with the continued vaccine booster/ roll out programmes and lifting of restrictions in key countries and the indications from most governments worldwide that they intend to lift remaining restrictions as soon as practical.

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 operating margin
- Adjusted profit before tax
- Adjusted tax
- Adjusted profit after tax
- Adjusted earnings per share
- Adjusted diluted earnings per share
- Adjusted cash conversion
- Net debt
- Average net debt

Further explanation of what each APM comprises and reconciliations between Statutory reported measures and adjusted measures are shown in Note 6.

The Board believes that presentation of the Group results in this way is relevant to an understanding of the Group's financial performance (and that of each segment). Underlying performance excludes adjusted items which are identified by virtue of their size, nature and/or incidence. The treatment of adjusted items is applied consistently period on period. 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 the underlying financial performance, position and trends of the Group.

The APMs used by the Group are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. All APMs relate to the current year results and comparative periods where provided.

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.

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 period.

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 IFRS15. 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.

RM Resources provides educational supplies and curriculum products for schools and nurseries and revenues are recognised when products are delivered to our customers i.e. point in time basis for each product delivered.

RM Technology provides software, services and technology to UK schools and colleges. Hardware, Right-to-Use licenses and related installation revenues are recognised on delivery to our customers at a point in time. Provision of services and Right-to-Access software are recognised over time.

RM Assessment provides digital assessment solutions that support lifelong learning. Revenues are recognised over-time based on the delivery of performance obligations. In certain contracts there are judgements in determining the basis of revenue recognition particularly for long-term and complex contracts.

RM Assessment revenue judgements:

In respect of certain contracts in the RM Assessment Division management is required to form several judgements and assumptions. These include 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. Judgements and assumptions include:

- 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 impact on revenue recognition of these judgements and assumptions is set out below.

The most significant judgements relate to contracts with multiple performance obligations and where there is a variable transaction price based on the number of exam scripts. There is significant estimation uncertainty in some contracts relating to the estimate of scanning and script volumes over the contract. There is also judgement in the determination, that the provision of technology is a Right-to-Access arrangement and therefore should be recognised over time, and the basis on which the transaction price is allocated to separate performance obligations. These are explained in key sources of estimation uncertainty and key sources of critical accounting judgements below.

Basis of revenue recognition

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 Assessment 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. There is variable consideration relating to the number of scripts.

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

Revenue: Transactional (point in time) contracts

The Group delivers goods and services in RM Technology 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.

Revenue: Over time contracts

The Group delivers services in RM Technology and RM Assessment 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 licenses (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 licenses 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 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 licenses is discussed in more detail below.

Revenue: Licenses

Software licenses delivered by the Group can be either "Right-to-Access" or "Right-to-Use" licenses. Right-to-Access licenses require continuous upgrade and updates for the software to remain useful, all other licenses are treated as Right-to-Use licenses. The assessment of whether a license is a Right-to-Access license or a Right-to-Use license involves judgement. The key determinant of whether a license is a Right-to-Access license is whether the Group is required to undertake activities that significantly affect the license 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 license performance obligation all the facts and circumstances in determining whether the license revenue is recognised over time or at a point in time from the go live date of the license.

Revenue: 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.

Revenue: 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 IFRS15.

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.

Revenue: Amortisation, derecognition and impairment of contract fulfilment assets

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.

Revenue: 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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale; and
- an intention to complete the intangible asset and use or sell it; and
- ability to use or sell the intangible asset; and
- 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
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- an ability to measure reliably the expenditure attributable to the intangible asset during its development.

- the Group has the ability to control the asset and it is separately identifiable. Configuration costs of development activity on a third-party SaaS solution are not deemed to be controlled by the Group unless we have the contractual rights to control that software. Any configuration activity provided by the SaaS supplier is expensed as incurred. Customisation costs of development activity on a third-party SaaS solution will only be capitalised where we have a contractual right to control the asset and it is separately identifiable. Any customisation activity provided by the SaaS supplier is expensed as incurred. In the majority of instances where configuration or customisation on a third-party SaaS solution is performed, the development work does not meet the criteria of ability to control the asset nor is it separately identifiable, so is expensed. This is a change in accounting policy and the impact is set out in Note 33.

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
Specialised plant and equipment	7–15 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.

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.

Financial instruments

Trade and other receivables

Trade and other receivables are not interest bearing, except those specifically detailed in Note 20. 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 from initial investment. Bank overdrafts are included in cash only to the extent that the Group has the right of set-off.

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 are valued at cost on a first in first out basis, including appropriate labour costs and other overheads. 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.

Leases

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 on a straight-line basis.

Where a Right-of-Use property lease is not fully operational but is an asset under construction, the depreciation on the asset that relates to the non-operational period is recapitalised as a leasehold improvement within property, plant and equipment.

On initial recognition, lease liabilities are recorded at the present value of lease payments, which include:

- fixed lease payments;
- variable payments that depend on an index or rate, initially measured using the commencement date index or rate;
- any amounts expected to be payable under residual guarantees.

The interest rate implicit in the lease is used to discount lease payments, or, if that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Interest is recognised on the lease liability, resulting in higher finance cost in the earlier years of the lease term.

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 former 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.

Scheme assets are measured at bid-price, where available, at 30 November 2021. 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 and RM schemes show a surplus and the CARE scheme is in deficit.

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 2021 (being 618,796 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. This is not distributable.

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. Only realised gains and total losses are distributable.

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 – The key estimation sensitivities are the discount rate applied to pension liabilities RPI/CPI and mortality. As disclosed in Note 26, a 0.1% movement in discount rate has a c.£7m impact on the net surplus, a 0.1% movement in RPI has a c.£6m impact and a 1 year average life extension has a c.£10m impact. A 0.1% sensitivity is disclosed as it is easily understood and can be scaled relatively linearly.

- Revenue from RM Assessment contracts which contain variable revenues based on the number of exam scripts – There is estimation relating to estimate of total script volumes to determine the transaction price over the life of the contract. This estimation was reassessed at 30 November 2021 in light of the impact of COVID-19 on the UK and Internationally and experienced throughout 2021. The Group has assumed that script volumes in the UK will be higher in 2022 than in 2021 (with no government announcements to balance sheet date cancelling exams) but still reduced against 2019 pre-COVID-19 volumes. International exam scripts will remain slightly lower than 2019 pre-COVID-19 volumes but at similar levels to that experienced during 2021.

- The sensitivity analysis related to future script volumes show that if UK and International exams increased or reduced 15% against our assumed volumes from 2022 onwards, then revenue in 2021 would be increased or reduced by c.£0.7m

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 RM Assessment contracts – A number of judgements are made in the application of IFRS 15 *Revenue from contracts with customers* to certain RM Assessment contracts. The most significant judgements relate to contracts with multiple performance obligations and where there is a variable transaction price based on the number of exam scripts. In these contracts there is judgement in the determination that the provision of technology is a Right-to-Access arrangement and therefore should be recognised over time. The factors considered in making this judgement were the nature of services provided, including hosting, ongoing maintenance and system support. Judgement is also required to allocate the transaction price to each performance obligation, based on an estimation of the standalone selling price for scanning and the use of the residual method to determine a value for the provision of technology and support services.

- Revenue from RM Technology contracts – A number of judgements are made in the application of IFRS 15 *Revenue from contracts with customers* to certain RM Technology contracts. The most significant judgement relates to the determination that the provision of technology is a Right-to-Access arrangement and therefore should be recognised over time. The factors considered in making this judgement were the nature of services provided, i.e., licensed on a subscription basis, being centrally hosted and the customer is unable to take possession of the software.

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 2020 have been adopted. The following new interpretation has been adopted in the current period and have had limited impacted on the reported results or the financial position other than that set out in Note 33.

- As set out in more details in Note 33, the IFRIC interpretation of IAS 38 for customisation or configuration costs in a SaaS arrangement has meant that we have expensed configuration costs (and some other associated development costs where we could not identify a separate asset) associated with the development of our ERP programme amounting to £8.3m in the year and a restatement of £3.9m in the amounts capitalised at 1 December 2020.

3. REVENUE

	RM Resources Transactional £000	RM Technology Transactional £000	RM Technology Over time £000	RM Assessment Over time £000	Total Over time £000
Year ended 30 November 2021					
Supply of products	114,352	14,755	-	-	129,107
Rendering services	70	-	34,828	30,780	65,678
Licences	-	425	14,553	1,090	16,068
	114,422	15,180	49,381	31,870	210,853
	RM Resources Transactional £000	RM Technology Transactional £000	RM Technology Over time £000	RM Assessment Over time £000	Total Over time £000
Year ended 30 November 2020					
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

Each contract is analysed separately to identify the performance obligations and judgements made as to whether, for example, goods and services should be combined. For some contracts 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 £3,714,000 (2020: £2,305,000) are judged to be delivered over time. The associated transaction price will be dependent on over-time variables (such as volumes). The over-time period for scanning related revenues is over exam sessions, but this relatively short time span may fall into different external reporting periods. 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 as described in Note 2. This estimation was reassessed at 30 November 2021 in light of the impact of COVID-19 (on the UK and Internationally) and the Group have not had to materially change these estimates during the year. The Group assumes that script volumes will be lower in the UK in 2022 to those experienced in 2019 (pre- COVID-19) but higher than 2021.

