2014

CONNECTING
BUSINESS AND
CAREER AMBITIONS

RTC GROUP PLC

ANNUAL REPORT

for the year ended 31 December 2014

www.rtcgroupplc.co.uk
Stock Code: RTC

WELCOME TO **RTC GROUP**

RTC Group plc is an AIM listed recruitment business.

We focus on white and blue collar recruitment, providing temporary, permanent and contingent staff to a broad range of industries and clients in both domestic and international markets.

Getting around the report

Introduction to signposting devices

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FINANCIAL & OPERATIONAL HIGHLIGHTS

Group revenue
£51m
2013: £49m

Net fee income
£10m
2013: £9m

Profit from operations
£1.1m
2013: £0.9m

Profit before tax
£1.0m
2013: £0.7m

Basic earnings per share
5.92p
2013: 3.79p

ata

- Success of restructure in 2013 evident in improved margins and net fee income (gross profit) conversion rate.
- Continued investment in increasing consultant headcount and in providing first class training for those consultants positioning the business well for a higher rate of growth in 2015.

ganymede safety first, safety always

- Client base within the rail sector expanded and investment in the health and safety of our operatives was increased.
- RIG Energy was successfully integrated, enabling further expansion of our customer base and the diversification of labour supply into other safety critical environments.

GSS Global Staffing Solutions

- Continued to perform well against the back drop of the wind down in Afghanistan; delivering further efficiencies in cost management and delivery on that contract.
- Other income streams emerging.

CONTENTS

GROUP AT A GLANCE

RTC Group plc is an AIM listed recruitment business.

We focus on white and blue collar recruitment, providing temporary, permanent and contingent staff to a broad range of industries and clients in both domestic and international markets through three subsidiary companies.

ATA is predominantly a UK based recruitment business, Ganymede is focused on the supply of labour into safety critical environments and GSS provides managed service solutions for international clients.

Find out more about our businesses on **page 06**

ATA

Revenue
£23.9m

Net fee income
£5.2m

With over fifty years' accumulated knowledge and experience, ATA is one of the UK's leading engineering and technical recruitment consultancies. ATA is strategically focused into key operating divisions, to best meet the specific recruitment needs of their clients within vertical market sectors. Additionally the regional hub locations, with teams of dedicated recruitment experts, concentrate on permanent and contract opportunities within the engineering and manufacturing marketplace.

ATA's regional branch network makes it uniquely placed to deal with both regional SME businesses and larger national operations. ATA's consultants are experts within their locality, keeping abreast of industry and labour market trends within their regions, ensuring that this knowledge is imparted to clients at each stage of the recruitment process.

ATA's brand within the UK Engineering and Technical market place holds credibility and value; clients benefit from its partnership approach, with ATA being strongly positioned to attract the highest calibre of candidates for their business.

Industry sectors covered include:

- General Engineering
- Manufacturing
- Transport
- Built Environment
- Infrastructure
- Commercial
- Construction
- Sales
- Supply Chain & Logistics
- Scientific
- Chemical
- Energy & Utilities
- Defence & Aerospace
- Facilities Management

www.ata-recruitment.co.uk

GSS

Ganymede

Revenue
£12.8m

Net fee income
£2.0m

GSS is a staffing solutions and resource provider with a track record of delivery in some of the world's most hostile locations. GSS works with clients across the globe that are focused on delivering successful projects into sectors such as aerospace and defence, ports, mining, oil & gas, infrastructure and civil engineering.

Working closely with these clients, GSS can provide contract and permanent staffing solutions on an international basis, providing key teams of personnel into new projects and supporting on-going large scale project needs.

GSS typically recruit across a range of disciplines and skills from operators and supervisors, through to senior management levels, for roles located in both head offices and those hard to fill "remote locations".

Additionally GSS recruits for international corporate clients on a contingent and retained basis.

www.ata-gss.com

Supporting this International operation, GSS also manages the RTC Group's Indian office. The India office provides high quality recruitment support to companies looking to recruit staff either into or from India, or looking to set up a new venture in this fast growing economy. Using experience in India along with the Group's leading recruitment methodology, the Indian team source both permanent and contract candidates.

www.ata-india.net

Revenue
£12.5m

Net fee income
£2.1m

Ganymede supplies labour into safety critical environments. Its core business is the supply and operation of contingent labour within the rail industry. As a Link-up approved supplier, Ganymede is a leading provider of blue and white-collar skilled and semi-skilled labour, safety critical track personnel and technical staff on call-off and temporary term contracts. Additionally Ganymede Energy is a specialist engineering recruiter focussed on providing domestic and commercial gas engineers.

Ganymede also provides and manages contingent labour within the construction, infrastructure, highways, general civil engineering and utilities sectors.

www.ganymedesolutions.co.uk

CHAIRMAN'S **STATEMENT**

For the year ended 31 December 2014

I am pleased to present the final report for the year to 31st December 2014.

Group

2014 has again been a year of growth both in turnover and profit. As a result, although turnover growth was modest at £51m, representing an increase of 4% over 2013, we have achieved Group operating profits of £1.11m and a Group pre-tax profit of £1.02m, increases of 27% and 38% respectively versus the previous year. This is a clear indication of major increases in efficiency coupled with reductions in interest charges arising from more effective credit control.

Net cash from operating activities 'free-cash' has markedly increased partly as a result of increased profitability and partly arising from improvements in terms of trade, particularly in debtor days. In pursuance of Group strategy we have recommenced the payment of dividends and have made an acquisition for a cash consideration of £891,000.

"2014 has been a year of continuing growth both in turnover and operating profit. As a result we have achieved a pleasing improvement in Group operating profits to £1.11m to post a Group pre-tax profit of £1.02m."

Capital investment

Our enhanced trading performance has enabled us to continue carefully focused increases in capital expenditure with a particular emphasis on improvements in IT.

Acquisition

On 28th November we completed the purchase of RIG Energy Limited, a provider of contract and permanent gas engineers, extending and diversifying the range of safety critical clients served by Ganymede. RIG Energy has now been successfully integrated into Ganymede and has been rebranded Ganymede Energy. It achieved operating profits in the year to 31st December 2014 of £218,000 of which £43,000 were in December and are included in RTC Group's consolidated results for 2014.

Dividends

As stated in my report for the year to December 2013, we have established a policy of paying dividends to shareholders from free cash flow. In pursuance of this objective, during the year, the share premium account has been cancelled and the reserve transferred to the profit and loss account in accordance with approval given at our last Annual General Meeting. Your directors are satisfied that profitability, free cash flow and shareholder equity are now sufficiently robust to permit a modest return to the dividend list. During the year the Company paid a 2014 interim dividend of £67,558 (2013: £Nil) to its shareholders, which represented a payment of 0.5p per share (2013: Nil). Your directors have now recommended a further final dividend of £135,116 (1p per share), making a total of 1.5p per share for the year ended 31 December 2014 (2013: £Nil). A resolution regarding this recommended final dividend is to be considered at the Company's forthcoming 2015 Annual General Meeting, which is due to be held on 22 April 2015. If shareholders approve the recommended final dividend, then this will be paid on 24 April 2015 to all holders of shares who are on the register of members at the close of business on 27 March 2015, with an ex-dividend date of 26 March 2015.

The Group Board

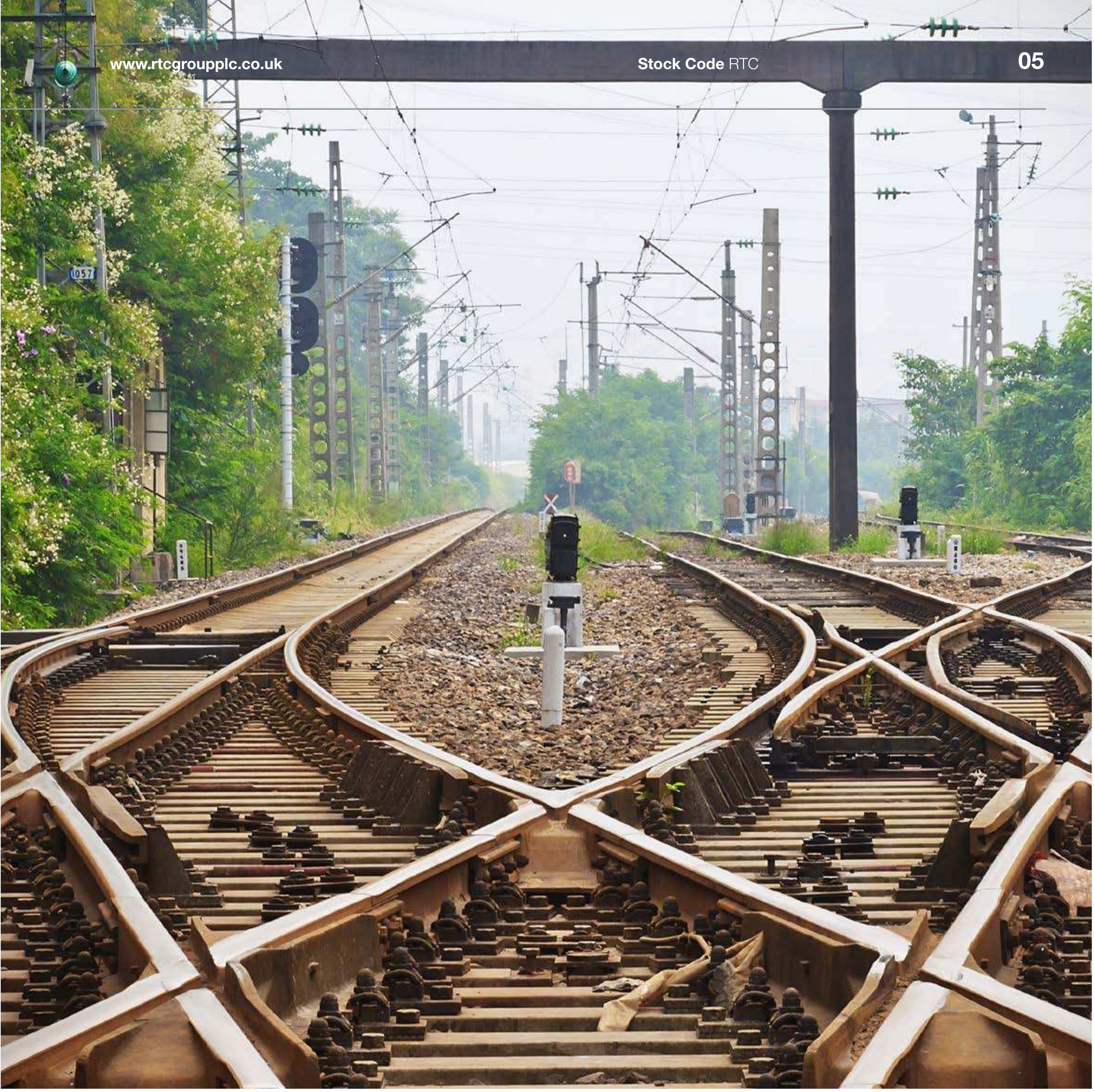
During the year, John White wished to pursue other business interests and consequently resigned his position as a director. I would like to thank John for his strong support during difficult times.