The table below shows the time bands of the expected timing of revenue to be recognised on over time contracts at 30 November 2021.

	RM Technology Over time £000	RM Assessment Over time £000	Total Over time £000
Time bands of over-time contracts order book			
At 30 November 2021			
< 1 year	6,125	22,270	28,395
1-2 years	5,044	19,417	24,461
2-5 years	7,934	18,224	26,158
>5 years	-	1,040	1,040
	19,103	60,951	80,054
	RM Technology Over time £000	RM Assessment Over time £000	Total Over time £000
At 30 November 2020			
< 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

The order book represents the consideration the Group will be entitled to receive from customers when the Group satisfies the remaining performance obligations that are not yet met from contracts in place at the balance sheet date. 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 Assessment (formerly RM Results) and RM Technology (formerly RM Education). The Chief Operating Decision Maker reviews segments at an adjusted operating profit level and adjustments are not allocated to segments.

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

	RM Resources* £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Year ended 30 November 2021					
Revenue					
UK	98,448	18,846	64,265	-	181,559
Europe	8,849	6,104	91	-	15,044
North America	1,882	-	138	-	2,020
Asia	772	1,036	-	-	1,808
Middle East	2,004	159	-	-	2,163
Rest of the world	2,469	5,724	66	-	8,259
	114,424	31,869	64,560	-	210,853
Adjusted profit/(loss) from operations	10,073	5,706	7,098	(4,408)	18,469
Investment income					28
Finance costs					(1,396)
Adjusted profit before tax					17,101
Adjustments (see Note 6)					(11,483)
Profit before tax					5,618

Year ended 30 November 2020	RM Resources* £000	RM Assessment £000	RM Technology £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 - restated	3,081	6,607	9,296	(3,903)	15,081
Investment income					21
Finance costs					(1,055)
Adjusted profit before tax - restated					14,047
Adjustments (see Note 6) - restated					(4,519)
Profit before tax - restated					9,528

* Included in UK are International Sales via UK Distributors of £1,186,000 (2020: £1,352,000).

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

Segmental assets

At 30 November 2021	RM Resources £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Segmental	125,670	24,153	15,960	2,517	168,300
Other					42,525
Total assets					210,825

At 30 November 2020 - restated	RM Resources £000	RM Assessment £000	RM Technology £000	Corporate Services £000	Total £000
Segmental	116,489	21,419	15,758	1,510	155,176
Other					14,621
Total assets					169,797

Included within the disclosed segmental assets are non-current assets (excluding deferred tax assets) of £138,439,000 (2020: £92,312,000) located in the United Kingdom, £7,124,000 (2020: £7,343,000) located in Australia and £554,000 (2020: £645,000) located in India. Other non-segmented assets includes defined benefit pension surplus, 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 2021 £000	Restated Year ended 30 November 2020 £000
Amortisation and impairment of intangible assets	14	2,406	3,004
		2,406	3,004
Depreciation and impairment of property, plant and equipment:			
- charged in cost of sales		631	686
- charged in operating expenses		4,493	3,032
	15, 16	5,124	3,718
Selling and distribution costs		24,642	22,919
Research and development costs		1,322	2,678
Administrative expenses - adjusted		26,200	26,522
Operating expenses - adjusted		52,164	52,119
Adjustments to administrative expenses (see Consolidated Income Statement)		11,483	4,154
Total operating expenses		63,647	56,273
Gain on disposal of property, plant and equipment		(1,449)	(949)
Gain on disposal of other asset		-	(713)
Cost of inventories recognised as an expense		76,746	68,653
Staff costs	7	63,733	60,561
Operating lease expense		127	121
Foreign exchange loss/(gain)		233	(229)
Inventory write-offs		506	1,529
Decrease in inventory obsolescence provision		(419)	(57)
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		50	36
- the audit of the Company's subsidiaries pursuant to legislation		335	334
Other fees payable to the Company's auditor:			
- other services		49	23
		434	393

6. ALTERNATIVE PERFORMANCE MEASURES

As set out in Note 2, the Group uses alternative performance measures that the Board believes reflects the underlying performance of the Group, and it is these adjusted measures that the Board use as the primary measures of performance measurement during the year.

Adjustments to cost of sales and administrative expenses

	Year ended 30 November 2021 £000	Restated Year ended 30 November 2020 £000
Adjustments to cost of sales		
Exceptional inventory adjustments	-	365
Adjustments to administrative expenses		
Amortisation of acquisition-related intangible assets	2,010	1,986
Dual running cost related to investment strategy	2,064	611
Sale of property	(1,399)	(670)
Configuration of SaaS licenses (ERP)	8,337	1,701
Onerous lease	471	-
Gain on sale of Essex LEP loan	-	(673)
Pension GMP	-	170
Restructuring costs	-	1,029
Total adjustments to administrative expenses	11,483	4,154
Total adjustments	11,483	4,519
Tax impact (Note 10)	(1,858)	(775)
Total adjustments after tax	9,625	3,744

The amortisation of acquisition related intangible assets is an annual recurring adjustment to profit that is a non-cash charge arising from investing activity. This adjustment is to clearly communicate with the investment analyst community in common with peer companies across the technology sector. The income generated from the use of these intangible assets is, however, included in the adjusted profit measures.

Other adjusted items:

These are items which are identified by virtue of either their size or their nature to be important to understanding the performance of the business including the comparability of the results year on year. 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.

In 2018, following a large acquisition in the Resources Division, the Group announced a new warehouse strategy which involved the disposal of 5 warehouses (including 3 warehouses from the newly acquired group of companies) into one new automated warehouse. Interlinked with the automation software is a requirement to change the ERP solution which is being rolled out across the whole Group. The Group believes that whilst this programme spans a number of years, its size, complexity and number of unusual costs and income are material to the understanding of the trading performance of the business including the comparability of results year on year. As a result, all significant costs or income relating to this programme have been treated as an adjustment to profit, consistently period to period. This programme is expected to complete by the end of 2022. The cumulative net adjustments of these interlinked investment programmes has been £15.8m expense to 30 November 2021 of which £0.9m remains unpaid.

During the year this programme included the following costs and income:

- Dual run related costs during the period (£1.0m), relate to costs associated with the new warehouse that is not yet fully operational but was acquired at the end of November 2020. These costs include items such as utilities, security and increased warehouse staff to test the new facility and to transfer inventory. Other dual run costs include IT costs (excluding configuration costs of SaaS licenses) being expensed that relate to running of IT systems not yet in use (£1.1m).
- During the period the Group disposed of one of the assets held for sale at 30 November 2020, which was a warehouse that will no longer be required following the estates strategy review. This warehouse sale generated proceeds of £3.2m and a profit after direct selling costs and costs of moving from the warehouse of £1.4m.

During the prior year this programme included the following costs and income:

- The gain on sale of a held-for-sale asset, which was a warehouse that will no longer be required following the estates strategy review (£0.7m).
- An adjustment to restructuring costs that related to the warehouse disposal (£0.1m) that were originally provided in 2018 as an adjusting item.
- An inventory obsolescence charge for inventory that was not compliant with the new automated solution (£0.4m).
- Dual run IT costs (excluding configuration costs of SaaS licenses) being expensed that relate to running of IT systems not yet in use (£0.6m).

In addition to the warehouse programme, the Group believes the following items to be significantly large enough and unusual enough to impact the understanding of the performance of the Group if not adjusted. In the year ended 30 November 2021, these items comprised:

- The impairment of a Right-of-Use asset and onerous service charges relating to a leased office, which no longer meets our requirements following a change in working practises after the COVID-19 pandemic (£0.5m). The costs relating to the new replacement leased office that meets working practises requirements is included in the segmental results.
- The configuration and customisation costs relating to our ERP programme "Evolution", which represents a significant investment. These costs total £8.3m.

During the year ended 30 November 2020 these items comprised:

- The sale of our investment in Essex LEP (£0.7m).
- A material restructuring programme that spanned 3 months was announced and completed prior to the COVID-19 pandemic (£0.9m) relating to the RM Technology and RM Assessment businesses.
- An adjustment to the estimated liability of equalising our GMPs in our defined benefit schemes and was treated as an adjustment for consistency, period to period. This followed a Court ruling in 2020 relating to the valuation of transfer values (£0.2m). In 2018 a charge of £1.2m was treated as an adjusting item.
- Following the IFRIC interpretation in 2021 relating to the accounting treatment for configuration and customisation costs in a cloud computing arrangement the costs associated with our ERP programme have been restated (as set out in Note 33) and amount to £1.7m.

Net debt is the total of borrowings (£19.7m (2020: £4.8m)), cash at bank (£3.6m (2020: £5.9m)) and overdraft (£2.1m (2020: £2.5m)) which was £18.3m as at 30 November 2021 (2020: £1.3m). Lease liabilities of £20.9m (2020: £22.2m) are excluded from this measure as they are not included in the measurement of net debt for the purpose of covenant calculations.

Average net debt is calculated by taking the net debt on a daily basis and dividing by number of days.