We have been fortunate in securing the services of Tim Jackson as a Non-Executive director. Tim has particularly relevant experience in recruitment as past finance director of Staffline Group Plc in a period of fast growth both organically and by acquisition. In addition to his role as Non-Executive director, Tim is a member of the remuneration and audit committees and provides help and advice in the identification and evaluation of potential acquisitions.

Outlook

In addition to the use of free cash flow to finance an acquisition and return to the payment of dividends, working capital improvements in ATA have permitted a significant investment in additional consultants.

As previously announced, Ganymede has been successful in achieving a further and significantly enhanced award as a result of the Network Rail CP5 procurement process. Ganymede will enter into a contract with Network Rail to provide contingent labour services including the supply of safety critical, track and E&P (electrification and plant) resources in the West, South West and North East England, the Midlands and Wales. The contract will run for a period of five years from April 2015 and has an estimated order book value of between £80m to £100m. Following this contract, Ganymede will be one of Network Rail's largest suppliers



of contingent labour to their maintenance and renewals programme. The outlook for other Ganymede rail business is promising and Ganymede Energy has made a strong start and is expected to perform well in 2015.

GSS continues to support NATO operations in Afghanistan through its contract with Kellogg Brown and Root (KBR) and whilst, as anticipated, the number of personnel is reducing, the withdrawal will be more gradual than originally anticipated and our support will continue into 2015 and possibly 2016. The business is also securing new contracts with KBR in other regions and is in discussions with a range of clients to provide workforce solutions on a range of non-military opportunities.

The Derby Conference Centre (DCC) continues to provide our prestigious Head Office location and is making steady profits providing facilities for us and other business users.

Although the global situation must continue to cause some apprehension, the UK economy continues to perform surprisingly well and we are confident that 2015 will see further growth.

Employees

As always, I should like to thank our staff at all levels for their loyalty, hard work and enthusiasm.

Bill Douie

Bill Douie
Chairman

2 March 2015

CHIEF EXECUTIVE'S **STRATEGIC REVIEW**

For the year ended 31 December 2014

1. Introduction

2014 began on an optimistic note having delivered a very positive set of results in 2013. Continuing this momentum, the delivery of another significant year of profit growth, was therefore the key strategic imperative for the Group Board. I am delighted to say that our results for this year have exceeded our original expectations at the beginning of the year.

All subsidiary businesses were profitable, established strong footholds in their respective markets and collectively delivered, for the third year in a row, increased sales, gross profit, operating profit and net cash collection.

I firmly believe that the turnaround plan and strategic actions set out five years ago by the Group Board to de-risk and rebuild the Group have achieved their desired effect and the Group now has an extremely exciting future ahead of it.

I have outlined in section 2 below, the key components of the turnaround plan and strategic actions which were agreed by the Group Board in 2008.

2. Turnaround/strategic action plan

In 2007/08 as newly appointed CEO I conducted an in depth review of the Groups' capabilities, resources and businesses. I identified a range of strategic issues which were the main obstacles to the successful growth of the business. Whilst the actions identified as solutions for each strategic issue would take varying lengths of time to be fully effective, the chart below captures the underlying issues, range of actions needed to drive the desired changes and the outcomes which have enabled the Group to reposition itself as a highly focused and profitable recruitment Group.

Strategic Issue	Action Taken	Outcome
Lack of vision/mission	• Examine core competencies and skills of Group • Discuss with employees and shareholders ambitions for Group • Establish new long term vision/ mission to communicate to management team and shareholders	• New mission/vision agreed: "To create a highly focussed recruitment Group supplying white and blue collar personnel to a broad range of clients in domestic and international markets"
Brand Strength	• Change Group name • Create new Group and subsidiary logos	• Name change from ATA to RTC Group • Refreshed/modernised brands and logos for Group and subsidiary businesses
Subsidiary company fit: • Competing not complementary brands • Loss making subsidiaries haemorrhaging cash and restraining reinvestment of other subsidiary profits	• Commitment by Board to revert to focussed recruitment Group • Exit non-recruitment activities • Complement existing ATA brand with international operation • Invest in the growth of Ganymede	• Group now has 3 core recruitment businesses: ATA, GSS and Ganymede • Note: whilst non-core, the Derby Conference Centre, which is Group headquarters, generates additional revenue from spare capacity • All businesses trade profitably

<table>
<tr><th>Strategic Issue</th><th>Action Taken</th><th>Outcome</th></tr>
<tr><td>Senior management team lacking depth and breadth of experience to grow Group to full potential</td><td>Incumbent key management team changed
Combination of internal promotion of existing management and appointment of external management
Senior management, training and development programme established</td><td>Each subsidiary business has industry experienced managing directors with full profit and loss responsibility and accountability
Subsidiary structures with succession plans and training programmes in place
Coaching of subsidiary MDs on continual basis by Group CEO</td></tr>
<tr><td>Business mix exposure across: clients, geographic delivery, margin type and order book</td><td>Focus on developing business with better mix of SME and Blue Chip clients
Shift of emphasis from permanent to temporary employment business
Establish international operation
Seek out long term order book opportunities</td><td>Business Shape Change:
<table>
<tr><th></th><th>5 years ago</th><th>Now</th></tr>
<tr><td>Client</td><td></td><td></td></tr>
<tr><td>SME</td><td>70</td><td>30</td></tr>
<tr><td>Large</td><td>30</td><td>70</td></tr>
<tr><td>Net Fee</td><td></td><td></td></tr>
<tr><td>Perm</td><td>80</td><td>30</td></tr>
<tr><td>Temp</td><td>20</td><td>70</td></tr>
<tr><td>Location</td><td></td><td></td></tr>
<tr><td>UK</td><td>100</td><td>75</td></tr>
<tr><td>Overseas</td><td>0</td><td>25</td></tr>
<tr><td>Order Book</td><td></td><td></td></tr>
<tr><td>Spot</td><td>90</td><td>40</td></tr>
<tr><td>Booked</td><td>10</td><td>60</td></tr>
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It is especially pleasing that the Group achieved this challenging turnaround plan in the midst of a severe recession hitting the World economy and in particular the United Kingdom recruitment sector, which was brutally affected. Whilst many in the sector failed to survive the severity of its impact, RTC Group has doubled revenue, significantly improved its balance sheet and laid the foundations for the next phase of the Group's growth plan.