The above adjustments that arise during the year have the following impact on the cash flow statement:

	Year ended 30 November 2021			Restated Year ended 30 November 2020		
	Statutory	Adjustment	Adjusted	Statutory	Adjustment	Adjusted
	£000	£000	cash flows £000	£000	£000	cash flows £000
Profit before tax	5,618	11,483	17,101	9,528	4,519	14,047
Profit from operations	6,986	11,483	18,469	10,562	4,519	15,081
Net cash inflow from operating activities	3,792	8,917	12,709	19,397	3,511	22,908
Net cash used in investing activities	(11,759)	(3,214)	(14,973)	(2,279)	(4,460)	(6,739)
Net cash used in financing activities	6,026	-	6,026	(15,250)	-	(15,250)
Net increase in cash and cash equivalents	(1,941)	5,703	3,762	1,868	(949)	919

Adjusted cash conversion percentage is defined as adjusted cash inflow from operating activities as a percentage of adjusted profit before tax.

The adjustments have the following impact on key metrics:

	Year ended 30 November 2021			Restated Year ended 30 November 2020		
	Statutory	Adjustment	Adjusted	Statutory	Adjustment	Adjusted
	measure		measure	measure		measure
Gross profit (£000)	70,633	-	70,633	73,965	365	74,330
Profit from operations (£000)	6,986	11,483	18,469	10,562	4,519	15,081
Operating margin	3.0%	5.0%	9.0%	6.0%	2.0%	8.0%
Profit before tax (£000)	5,618	11,483	17,101	9,528	4,519	14,047
Tax (£000)	(1,424)	(1,858)	(3,282)	(1,893)	(775)	(2,668)
Profit after tax (£000)	4,194	9,625	13,819	7,635	3,744	11,379
Earnings per share (see Note 11)						
Basic	5.0p	11.6p	16.6p	9.2p	4.6p	13.8p
Diluted	5.0p	11.4p	16.4p	9.1p	4.5p	13.6p

Adjusted operating profit is defined as the profit before operations excluding the adjustments referred to above. Operating margin is defined as the operating profit as a percentage of revenue. The impact of tax is set out in Note 10.

7. 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 2021	Year ended 30 November 2020
	Number	Number
Research and development, products and services	1,474	1,346
Marketing and sales	280	258
Corporate services	239	199
	1,993	1,803

The above figures have been calculated on a Full Time Equivalent basis. The actual average number for the year is 1,990.

Aggregate emoluments of persons employed by the Group comprised:

	Year ended 30 November 2021	Year ended 30 November 2020
	£000	£000
Wages and salaries	56,828	51,025
Termination costs	367	1,261
Social security costs	4,217	4,004
Other pension costs	2,421	3,566
Share-based payments (Note 28)	(100)	705
	63,733	60,561

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

8. INVESTMENT INCOME

	Year ended 30 November 2021	Year ended 30 November 2020
	£000	£000
Bank interest	24	21
Other finance income	4	-
	28	21

9. FINANCE COSTS

	Note	Year ended 30 November 2021	Year ended 30 November 2020
		£000	£000
Borrowing facilities arrangement fees and commitment fees		462	469
Net finance costs on defined benefit pension scheme	26	254	83
Interest on lease of Right-of-Use assets		361	151
Interest on bank loans and overdrafts		319	352
		1,396	1,055

10. TAX

a) Analysis of tax charge in the Consolidated Income Statement

	Year ended 30 November 2021	Restated Year ended 30 November 2020
	£000	£000
Current taxation		
UK corporation tax	442	1,450
Adjustment in respect of prior years	(58)	(305)
Overseas tax	(94)	391
Total current tax charge	290	1,536
Deferred taxation		
Temporary differences	1,398	345
Adjustment in respect of prior years	(258)	21
Overseas tax	(6)	(9)
Total deferred tax charge	1,134	357
Total Consolidated Income Statement tax charge	1,424	1,893

The adjustment in respect of prior years' primarily relates to the final tax assessment relating to the property sold in the year ended 30 November 2020.

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

	Year ended 30 November 2021	Year ended 30 November 2020
	£000	£000
UK corporation tax		
Defined benefit pension scheme	(800)	(240)
Shared based payments	(10)	(18)
Pension escrow account	(328)	(328)
Deferred tax		
Defined benefit pension scheme movements	9,310	(2,408)
Defined benefit pension scheme escrow	328	297
Share-based payments	42	66
Fair value movements of hedging instruments	45	3
Deferred tax relating to the change in rate	1,822	(223)
Total Consolidated Statement of Comprehensive Income tax charge/(credit)	10,409	(2,851)

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 2021			Restated Year ended 30 November 2020		
	Adjusted £000	Adjustments £000	Total £000	Adjusted £000	Adjustments £000	Total £000
Profit/(loss) on ordinary activities before tax	17,101	(11,483)	5,618	14,047	(4,519)	9,528
Tax at 19% (2020: 19%) thereon:	3,249	(2,182)	1,067	2,669	(859)	1,810
Effects of:						
- change in tax rate on carried forward deferred tax assets	(27)	788	761	(137)	391	254
- other expenses not deductible for tax purposes	(52)	-	(52)	187	(111)	76
- non-taxable gains	-	(266)	(266)	-	-	-
- other temporary timing differences	212	-	212	54	-	54
- effect of profits in various overseas tax jurisdictions	18	-	18	53	-	53
- prior period adjustments - UK	(60)	(198)	(258)	(158)	(196)	(354)
- prior period adjustments - overseas	(58)	-	(58)	-	-	-
Tax charge/(credit) in the Consolidated Income Statement	3,282	(1,858)	1,424	2,668	(775)	1,893

The tax impact on the adjustments set out in Note 6 are as follows:

	2021		2020	
	Charge/(income) £000	Tax £000	Charge/(income) £000	Tax £000
Change in deferred tax rate	-	788	-	391
Prior year adjustments	-	-	-	(196)
Exceptional inventory adjustments	-	-	365	(69)
Amortisation of acquisition-related intangible assets	2,010	(383)	1,986	(377)
Dual running costs	1,017	(193)	-	-
Sale of property	(1,399)	-	(670)	65
Configuration of SaaS licenses (ERP)	9,384	(1,783)	2,312	(439)
Onerous lease	471	(89)	-	-
Gain on sale of Essex LEP loan	-	-	(673)	46
Pension GMP	-	-	170	-
Restructuring costs	-	-	1,029	(196)
Prior year adjustments	-	(198)	-	-
	11,483	(1,858)	4,519	(775)

The impact of the change in deferred tax rate of £788,000 relates only to those items that have been previously classified as adjusting items. The impact of the change in deferred tax on other items is not included in the £788,000 above.

Factors that may affect future tax charges

The standard rate of corporation tax in the UK for the period is 19%. An increase in the UK corporate tax rate from 19% to 25% from April 2023 was substantially enacted in May 2021. The deferred tax balances that are anticipated to unwind after April 2023 have been updated to reflect this change in legislation.

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	Defined	Share-based	Short-term timing	Acquisition-related	Total
	depreciation	benefit pension				
	£000	£000	£000	£000	£000	£000
At 1 December 2019	716	1,016	423	1,274	(3,328)	101
(Credit)/charge to income	(387)	-	162	(121)	(11)	(357)
Credit/(charge) to other comprehensive income	-	2,527	(66)	(211)	-	2,250
At 30 November 2020	329	3,543	519	942	(3,339)	1,994
(Credit)/charge to income	(564)	-	(241)	77	(405)	(1,133)
Charge to other comprehensive income	-	(11,131)	(42)	(362)	-	(11,535)
At 30 November 2021	(235)	(7,588)	236	657	(3,744)	(10,674)

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 £486,000 (2020: £561,000) 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.

11. EARNINGS PER SHARE

	Year ended 30 November 2021			Restated Year ended 30 November 2020		
	Profit for	Weighted average	Pence per share	Profit for	Weighted average	Pence per share
	the year	number of shares		the year	number of shares	
	£000	'000		£000	'000	
Basic earnings per ordinary share						
Basic earnings	4,194	83,150	5.0	7,635	82,576	9.2
Adjustments (see Note 6)	9,625	-	11.6	3,744	-	4.6
Adjusted basic earnings	13,819	83,150	16.6	11,379	82,576	13.8
Diluted earnings per ordinary share						
Basic earnings	4,194	83,150	5.0	7,635	82,576	9.2
Effect of dilutive potential ordinary shares: share-based payment awards	-	1,302	-	-	888	(0.1)
Diluted earnings	4,194	84,452	5.0	7,635	83,464	9.1
Adjustments (see Note 6)	9,625	-	11.4	3,744	-	4.5
Adjusted diluted earnings	13,819	84,452	16.4	11,379	83,464	13.6

The adjustments are detailed in Note 6.

12. DIVIDENDS

Amounts recognised as distributions to equity holders were:

	Year ended 30 November 2021	Year ended 30 November 2020
	£000	£000
Final dividend for the year ended 30 November 2020 – 3.0p per share (2019: nil p)	2,497	-
Interim dividend for the year ended 30 November 2021 – 1.7p per share (2020: nil p)	1,416	-
	3,913	-

The proposed final dividend of 3.00p per share for the year ended 30 November 2021 was approved by the board on 14 February 2022. The dividend is subject to approval by Shareholders at the annual general meeting. The anticipated cost of this dividend is £2,481,000.