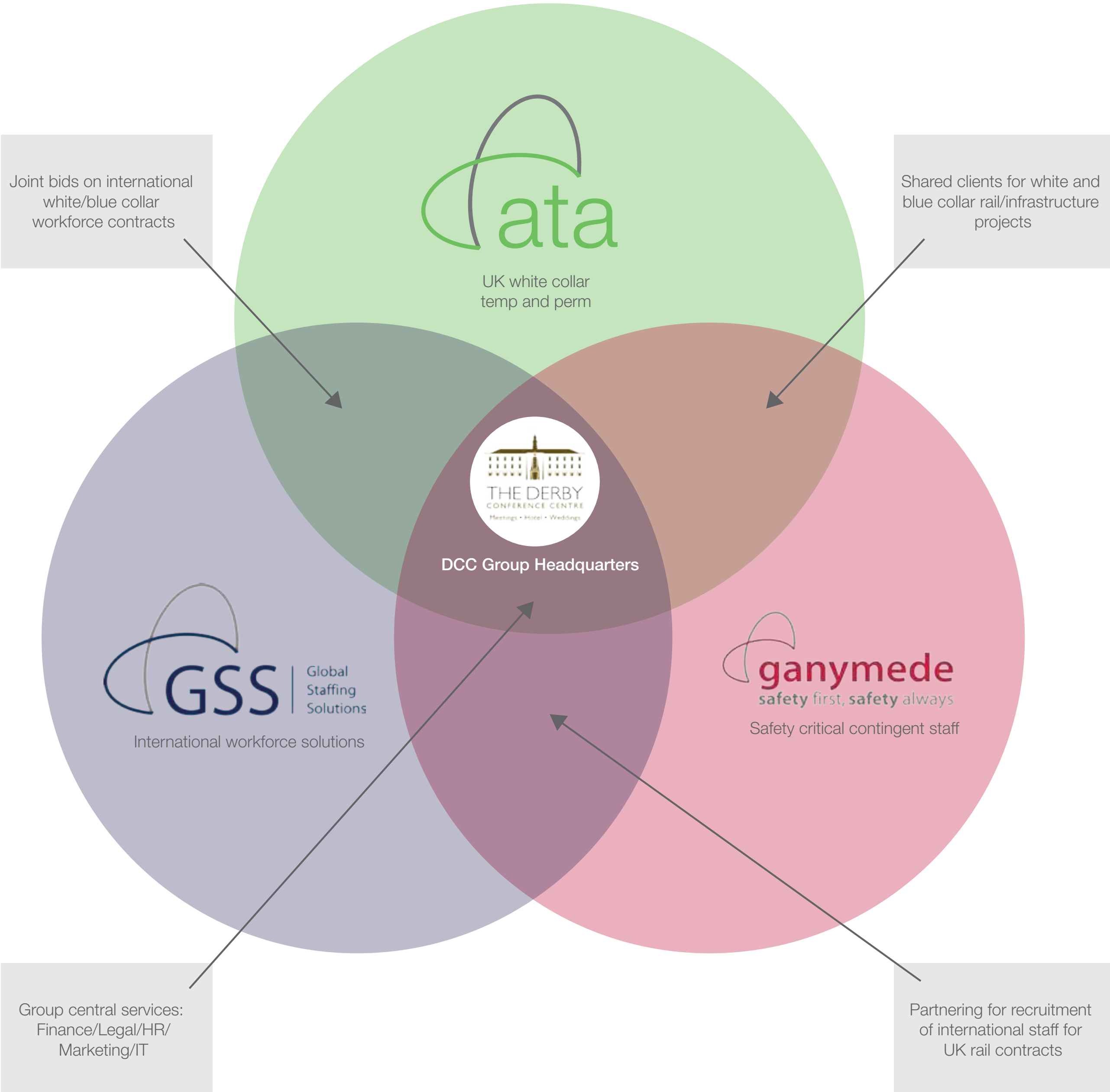
CHIEF EXECUTIVE'S
STRATEGIC REVIEW
For the year ended 31 December 2014

3. Group Structure
We now have a very clear and focussed structure with three highly successful and complementary recruitment brands supported by our Group central services unit, located at our headquarters, the Derby Conference Centre (DCC).

4. Group business model

Our business model centres around establishing each of our core recruitment businesses as strong independent market leaders in their respective sectors. In addition, the businesses leverage their collective capabilities by collaborating on a range of domestic and international projects with clients looking to reduce transaction costs and minimise supply complexity. Our business model is attracting a significant amount of interest and we are currently exploring a range of opportunities with potential clients seeking to establish single-source solutions on large scale contracts.

The subsidiary businesses are provided with central service support across all aspects of financial accounts and management, marketing, legal/human resources and information technology and systems management, all centrally located at our headquarters, the DCC. The DCC also attracts external revenue by utilising spare capacity for other business users, sub-lease of office space and through facilitating a range of regional and national events. Whilst not material in comparison to overall Group revenue and profit, the DCC has been transformed by its MD Mike Ebbitt from a cost centre constantly draining Group cash into a unique facility providing first class headquarter accommodation and profitable revenue from third party sources.



CHIEF EXECUTIVE'S **STRATEGIC REVIEW**

For the year ended 31 December 2014

5. Operational Review

All Group businesses had another successful year of trading. The headcount investments made in ATA during the latter half of 2013 began to deliver encouraging results during 2014 and given the positive UK economic recovery ATA has continued to invest in the recruitment of additional consultants throughout the year. In addition, due to wide spread optimism about the pace of the UK recovery, ATA will seek to continue investing in the growth of both its regional branch network and major account business throughout 2015.

GSS continues to support NATO through its relationship with our client, Kellogg Brown and Root, and whilst there has been a continued demobilisation of international military personnel from Afghanistan over the past year, a larger than anticipated GSS support structure remained in Afghanistan throughout 2014. It is also anticipated that this will continue throughout 2015 and potentially into 2016. In addition GSS has been securing additional military support contracts in other NATO supported regions and non-military support operations across the Middle East, Africa and Europe.

Ganymede continues to position itself as a leading supplier of safety critical contingent labour to the rail industry and following the recent award relating to part of CP5, is now set to become one of Network Rails' largest strategic partners for its maintenance and renewal programme. Growth in 2014 was again well ahead of our expectations and the new five year work programme with Network Rail alongside its other rail sector business will see Ganymede establish itself as one of the UK's most respected contingent labour suppliers to the rail industry. Furthermore the acquisition of RIG Energy towards the end of 2014 enables Ganymede to diversify into the energy sector and given the size of the smart meter rollout programme expected to be completed by 2020, we are very optimistic about Ganymede's future growth prospects.