13. GOODWILL

Group	£000
Cost	
At 30 November 2019	58,801
Exchange differences	215
At 30 November 2020	59,016
Exchange differences	(120)
At 30 November 2021	58,896
Accumulated impairment losses	
At 1 December 2019, 30 November 2020 and 30 November 2021	(9,694)
Carrying amount	
At 30 November 2021	49,202
At 30 November 2020	49,322

The carrying amount of goodwill is allocated to two cash-generating units as follows:

Group	Year ended 30 November 2021 £000	Year ended 30 November 2020 £000
RM Resources	42,208	42,208
RM Assessment	6,994	7,114
	49,202	49,322

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

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 cash flows, the discount rates and the growth rates. 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% (2020: 2.0%) which aligns to market growth and inflation expectations.

Pre-tax discount rates used are 13.4% for RM Resources and 12.4% for RM Assessment (2020: RM Resources 15.3% and RM Assessment 13.9%). 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 and risks 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. Reasonable changes in discount rate used do not change the outcome of the impairment review so no sensitivity data is disclosed.

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

Sensitivity analysis

The sensitivity of goodwill carrying values to reasonably possible changes in key assumptions has been performed and would not give rise to an impairment.

14. 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 2019 - as reported	2,187	18,066	2,876	1,958	6,101	31,188
IAS 38 restatement (Note 33)	-	-	-	-	(2,226)	(2,226)
At 1 December 2019 - as restated	2,187	18,066	2,876	1,958	3,875	28,962
Additions	-	-	-	-	768	768
Exchange differences	98	-	149	-	(13)	234
Disposals	-	-	-	(4)	-	(4)
At 30 November 2020 - as restated	2,285	18,066	3,025	1,954	4,630	29,960
Additions	-	-	-	-	6,977	6,977
Transfers between categories	-	-	-	-	(110)	(110)
Exchange differences	(54)	-	(89)	-	(1)	(144)
Disposals	-	-	-	(630)	-	(630)
At 30 November 2021	2,231	18,066	2,936	1,324	11,496	36,053
Accumulated amortisation and impairment losses						
At 1 December 2019 - as reported	626	3,026	154	1,268	2,840	7,914
IAS 38 restatement (Note 33)	-	-	-	-	(6)	(6)
At 1 December 2019 - as restated	626	3,026	154	1,268	2,834	7,908
Charge for the year	454	1,207	325	473	297	2,756
Impairment	-	-	-	-	248	248
Exchange differences	28	-	20	-	(12)	36
Disposals	-	-	-	(4)	-	(4)
At 30 November 2020 - as restated	1,108	4,233	499	1,737	3,367	10,944
Charge for the year	428	1,257	325	216	180	2,406
Transfers between categories	-	-	-	-	(20)	(20)
Exchange differences	(29)	-	(22)	-	(1)	(52)
Disposals	-	-	-	(630)	-	(630)
At 30 November 2021	1,507	5,490	802	1,323	3,526	12,648
Carrying amount						
At 30 November 2021	724	12,576	2,134	1	7,970	23,405
At 30 November 2020	1,177	13,833	2,526	217	1,263	19,016

Other software assets additions include £6.9m (2020: £0.8m) relating to the new ERP solution under construction.

15. 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 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
Additions	-	842	7,097	926	1	8,866
Transfers between categories	-	-	-	110	-	110
Exchange differences	-	(5)	(5)	(15)	(2)	(27)
Reclass to assets held for sale (Note 20)	-	-	427	-	-	427
Disposals	-	-	(5)	(404)	(20)	(429)
At 30 November 2021	-	5,086	18,314	9,196	206	32,802
Accumulated depreciation and impairment						
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
Charge for the year	-	99	566	443	39	1,147
Transfers between categories	-	-	-	20	-	20
Reclass to assets held for sale (Note 20)	-	-	375	-	-	375
Exchange differences	-	(3)	(4)	(5)	(2)	(14)
Disposals	-	-	(2)	(357)	(16)	(375)
At 30 November 2021	-	4,026	4,805	7,568	186	16,585
Carrying value						
At 30 November 2021	-	1,060	13,509	1,628	20	16,217
At 30 November 2020	-	319	6,930	1,112	62	8,423

The leasehold improvements during the year relate to the depreciation charged on the Right-of-Use lease for our new warehouse recapitalised whilst work is ongoing to make it fully operational.

16. 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
Additions	1,322	1,682	50	3,054
Disposals	(1,215)	(504)	(25)	(1,744)
At 30 November 2021	19,958	2,570	517	23,045
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
Charge for the year	2,785	653	173	3,611
Impairment	366	-	-	366
Disposals	(793)	(489)	(12)	(1,294)
Transfers	(1)	1	-	-
At 30 November 2021	3,855	843	329	5,027
Carrying value				
At 30 November 2021	16,103	1,727	188	18,018
At 30 November 2020	18,353	714	324	19,391

The most significant Right-of-Use asset is the new automated warehouse (see Note 6) of circa £13.4m cost and a net book value at 30 November 2021 of £12.5m.

17. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Company at 30 November 2021 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	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 179 Queen Street, Melbourne, Victoria, VIC 3000, 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 and Hammond Bridge Limited were 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 2019	112,470	13,355	125,825
Share-based payments	-	705	705
At 30 November 2020	112,470	14,060	126,530
Share-based payments	-	(100)	(100)
At 30 November 2021	112,470	13,960	126,430
Carrying value			
At 30 November 2021	112,470	13,960	126,430
At 30 November 2020	112,470	14,060	126,530

At 30 November 2021 an impairment review was undertaken which indicated that no impairment in the investments held by the Company was required (2020: nil). The impairment review was performed using a value in use model which uses the same cash flows used in the impairment review performed in relation to the Group's assets which are disclosed in Note 13 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 reasonably possible change in cash flows would not give rise to an impairment.

18. INVENTORIES

Group	2021 £000	2020 £000
Finished goods	19,055	18,594

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

19. CONTRACT FULFILMENT ASSETS

Group	2021 £000	2020 £000
At 1 December	4,148	3,037
Additions	2,862	1,906
Foreign exchange	(35)	66
Amortised in the period	(1,446)	(861)
At 30 November	5,529	4,148

	2021 £000	2020 £000
Analysed by:		
Current	1,360	728
Non-current	4,169	3,420
At 30 November	5,529	4,148

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.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	Restated 2020	2021	2020
	£000	£000	£000	£000
Current				
Financial assets				
Trade receivables	21,792	22,907	-	-
Other receivables	1,629	1,751	-	-
Derivative financial instruments	164	-	-	-
Accrued income from customer contracts	2,667	1,744	-	-
Amounts owed by Group undertakings	-	-	1	-
	26,252	26,402	1	-
Non-financial assets				
Prepayments	7,613	5,073	105	48
	33,865	31,475	106	48
Non-current				
Financial assets				
Amounts owed by Group undertakings	-	-	7,263	7,329
Other receivables	82	63	-	-
	82	63	7,263	7,329
	33,947	31,538	7,369	7,377
Currency profile of receivables				
Sterling	29,332	28,162	106	48
US Dollar	2,613	1,190	-	-
Australian Dollar	178	390	7,263	7,329
Euro	112	143	-	-
Indian Rupee	657	619	-	-
Singapore Dollar	341	613	-	-
Other	714	421	-	-
	33,947	31,538	7,369	7,377

The amounts owed by Group undertakings to the Company are repayable on demand and bear interest at SONIA 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 Group's accrued income from customer contracts 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 and customer contracts by type of customer

Group	2021 £000	2020 £000
Government	13,241	14,033
Commercial	11,218	10,618
	24,459	24,651

Trade receivables included an allowance for estimated irrecoverable amounts at 30 November 2021 of £1,080,000 (2020: £1,030,000), 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. Amounts are written off when there is no further cost benefit in pursuing further legal action.

Allowance for estimated irrecoverable amounts

Group	2021 £000	2020 £000
At 1 December	1,030	259
Increase in allowance	157	1,032
Amounts written off in the year	(107)	(261)
	1,080	1,030

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

Ageing of customer contract balances

Group	2021			2020		
	Customer contracts £000	Allowance £000	Net £000	Customer contracts £000	Allowance £000	Net £000
Not past due	17,522	-	17,522	19,433	-	19,433
Overdue by less than 60 days	5,357	-	5,357	3,826	-	3,826
Overdue by between 60 and 90 days	1,049	(89)	960	783	(122)	661
Overdue by more than 90 days	1,611	(991)	620	1,639	(908)	731
	25,539	(1,080)	24,459	25,681	(1,030)	24,651

The following table shows the movements in customer contract balances and the performance obligations satisfied in the year:

	Trade Receivables*	Accrued income	Deferred revenue	Total customer contract balances	Contract fulfilment asset
	£000	£000	£000	£000	£000
At 1 December 2019	21,343	2,384	(16,823)	6,904	3,037
Invoices generated in period	225,782	-	-	225,782	-
Performance obligations satisfied	-	(52,136)	63,088	10,952	-
New performance obligations accrued	-	51,495	(65,670)	(14,175)	-
New contract fulfilment costs incurred	-	-	-	-	1,907
Contract fulfilment assets amortised in line with performance obligations satisfied	-	-	-	-	(862)
Cash paid	(224,969)	-	-	(224,969)	-
Movement in provision	981	-	-	981	-
Written off	(261)	-	-	(261)	-
Impact of foreign exchange	31	-	(73)	(42)	66
At 30 November 2020	22,907	1,743	(19,478)	5,172	4,148
Invoices generated in period	243,122	-	-	243,122	-
Performance obligations satisfied	-	(47,681)	54,819	7,138	-
New performance obligations accrued	-	48,778	(52,680)	(3,902)	-
New contract fulfilment costs incurred	-	-	-	-	2,862
Contract fulfilment assets amortised in line with performance obligations satisfied	-	-	-	-	(1,446)
Cash paid	(244,283)	-	-	(244,283)	-
Movement in provision	171	-	-	171	-
Written off	(107)	(173)	-	(280)	-
Impact of foreign exchange	(18)	-	43	25	(35)
At 30 November 2021	21,792	2,667	(17,296)	7,163	5,529

* Includes sales taxes

Customer contract invoices are raised on the following basis:

- For point in time revenue streams – invoicing raised on delivery of performance obligations.
- For over time revenue streams in RM Technology – the majority of contract invoicing is either in advance (monthly, quarterly, or annually) or quarterly in arrears.

For over time revenue streams in RM Assessment – invoicing varies contract to contract and between performance obligations and can be materially different to the satisfaction of the related performance obligations in timing.

21. ASSETS HELD FOR SALE

Following the acquisition of The 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 ended 30 November 2020, and the property in Kirby-in Ashfield in 2021 (the amortised cost of the property and other fixed assets integral to the property was £1,712,000). One remaining property in Trowbridge remains as held for sale on which we have exchanged contracts and anticipate completion in 2022. The amortised cost of the property and other fixed assets integral to the remaining property is £3,034,000 and was reclassified (from property, plant and equipment and selected computer hardware) to a current asset held for sale in the year ended 30 November 2020. The assets are included within the Resources Division.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Current liabilities				
Financial liabilities				
Trade payables	21,277	20,620	-	-
Lease liabilities	3,126	4,067	-	-
Other taxation and social security	4,603	6,847	-	-
Other payables	2,893	2,503	-	-
Derivative financial instruments	-	76	-	-
Accruals	15,443	10,740	118	151
Amounts owed to Group undertakings	-	-	49,602	64,122
	47,342	44,853	49,720	64,273
Non-financial liabilities				
Deferred income from customer contracts	14,027	16,638	-	-
	61,369	61,491	49,720	64,273
Non-current liabilities				
Financial liabilities				
Lease liabilities				
- due after one year but within two years	1,993	2,301	-	-
- due after two years but within five years	4,975	4,500	-	-
- after five years	10,835	11,346	-	-
Non-financial liabilities				
Deferred income from customer contracts				
- due after one year but within two years	1,496	1,356	-	-
- due after two years but within five years	1,138	1,309	-	-
- after five years	635	175	-	-
	21,072	20,987	-	-
	82,441	82,478	49,720	64,273

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

Currency profile of trade and other payables	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Sterling	73,882	77,072	49,720	64,273
US Dollar	699	972	-	-
Australian Dollar	3,586	1,600	-	-
Indian Rupee	1,704	755	-	-
Other	2,570	2,079	-	-
	82,441	82,478	49,720	64,273

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	2021 £000	2020 £000
Bank loan	(20,000)	(5,000)
Add capitalised fees	256	221
Borrowings	(19,744)	(4,779)

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.

Changes in liabilities arising from financing activities

	At 1 December 2020 £000	Financing cash flows £000	New leases £000	Lease break exercised £000	Other £000	At 30 November 2021 £000
Lease liabilities	22,214	(4,250)	3,054	(450)	361	20,929
Bank loan	4,779	14,189	-	-	776	19,744
Total liabilities from financing activities	26,993	9,939	3,054	(450)	1,137	40,673

	At 1 December 2019 £000	Financing cash flows £000	New leases £000	Lease break exercised £000	Other £000	At 30 November 2020 £000
Lease liabilities	7,031	(2,674)	19,168	(1,462)	151	22,214
Bank loan	16,534	(12,576)	-	-	821	4,779
Total liabilities from financing activities	23,565	(15,250)	19,168	(1,462)	972	26,993

The total cash outflow from leases was £4.4m (2020: £2.8m).

24. PROVISIONS

Group	Dilapidations and onerous lease £000	Employee-related restructuring £000	Contract risk provisions £000	Total £000
At 1 December 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
Utilisation of provisions	(90)	(80)	(358)	(528)
Release of provisions	-	(33)	(806)	(839)
Increase in provisions	316	-	170	486
Impact of foreign exchange	(12)	1	-	(11)
At 30 November 2021	1,450	916	1,175	3,541

Employee-related restructuring provisions refer to costs arising from restructuring to meet the future needs of the Group. As described in Note 6, the Group is undergoing an estates review and in 2020 £0.1m of the utilisation related to this programme. A separate restructuring programme was announced in December 2019 and completed during the prior year with £0.1m paid in 2021. The remaining restructuring provision is expected to be utilised during 2022 as we complete the estates strategy.

Contract risk provisions includes items not covered by any other category of which the most significant items are the risk provisions from ended long term contracts. During 2021, the release of £806,000 (2020: £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 2021 the Group utilised part of an onerous contract provision and was able to release the remaining provision on contract re-negotiation.

During the year the Group decided to leave one property that was no longer suitable in a post COVID-19 environment requiring collaborative working and have expensed an onerous lease provision of £104,000. Dilapidations increased by £212,000 during the year and arise from an updated surveyors report on one lease.

During the year the overall movement on long-term provisions was a decrease of £2,523,000 (2020: increase of £130,000). This is primarily a reclassification to current provisions as certain dilapidation provisions and redundancy provisions are anticipated to be paid in 2022 aligned to the warehouse strategy.

Disclosure of provisions

Group	2021 £000	2020 £000
Current liabilities	2,066	435
Non-current liabilities	1,475	3,998
	3,541	4,433

The non-current liabilities include onerous property provisions and dilapidations provisions of £370,000 which are anticipated to be paid over 2-5 years, with the remaining non-current provisions relating to certain contract risk provisions.

25. SHARE CAPITAL AND RESERVES

Company and Group share capital

Allotted, called-up and fully paid:	Ordinary shares of 2½p	
	'000	£000
As at 30 November 2019, 2020 and 2021	83,875	1,917

Ordinary shares issued carry no right to fixed income.

The capital redemption reserve in the Company and Group, arose from the repurchase of issued share capital. It is distributable.

The Group hedging reserve arises from cash flow hedges entered into by the Group. The reserve is distributable in the entities in which it arises unless it relates to unrealised gains £164,000 (2020: £nil).

The Group translation reserve arises on consolidation from the unrealised movement of foreign exchange on the net assets of overseas entities. This reserve is not distributable.

26. PENSION 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 £2,255,000 (2020: £2,861,000) represents contributions payable to these schemes by the Group at rates specified in employment contracts. At 30 November 2021 £257,000 (2020: £223,000) 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 £165,000 (2020: £157,000). The amount due in respect of these schemes at 30 November 2021 was £77,000 (2020: £75,000). The balance sheet liability is included within provisions and incorporates information from over 17 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 judgement 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

As described in Note 2, 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 (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 Limited 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 2021 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. The triennial valuation as at 31 May 2021 is in progress but not yet finalised.

At 30 November 2020 there were amounts outstanding of £308,300 (2020: £308,000) for one month's deficit payment and £nil (2020: £nil) for Scheme expenses.

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 and now RM Educational Resources Limited) 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. From 28 February 2011 the scheme was closed to future accruals.

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 December 2019 by a qualified independent actuary. IAS 19 *Employee Benefits (revised)* liabilities at 30 November 2021 have been rolled forward based on this valuation's base data.

As at 31 December 2019, the triennial valuation for statutory funding purposes showed a deficit of £5.9m. The Group agreed with the Scheme Trustees that it will repay this amount via deficit catch-up payments of £703,000 per annum until 31 December 2028. The triennial valuation as at 31 May 2021 is in progress but not yet finalised.

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

		Year ended 30 November 2021	Year ended 30 November 2020
	Note	£000	£000
Administrative expenses and taxes		(52)	(7)
Current service costs		-	(30)
Operating expense		(52)	(37)
Interest cost		(4,827)	(5,611)
Interest on Scheme assets		4,573	5,528
Net interest expense	9	(254)	(83)
Past service costs		-	(350)
Expense recognised in the Income Statement		(306)	(470)
Effect of changes in demographic assumptions		620	(406)
Effect of changes in financial assumptions		(3,203)	(44,944)
Effect of experience adjustments		847	2,197
Total actuarial losses		(1,736)	(43,153)
Return on Scheme assets excluding interest on Scheme assets		46,596	26,851
Income/(expense) recognised in the Statement of Comprehensive Income		44,860	(16,302)
Income/(expense) recognised in total comprehensive income		44,554	(16,772)

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. The strong returns on assets over the period are largely as a result of the ongoing market recovery following the COVID-19 pandemic. In particular the RM Scheme invests significantly in return-seeking assets such as global equities which have seen very strong returns. The effect of strong equity returns coupled with the Scheme's high levels of hedging have had a positive impact on the assets over the year.