The DCC had another promising year and delivered a healthy return on activities for the Group. In addition to providing a unique home for our Group's headquarters, the DCC hosted a number of high profile events during 2014 and continues to establish its reputation as one of the major providers of facilities for business users in the Midlands.

6. Long term value plan

We believe that the long-term support and commitment of all our stakeholders is a vital component to the success of the Group as we enter the next phase of our growth plan. We have therefore established a long-term value plan for each stakeholder Group to measure our progress in pursuit of this commitment.

Long-term value plan	
Stakeholder	**Objectives**
Shareholders	• Improve earnings per share year-on-year • Progressively increase dividend payment • Invest in the long-term capability of the Group • Balance risk/reward in subsidiaries • Complement strong organic growth with value based acquisitions
Employees	• Provide an entrepreneurial environment for employees to achieve personal and business goals and ambitions • Offer benchmark reward packages to attract the highest calibre of talent • Accelerated career plans for brightest and most promising employees
Clients	• Seek to establish sensible long-term strategic partnerships • Provide competitive but profitable margins for contingent recruitment activities • Support both domestic and international clients for continuity of business
Candidates	• Offer local and international permanent and temporary opportunities for career development • Provide confidential support and career management to all candidates • Treat candidates with respect and recognise their value to the Group
Suppliers	• Establish long term supply agreements for competitive pricing with our supply chain • Involve suppliers in strategic evaluation of client opportunities/challenges • Pay our suppliers promptly to secure their long term commitment

7. Summary

I am extremely proud of the progress that the Group has made during 2014. We continue to seek to grow underlying profit and shareholder value ahead of much of our competition, as can be seen from our key performance indicators on page 12, and each of our core recruitment businesses are well positioned to capitalise on the growth which is anticipated across all of our respective markets.

We have now established an extremely dynamic and innovative culture across the Group. We believe that giving all of our businesses the freedom they need to compete in highly dynamic markets will allow us to continue to attract the brightest and most ambitious people, which is vital as we pursue our future growth plans.

Finally, our continued success is a direct result of the hard work, support and unparalleled commitment of everybody employed in our business and the Group Board is extremely proud of our collective achievement.

Andy Pendlebury

Andy Pendlebury
Group Chief Executive

2 March 2015

KEY PERFORMANCE **INDICATORS**

For the year ended 31 December 2014

Revenue £m

£51m

↑ +4%

The continued growth in revenue demonstrates both that we are in strong growth sectors and that we are able to deliver and take market share.

Net fee income (gross margin) £m

£10.2m

↑ +10%

Record net fee income was delivered yielding an increase of 10% on 2013.

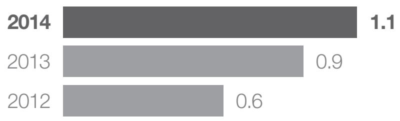
Net fee income conversion %

11%

↑ +2 ppts

Our overall conversion rate continues to improve, reflecting our focus not just on revenue growth but on efficiency too, coupled with our strategy to invest in each of our businesses.

Profit from operations £m



£1.1m

↑ +27%

The increase in our net fee conversion rate has contributed to our growth in profit from operations which is up 22% on 2013.

Profit before tax £m

£1.0m

↑ +38%

Reduction in borrowing levels and renegotiated borrowing rates have boosted our profit before tax.

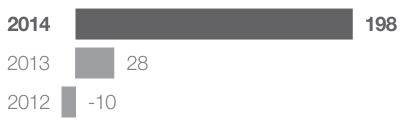
Basic earnings per share pence

5.92 pence

↑ +56%

The Group's basic earnings per share increased by 56%.

Operating cash conversion %



198%

Free cash generated from operations has markedly increased partly as a result of increased profitability and partly arising from improvements in terms of trade, particularly in debtor days.

Dividend paid per share pence

0.5 pence

Profitability, free cash flow and shareholder equity are now sufficiently robust to permit a modest return to dividends.

Gearing ratio

1.3

The Group's gearing ratio has again fallen in 2014, which can be seen as further evidence of improvement in the Group's financial position and improved cash generation during the year.

RISKS AND **UNCERTAINTIES**

Cyclical nature of our business

The on-going impact of the cycle of demand for permanent recruitment amongst our clients continues to be an uncertainty facing the Group. Strategies are in place to address this, which include building a focus around retained fee permanent placements and a targeted expansion of our client base. The Group's cost base is carefully managed to align with business activity. The Group is continually focussed on cash generation and keeping net debt to a minimum.

Business model risk

In the longer-term the industry is faced with the challenge of continuing to be a preferred option for recruitment as advances in technology make it easier for companies to source candidates themselves, for example, through more sophisticated online job boards. As a result, through initiatives such as contractor care specialists and a pro-active drive to build partner relationships with our clients, the Group is focussed on establishing itself as the provider of choice within our market sectors. The Group continues to support a range of skills, customers and markets within the recruitment arena, supplying both permanent and temporary skilled white collar workers, blue collar and contingent labour both in the UK and internationally to mitigate some of this risk.

Talent

The Group is reliant on its ability to recruit, train and retain its staff to deliver its growth plans. We continue to ensure that overall packages are competitive and include performance related commissions to incentivise staff. Annual succession plans are undertaken at Board and management levels across all areas of the business to identify future potential leaders of the business and the Group invests in the training of our staff, to optimise operating efficiencies.

Compliance risks

Increased employment law and regulations specific to certain business sectors and for temporary workers in particular necessitate pre-employment checks. To mitigate these risks all new employees receive relevant training on the operating standards applicable to their role. The Group has independent compliance teams who spot check compliance across the Group. Compliance processes are tailored to specialisms, for example, ensuring the health and safety of contingent labour supplied into the rail industry training.

Credit risk

The inability of a key customer to pay amounts owing to us due to financial difficulties is a risk. To minimise such risks we employ pro-active credit control techniques. We credit check new customers, subscribe to a monitoring service and monitor payment patterns and debt levels against credit limits. In addition the Board is regularly appraised of debt levels and ageing.

RISKS AND **UNCERTAINTIES**

Loss of key customers

Loss of a key customer or large contract is a significant risk. To minimise this risk the strategy across all of our businesses is to actively pursue new customers and longer term contracts and to identify new market opportunities to spread the risk. For example the acquisition of RIG Energy has enabled Ganymede to expand its customer base and diversify into supplying labour for other safety critical environments. We also take very seriously our commitment to providing excellent service and building and maintaining customer relationships.

Reliance on technology

Failure of our IT systems would cause significant disruption to the business. The Group's technology systems are housed in various data centres and the Group has the capacity to cope with a data centre's loss through the operation of disaster recover sites based in physical separate locations to on-going operations. The Group is committed to having an IT infrastructure that is robust, future proof, fit for purpose and cost effective and as such ensures it seeks the appropriate strategic and technical advice to do this.

Overseas operations

Risks inherent with overseas operations include: security of cash where cash is used to pay workers, the safety of our contractors when working abroad and foreign exchange risks. The Board and management of our overseas operations are cognisant of such risks and processes and insurances are in place to mitigate them as far as possible. Risks associated with overseas operations are regularly discussed and mitigating controls reviewed and tested.

The strategic report was approved by the Board on 2 March 2015 and signed on its behalf by:

Sarah Dye

Sarah Dye
Secretary

FINANCE DIRECTOR'S **STATEMENT**

For the year ended 31 December 2014

Financial highlights

In the year ended 31 December 2014, Group revenue increased by 4% to £51m (2013: £49m) reflecting good performances in all Group businesses.

Revenue growth has flowed through to an overall profit from operations of £1.11m, an increase of 27% on 2013. Gross margin was 20% (2013: 19%), reflecting efficiencies across all of our businesses.

Acquisitions

On 28 November 2014 the Group acquired RIG Energy Limited ("RIG Energy") for cash consideration of £0.9m. RIG Energy is a specialist engineering recruitment agency which is focussed on providing domestic and commercial gas engineers. The business has now been successfully integrated into Ganymede and has performed in line with our expectations (see note 9).

The Group will continue to actively monitor and research good acquisition opportunities that meet our strategic requirements.

Taxation

The total tax charge for the year was £218,000 (2013: £224,000). The small variance between this and the expected charge if a 21% corporation tax rate was applied to the profit for the year is explained in note 7.

Earnings per share

The basic earnings per share figure is 5.92p (2013: 3.79p) reflecting the 38% increase in profits before tax in 2014.

Cancellation of share premium

Following the approval of the cancellation of the share premium account by shareholders at the Company's Annual General Meeting on 21 May 2014, by order of the High Court, the cancellation became effective on 27 November 2014. Following the cancellation, the total number of ordinary shares of 1p each in issue remained unchanged at 13,511,626 shares. The cancellation enhances the Company's ability to make future distributions to shareholders.

Dividends

During the year the Company paid an interim dividend of £67,558 (2013: £Nil) to its equity shareholders. This represents a payment of 0.5p (2013: Nil p) per share.

Statement of financial position, cash generation and financing

The Group balance sheet has strengthened during the year with the acquisition of RIG Energy creating an intangible asset of £0.7m, in respect of customer lists. Net working capital has been maintained near 2013 levels at £1.2m (2013: £1.1m) despite an increase in turnover, and there is a similar ratio of current assets to current liabilities of 1.16 (2013: 1.14). The Group's gearing ratio, which is calculated as total borrowings over net assets, has fallen to 1.3 (2013: 2.3) and interest cover has increased to 12.1 (2013: 6.5) which is further evidence of improvement in the Group's financial position and improved cash generation during the year.