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 2021, the Group has reviewed and revised the previous approach to setting the RPI and CPI assumptions to reflect the expectations that these reforms proceed as planned.

Reconciliation of the Scheme assets and obligations through the year

	RM Scheme £000	CARE Scheme £000	Platinum Scheme £000	Year ended 30 November 2021 £000	Year ended 30 November 2020 £000
Assets					
At start of year	268,149	15,918	2,994	287,061	257,164
Interest on Scheme assets	4,285	240	48	4,573	5,528
Return on Scheme assets excluding interest on Scheme assets	44,910	1,631	55	46,596	26,851
Administrative expenses	-	-	(52)	(52)	(7)
Contributions from Group	3,700	696	54	4,450	4,094
Contributions from employees	-	-	-	-	6
Benefits paid	(4,322)	(627)	(38)	(4,987)	(6,575)
At end of year	316,722	17,858	3,061	337,641	287,061
Obligations					
At start of year	(280,888)	(22,497)	(2,329)	(305,714)	(263,139)
Interest cost	(4,460)	(331)	(36)	(4,827)	(5,611)
Actuarial losses	(1,152)	(342)	(242)	(1,736)	(43,153)
Benefits paid	4,322	626	39	4,987	6,575
Past service cost (GMP)	-	-	-	-	(350)
Current service costs	-	-	-	-	(30)
Contributions from employees	-	-	-	-	(6)
At end of year	(282,178)	(22,544)	(2,568)	(307,290)	(305,714)
Pension deficit	-	(4,686)	-	(4,686)	(19,318)
Pension surplus	34,544	-	493	35,037	665
Net pension surplus/(deficit)	34,544	(4,686)	493	30,351	(18,653)

Included within the CARE Scheme obligations is an unfunded liability of £161,000 (2020: £183,000) which is a liability of the Group and not the Scheme.

Reconciliation of net defined benefit obligation

	Year ended 30 November 2021 £000	Year ended 30 November 2020 £000
Net obligation at the start of the year	(18,653)	(5,975)
Cost included in Income Statement	(306)	(470)
Scheme remeasurements included in the Statement of Comprehensive Income	44,860	(16,302)
Cash contribution	4,450	4,094
Net pension surplus/(deficit)	30,351	(18,653)

Obligation by participant status

	Year ended 30 November 2021 £000	Year ended 30 November 2020 £000
Active	1,611	1,463
Vested deferreds	243,139	254,650
Retirees	62,540	49,601
	307,290	305,714

Under the current agreements, the Group expect to pay approximately £4,400,000 in contributions in the year ending 30 November 2022.

Value of Scheme assets

	Fair value hierarchy	Year ended 30 November 2021 £000	Year ended 30 November 2020 £000
Cash and cash equivalents, including escrow	Level 1	542	1,629
Equity instruments	Level 1	129,809	111,373
Equity instruments	Level 2	27,529	24,174
Debt instruments	Level 2	3,061	2,995
Liability-driven investments	Level 2	150,147	117,486
Insurance contract	Level 3	26,553	29,404
		337,641	287,061

Significant actuarial assumptions

	Year ended 30 November 2021	Year ended 30 November 2020
Discount rate (RM Scheme)	1.75%	1.60%
Discount rate (CARE Scheme)	1.75%	1.50%
Discount rate (Platinum Scheme)	1.75%	1.60%
Rate of RPI price inflation	3.15%	2.90%
Rate of CPI price inflation - period before 1 January 2030	2.15%	2.10%
Rate of CPI price inflation - period after 1 January 2030	3.15%	2.10%
Rate of salary increases (Platinum Scheme)	N/A	N/A
Rate of pensions increases		
pre 6 April 1997 service	1.50%	1.50%
pre 1 June 2005 service	2.90%	2.80%
post 31 May 2005 service	2.05%	2.00%
Post retirement mortality table	S2PA CMI 2020 1.25%	S2PA CMI 2019 1.25%
Weighted average duration of defined benefit obligation	24 years	23 years
Assumed life expectancy on retirement at age 65:		
Retiring at the accounting date (male member aged 65)	21.9	22.4
Retiring 20 years after the accounting date (male member aged 45)	23.3	23.7

Expected cash flows

	Year ended 30 November 2021 £000	Year ended 30 November 2020 £000
Expected employer contributions for the following year ended 30 November	4,450	4,583
Expected total benefit payments		
Year 1	4,194	3,831
Year 2	4,369	4,258
Year 3	4,493	4,625
Year 4	4,780	4,860
Year 5	5,346	5,334
Years 6–10	33,612	33,946

Key risks

The Schemes expose the Group to a number of risks:

- **Investment risk**
The Scheme holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- **Interest rate risk**
The Scheme's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Scheme holds assets such as equities and diversified growth funds the value of the assets and liabilities may not move in the same way.
- **Inflation risk**
A significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to deficits emerging.
- **Mortality risk**
In the event that members live longer than assumed a deficit will emerge in the Scheme.

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

	30 November 2021						30 November 2020
	Base	-0.1% discount rate	+0.1% discount rate	-0.1% RPI	+0.1% RPI	Life +1 yr	Base
	£m	£m	£m	£m	£m	£m	£m
Analysis of net balance sheet position:							
Fair value of Scheme assets	337.6	337.9	337.3	337.3	337.9	338.8	287.1
Present value of Scheme obligations	(307.3)	(314.3)	(300.6)	(301.4)	(313.5)	(318.7)	(305.7)
Net pension surplus/(deficit)	30.3	23.6	36.7	35.9	24.4	20.1	(18.6)
Actuarial assumptions:							
Discount rate (RM Scheme)	1.75%	1.65%	1.85%	1.75%	1.75%	1.75%	1.60%
Discount rate (CARE Scheme)	1.75%	1.65%	1.85%	1.75%	1.75%	1.75%	1.50%
Discount rate (Platinum Scheme)	1.75%	1.65%	1.85%	1.75%	1.75%	1.75%	1.60%
Rate of RPI	3.15%	3.15%	3.15%	3.05%	3.25%	3.15%	2.90%
Rate of CPI	2.15%	2.15%	2.15%	2.05%	2.25%	2.15%	2.10%
Mortality table	----- S2PA CMI 2020 1.25% -----						S2PA CMI 2019 1.25%

The significant actuarial assumptions 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 (2020: £7m) and a 0.1% movement in RPI has a c.£6m impact (2020: £5m).

Insurance assets

The RM Scheme also holds insurance policies covering benefits for some pensions in payment. The value of these annuities is £26.6m at 30 November 2021. This value has been calculated using the same assumptions as used to value the liabilities. The method of determining the value of the insurance annuities is determined by projecting the expected benefit payments using the agreed assumptions and then discounting the resulting cash flows back to 30 November 2021.

Liability driven investments (LDI)

The RM Scheme contains LDI portfolio of £150.18m at 30 November 2021. The portfolio is valued at market value as no bid valuation is available. The components of the LDI portfolio are determined by the Trustee's investment adviser with the aim to provide a good match to the Scheme's exposure to interest rate and inflation risks within the value of its liabilities.

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 2½p	
	Number '000	£000
At 1 December 2019	1,399	1,007
Shares released to award holders	(230)	(166)
At 30 November 2020	1,169	841
Shares released to award holders	(550)	(397)
At 30 November 2021	619	444

The valuation of the shares is weighted average cost. The maximum number of own shares held in the year was 1,168,921.

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").

Three awards were made under the PSP Scheme during the year ended 30 November 2021. 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 £1.416 per share and key assumptions include risk free rate of 0.17%, dividend yield of 1.48% and volatility of Company share price of 47%.

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. The awards issued in 2021 do not include an EPS vesting condition. 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 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	
Granted during the year	905,000	£2.23
Lapsed during the year	(710,825)	
Exercised during the year	(561,675)	
At 30 November 2021	1,636,000	

The plans outstanding at 30 November 2021 had a weighted average contractual life of 1.6 years (2020: 1.3 years). The weighted average exercise price was £nil (2020: £nil). The weighted average market share price at date of exercise was £2.09 (2020: £2.43).

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

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

a) Lease commitments

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	2021 £000	2020 £000
Within 1 year	7	23
In years 2 to 5 inclusive	2	2
	9	25

The Company has no operating leases.

b) Capital commitments

At 30 November 2021 amounts contracted but not provided for total £502,000 and relate to outstanding commitments on the ERP project cost (2020: £1,896,000). The Company had no capital commitments during the year.

31. FINANCIAL RISK MANAGEMENT

Carrying value of financial assets and financial liabilities

	Note	Group		Company	
		2021 £000	2020 £000	2021 £000	2020 £000
Financial assets					
Trade and other receivables – current	20	26,252	26,402	1	-
Trade and other receivables – non-current	20	82	63	7,263	7,329
Cash and short-term deposits		3,560	5,941	-	-
		29,894	32,406	7,264	7,329
Financial liabilities					
Trade and other payables – current	22	(47,342)	(44,853)	(49,720)	(64,273)
Trade and other payables – non-current	22	(17,803)	(18,147)	-	-
Bank loans and overdrafts		(21,826)	(7,259)	(19,744)	(4,779)
		(86,971)	(70,259)	(69,464)	(69,052)

All receivables classified as financial assets are loans and receivables except for forward foreign exchange contracts of £164,000 (2020: £nil) which are classified as fair value through profit or loss.

All liabilities classified as financial liabilities are held at amortised cost except for forward foreign exchange contracts of £nil (2020: £76,000) 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 £164,000 asset (2020: £76,000 liability) 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 Limited 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 11 to 18 months.

The total amount of outstanding forward foreign exchange contracts to which the Group was committed was:

Currency	Contract type	2021		Mark to market value £000	Fair value £000
		Forward contract value Currency '000	Forward contract value £000		
US Dollar	Buy	3,285	(2,442)	(2,458)	16
Indian Rupee	Buy	432,265	(4,084)	(4,232)	148
			(6,526)	(6,690)	164

Currency	Contract type	2020		Mark to market value £000	Fair value £000
		Forward contract value Currency '000	Forward contract 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

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 £6,526,000 (2020: £7,506,000) and fair value asset of £164,000 liability (2020: £76,000 liability) 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 credit of £222,000 (2020: debit of £385,000) 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 2021 (2020: 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*.

All Rupee forward contracts are settled on a net basis.

c) Foreign exchange rate sensitivity

The following table details how the Group's income and equity would increase/(decrease) if there were a 10% increase/(decrease) in the amount of the respective currency which could be purchased with £Sterling (assuming all other variables remain constant), for example from \$1.32:£1 to \$1.45:£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	2021		2020	
	Nominal value £000	Fair value £000	Nominal value £000	Fair value £000
Forward foreign exchange contracts	(6,526)	164	(7,506)	76

Sensitivity

Group	2021		2020	
	Income £000	Equity £000	Income £000	Equity £000
10% increase in foreign exchange rates against Sterling:				
US Dollar	(175)	(175)	(23)	(23)
Australian Dollar	(355)	(393)	(555)	(549)
Indian Rupee	82	397	8	325

All the forward exchange contracts mature within 1 year.

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 £15,789,000 (2020: £16,309,000) and the maximum borrowings position was £29,709,000 (2020: £29,619,000).

The Group has a committed revolving credit facility with HSBC Bank plc and Barclays Bank plc, which was originally signed on 5 July 2019 and which was extended on 22 September 2021. The facility expires on 4 July 2023. The facility is for £70,000,000 with an 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 2023 but has an option to extend for a further 1 year. The extension remains subject to agreement with the lenders but the Board has no reason to believe 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 at least 4 times interest cover/EBITDA and up to 2.5 times Net Debt/EBITDA. The £2.1m drawdown at the year end is not contractually due for repayment until 2023. Interest is payable quarterly based on the drawdown at this date.

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 Technology Division (which are included in other provisions).

The interest payable on loans under the revolving credit facility is between 2.65% and 3.25% above SONIA (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 £175,000 was paid in 2021. 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	2021			2020		
	Floating rate	Interest free	Total	Floating rate	Interest free	Total
	£000	£000	£000	£000	£000	£000
Sterling (overdraft)/cash and cash equivalents	(637)	134	(503)	(8)	84	76
US Dollar	-	167	167	-	1,704	1,704
Euro	-	86	86	-	158	158
Indian Rupee	402	450	852	-	108	108
Singapore Dollar	-	43	43	-	355	355
Australian Dollar	-	831	831	133	839	972
New Zealand Dollar	-	2	2	-	77	77
Swedish Krona	-	-	-	-	11	11
Cash and cash equivalents	(235)	1,713	1,478	125	3,336	3,461
Borrowings – Sterling	20,000	-	20,000	5,000	-	5,000

The weighted average effective interest rates at the balance sheet date on interest bearing financial assets and liabilities were as follows:

Group	2021		2020	
	Floating rate	Weighted average interest rate	Floating rate	Weighted average interest rate
	£000	%	£000	%
Financial assets:				
Cash and short-term deposits	3,560	0.77	5,941	0.41
Trade and other receivables (non-current)	-	-	-	-
Financial liabilities:				
Overdrafts	(2,082)	1.59	(2,480)	1.67
Loans	(20,000)	1.74	(5,000)	1.54

Interest rate risk sensitivity (assuming all other variables remain constant):

Group	2021		2020	
	Income sensitivity	Equity sensitivity	Income sensitivity	Equity sensitivity
	£000	£000	£000	£000
1% increase in interest rates	(185)	(185)	(15)	(15)
1% decrease in interest rates	185	185	15	15

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 20 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 investment grade banks. 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. The Group has access to overdraft and borrowing facilities (see Interest rate risk section) which mean that the Group can continue to meet its liabilities as they fall due despite having net current liabilities of £1.0m (2020: £0.4m). The levels of investment in the warehouse strategy and IT investment programmes have had a material impact on the cash position of the Group and are explained further in Note 6.

Maturity profile of financial liabilities

The table below highlights the maturity profile of the financial liabilities.

As at 30 November 2021	3 months					Total
	<3 months	to 1 year	1–2 years	2–5 years	over 5 years	
	£000	£000	£000	£000	£000	
Financial liabilities						
Trade payables	21,277	-	-	-	-	21,277
Lease liabilities	982	2,783	-	-	-	3,765
Other taxation and social security	4,603	-	-	-	-	4,603
Other payables	-	2,893	-	-	-	2,893
Accruals	13,408	2,035	-	-	-	15,443
	40,270	7,711	-	-	-	47,981
Lease liabilities due after 1 year	-	-	2,300	5,610	11,634	19,544
Borrowings	155	464	20,412	-	-	21,030
	40,424	8,175	22,712	5,610	11,634	88,555

As at 30 November 2020	3 months					Total
	<3 months	to 1 year	1–2 years	2–5 years	over 5 years	
	£000	£000	£000	£000	£000	
Financial liabilities						
Trade payables	20,620	-	-	-	-	20,620
Lease liabilities	982	2,783	-	-	-	3,765
Other taxation and social security	6,847	-	-	-	-	6,847
Other payables	-	2,503	-	-	-	2,503
Derivative financial instruments	62	14	-	-	-	76
Accruals	8,974	1,766	-	-	-	10,740
	37,485	7,066	-	-	-	44,551
Lease liabilities due after 1 year	-	-	2,654	5,359	12,592	20,605
Borrowings	22	65	5,058	-	-	5,145
	37,507	7,131	7,712	5,359	12,592	70,301

Capital management

The Group's policy is to maintain a strong capital base 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	Year ended
	30 November 2021	30 November 2020
	£000	£000
Short-term employee benefits	3,102	1,574
Post-employment benefits	70	86
Termination payments	-	129
Share-based payments	(5)	427
	3,167	2,216

Share-based payments above include a fair value charge for executive Directors of £220,917 credit (2020: £40,054) in respect of awards to David Brooks, £87,864 (2020: £199,686) in respect of Neil Martin and £9,045 (2020: £nil) in respect of Mark Berry.

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	Year ended
	30 November 2021	30 November 2020
	£000	£000
(Payments)/receipts:		
Management recharges	(940)	(891)
Net intercompany interest payable	(888)	(1,153)
Dividends received	6,000	5,000

Total amounts owed between the Company and its subsidiary undertakings are disclosed in Notes 20 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 £nil (2020: £800) to this school. At the year end there is a balance of £nil (2020: £nil) outstanding.

Informa plc

Patrick Neil Martell, Non-Executive Director of RM plc, is Chief Executive Officer of Informa plc. In the year a payment of £4,251 was made to Informa Markets (UK) Ltd, an indirect subsidiary of Informa plc, relating to an online subscription for legal guidance (2020: £3,900). At the year end there is a balance of £nil (2020: £nil) outstanding.

Bellevue Place Education Trust

Vicky Griffiths, a Non-Executive Director is a trustee of Bellevue Place Education Trust. RM Resources made sales of £234 (2020: £112) to this Trust. At the year end there is a balance of £nil outstanding (2020: £nil).

Independent Search Partnership

Vicky Griffiths, a Non-Executive Director is a partner of Independent Search Partnership. In the year a payment of £42,683 was made to Independent Search Partnership (ISP) relating to search fees for recruitment (2020: £nil). Vicky Griffiths did not participate in the decision to use ISP, she did not benefit financially in any way from the arrangement, and she was not involved in the provision of the recruitment services from ISP to RM. At the year end there is a balance of £nil outstanding (2020: £nil).

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 £792 (2020: £3,996) to this school. At year end there is a balance of £2 outstanding (2020: £891).

Restore Now

Charles Bligh, Non-Executive Director of RM plc, is the CEO of Restore plc, which is a supplier to RM of scanning and associated services. Since his appointment on 2 July 2021, the Group has purchased €217,500 and £1,204,279 services from Restore Digital Ltd (part of the Restore plc group). At the year end there is an unpaid balance of £nil outstanding. Charles was not involved in any discussions relating to the use of Restore plc group.

33. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

In April 2021, an IFRIC agenda decision was issued in relation to the accounting treatment for configuration and customisation costs in a cloud computing arrangement. This guidance clarified that in order for an intangible asset to be capitalised in relation to customisation and configuration costs in a software-as-a service (SaaS) arrangement, it is necessary for there to be control of the underlying software asset or for there to be a separate intangible asset which meets the definition in IAS 38 *Intangible Assets*. The Group's previous policy was to capitalise such customisation and configuration costs.

Our major investment IT systems programme, known as Evolution, is predominately using SaaS arrangements and third-party implementation partners to improve our systems and processes. Configuration and associated activity costs which had been previously capitalised during 2019 (£2.0m) and 2020 (£2.3m) will now be expensed following the IFRIC interpretation. The impairment charge expensed in 2020 of £0.7m relating to 2019 costs (now expensed), will be reversed. As the costs are material and do not relate to underlying trading, all Evolution Programme costs expensed through the Income Statement in both 2020 and 2021 will be disclosed as "Adjustments" in the Financial Statements and therefore not included within the Group's adjusted profit figures. These adjustments will include certain dual run costs such as the SaaS licenses themselves (prior to operational use of the system to which the licenses relate), training relating to the Evolution programme, data migration activities and other operating costs that were not previously capitalised (2020: £611,000 reclassified to adjusting expenses (see Note 6)).

In addition, as part of the strategy review currently underway the Directors consider that certain activities previously classified as Research and Development administration expenses and certain selling and distribution administration activities are more appropriately classified as Cost of Sales. Therefore for the year ended 30 November 2020, we have reclassified £0.1m from administration activities (£5.1m from R&D and £1.7m from selling & distribution) to cost of sales. This has had no impact on the operating profit reported.

These adjustments have the following impact on the primary statements for the year ended 30 November 2020:

Consolidated Income Statement	Year ended 30 November 2020		
	As reported £000	Restatement impact £000	Restated £000
Revenue	188,999	-	188,999
Cost of sales	(115,034)	(6,882)	(121,916)
Gross profit	73,965	6,882	67,083
Operating expenses	(61,489)	5,216	(56,273)
Impairment losses	(953)	705	(248)
Profit from operations	11,523	(961)	10,562
Investment income	21	-	21
Finance costs	(1,055)	-	(1,055)
Profit before tax	10,489	(961)	9,528
Tax	(2,075)	182	(1,893)
Profit for the year	8,414	(779)	7,635

Consolidated Statement of Comprehensive Income	Year ended 30 November 2020		
	As reported £000	Restatement impact £000	Restated £000
Profit for the year	8,414	(779)	7,635
Other comprehensive expense	(13,310)	-	(13,310)
Total comprehensive expense	(4,896)	(779)	(5,675)

Consolidated Balance Sheet	Year ended 30 November 2020			Year ended 30 November 2019		
	As reported £000	Restatement impact £000	Restated £000	As reported £000	Restatement impact £000	Restated £000
Non-current assets						
Goodwill	49,322	-	49,322	49,107	-	49,107
Intangible assets	22,354	(3,338)	19,016	23,274	(2,220)	21,054
Property, plant and equipment	8,423	-	8,423	9,183	-	9,183
Right-of-Use asset	19,391	-	19,391	-	-	-
Defined benefit pension scheme surplus	665	-	665	976	-	976
Other receivables	63	-	63	939	-	939
Contract fulfilment assets	3,420	-	3,420	2,193	-	2,193
Deferred tax assets	5,333	-	5,333	3,457	-	3,457
	108,971	(3,338)	105,633	89,129	(2,220)	86,909
Current assets						
Inventories	18,594	-	18,594	22,151	-	22,151
Trade and other receivables	31,317	158	31,475	31,238	-	31,238
Contract fulfilment assets	728	-	728	844	-	844
Held-for-sale asset	4,793	-	4,793	1,428	-	1,428
Tax assets	2,030	603	2,633	382	422	804
Cash at bank	5,941	-	5,941	5,534	-	5,534
	63,403	761	64,164	61,577	422	61,999
Total assets	172,374	(2,577)	169,797	150,706	(1,798)	148,908
Current liabilities						
Trade and other payables	(61,491)	-	(61,491)	(51,231)	-	(51,231)
Tax liabilities	(163)	-	(163)	(117)	-	(117)
Provisions	(435)	-	(435)	(1,585)	-	(1,585)
Overdraft	(2,480)	-	(2,480)	(4,006)	-	(4,006)
	(64,569)	-	(64,569)	(56,939)	-	(56,939)
Net current (liabilities)/assets	(1,166)	761	(405)	4,638	422	5,060
Non-current liabilities						
Other payables	(20,987)	-	(20,987)	(3,483)	-	(3,483)
Provisions	(3,998)	-	(3,998)	(3,868)	-	(3,868)
Deferred tax liability	(3,339)	-	(3,339)	(3,356)	-	(3,356)
Defined benefit pension scheme obligation	(19,318)	-	(19,318)	(6,951)	-	(6,951)
Borrowings	(4,779)	-	(4,779)	(16,534)	-	(16,534)
	(52,421)	-	(52,421)	(34,192)	-	(34,192)
Total liabilities	(116,990)	-	(116,990)	(91,131)	-	(91,131)
Net assets	55,384	(2,577)	52,807	59,575	(1,798)	57,777
Equity attributable to shareholders						
Share capital	1,917	-	1,917	1,917	-	1,917
Share premium account	27,080	-	27,080	27,080	-	27,080
Own shares	(841)	-	(841)	(1,007)	-	(1,007)
Capital redemption reserve	94	-	94	94	-	94
Hedging reserve	(65)	-	(65)	(411)	-	(411)
Translation reserve	(702)	-	(702)	(497)	-	(497)
Retained earnings	27,901	(2,577)	25,324	32,399	(1,798)	30,601
Total equity	55,384	(2,577)	52,807	59,575	(1,798)	57,777

Year ended 30 November 2020

Consolidated Cash Flow Statement

	As reported	Restatement	Restated
	£000	impact £000	£000
Profit before tax	10,489	(960)	9,529
Investment income	(21)	-	(21)
Finance costs	1,055	-	1,055
Profit from operations	11,523	(960)	10,563
Adjustments for:			
Pension GMP	170	-	170
Amortisation and impairment of intangible assets	3,778	(740)	3,038
Depreciation and impairment of property, plant and equipment	3,718	-	3,718
Gain on disposal of other asset	(713)	-	(713)
Gain on disposal of property, plant and equipment	(949)	-	(949)
Gain on foreign exchange derivatives	(625)	-	(625)
Share-based payment charge	705	-	705
Increase in provisions	1,443	-	1,443
Defined benefit pension scheme administration cost	37	-	37
Operating cash flows before movements in working capital	19,087	(1,700)	17,387
Decrease in inventories	3,557	-	3,557
Decrease in receivables	2,520	(158)	2,362
Increase in contract fulfilment assets	(1,111)	-	(1,111)
Movement in payables:			
Increase in trade and other payables	6,012	-	6,012
Utilisation of provisions	(2,284)	-	(2,284)
Cash generated from operations	27,781	(1,858)	25,923
Defined benefit pension scheme cash contributions	(4,094)	-	(4,094)
Tax paid	(2,589)	-	(2,589)
Net cash inflow from operating activities	21,098	(1,858)	19,240
Investing activities			
Interest received	21	-	21
Proceeds on disposal of investment asset	1,560	-	1,560
Proceeds on disposal of property, plant and equipment	2,900	-	2,900
Purchases of property, plant and equipment	(5,801)	-	(5,801)
Purchases of other intangible assets	(2,660)	1,858	(802)
Net cash used in investing activities	(3,980)	1,858	(2,122)
Financing activities			
Repayment of borrowings	(12,000)	-	(12,000)
Borrowing facilities arrangement and commitment fees	(226)	-	(226)
Interest paid	(501)	-	(501)
Payment of leasing liabilities	(2,523)	-	(2,523)
Net cash used in financing activities	(15,250)	-	(15,250)
Net increase in cash and cash equivalents	1,868	-	1,868
Cash and cash equivalents at the beginning of the year	1,528	-	1,528
Effect of foreign exchange rate changes	65	-	65
Cash and cash equivalents at the end of the year	3,461	-	3,461



SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Ex-dividend date for 2021 final dividend	17 March 2022
Record date for 2021 final dividend	18 March 2022
Last date for DRIP election	5 April 2022
Annual General Meeting	7 April 2022
Payment of 2021 final dividend	29 April 2022
Announcement of 2022 interim results	July 2022
Preliminary announcement of 2022 results	February 2023

GLOSSARY

The use of Company refers to RM plc.

The use of Group refers to RM plc and its subsidiary undertakings covered by the consolidated accounts.

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.

COMPANY SECRETARY

Mark Lágler

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