Post tax cash generation during the year has been strong, with cash generated from operations of £2.3m (2013: £0.2m). Effective credit control succeeded in maintaining levels of working capital similar to 2013 despite the increase in revenue and the acquisition of RIG Energy for a cash consideration of £0.9m.

It is pleasing to note that as an indicator of the quality of our earnings, free cash flow as a percentage of our underlying profit before interest and taxation is 198% (2013: 28%). It is our intention to continue to invest in our growth and supporting infrastructure during 2015, which should lead to further reductions in this percentage.

The Group's current bank facilities include an overdraft of £50,000 and a confidential invoice discounting facility of up to £7.0m with HSBC. Both are renewable annually with the next review due 28 February 2016. The Group is currently operating well within its facility cap.

The Board closely monitors the level of facility utilisation and availability, to ensure that there is sufficient headroom to manage current operations and support the growth of the business.

The Group continues to be focussed on cash generation and building a robust balance sheet to support the growth of the business.

Sarah Dye

Sarah Dye
Secretary

2 March 2015

DIRECTORS' REPORT

For the year ended 31 December 2014

The directors submit their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2014.

Principal activity

The Group's principal activity is the provision of recruitment services. The Company's principal activity is that of a holding company.

Results and review of the business

Group revenue for the year was up 4% at £51m. The Group recorded profit from operations for the year of £1,109,000 (2013: £871,000).

A review of the Group's business and developments during the year are set out in the overview, strategy and performance sections of this report.

During the year the Company paid an interim dividend of £67,558 (2013: £Nil) to its equity shareholders. This represents a payment of 0.5p (2013: Nil p) per share. The directors have proposed a final dividend of £135,116 (1p per share) (2013: £Nil) to be paid on 24 April 2015 to shareholders registered on 27 March 2015. This has not been accrued within these financial statements, as it was not formally approved before the year end.

Share capital

Details of share capital are shown in note 17.

Directors

The directors who served during the year and up to the date of this report were as follows:

W J C Douie

A M Pendlebury

J T White (resigned 23 April 2014)

S Dye

T Jackson (appointed 23 April 2014)

Directors' interests in the 1p ordinary shares of the Company and their share options are set out in note 5 to the financial statements. A M Pendlebury retires by rotation and offers himself for re-election. T Jackson offers himself for re-election.

Significant shareholders

The interests in excess of 3% of the issued ordinary share capital of the Company which have been notified at 2 February 2015 were as follows:

	Number of shares	% issued share capital
W J C Douie	2,280,541	16.88%
Alison Chapman	1,420,340	10.51%
A M Pendlebury	1,351,163	10.00%
Living Bridge EP LLP	763,735	5.65%
Graham J Chivers	573,428	4.24%
Mr David Stredder	533,100	3.95%
Mr Andrew Bailey	473,763	3.51%
Chelverton Asset Management	470,000	3.48%

Employees' shareholdings

The directors consider that it is in the interest of the Group and its shareholders that employees should have the opportunity to acquire shares in the Company, thus benefiting from the Group's future progress. To achieve this objective, under its EMI scheme, the Group issued share options to some senior managers during the year.

Employees

The Group has continued to give full and fair consideration to all applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes, in common with all employees. The Group has continued its policy of employee involvement, by making information available to employees through periodic staff meetings and presentations, together with personal appraisals and feedback sessions.

Creditor payment policy

It is the Group's payment policy for the year ending 31 December 2014, in respect of suppliers, to settle agreed outstanding accounts in accordance with the terms and conditions agreed with suppliers when placing orders. The Group will abide by these terms of payment.

Directors' indemnities

The Company has qualifying third party indemnity provisions for the benefit of its directors which remains in force at the date of this report.

Post balance sheet events

There have been no significant events to report since the date of the balance sheet.

Provision of information to auditor

Each of the persons who are a director at the date when this report was approved has confirmed:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware: and
- that they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The Group has made a pre-tax profit of £1,018,000 from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation. The directors are satisfied that taking account of the Group's net assets of £2,441,000, its bank facilities which have been agreed until 28 February 2016 and the Group's trading and cash forecasts for the next 12 months, that the going concern basis of preparation is appropriate and the directors have reasonable expectation that the Group will continue in operational existence for the foreseeable future.

Financial risk management objectives and policies

Treasury activities take place under procedures and policies approved and monitored by the Board. They are designed to minimise the financial risks faced by the Group, which arise primarily from interest rate and liquidity risk. The Group's policy throughout the period has been to ensure the continuity of funding by the use of an overdraft and an invoice discounting facility.

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

The Group's approach to financial risks is set out in note 20.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market.

In preparing these 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 the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state with regard to the parent company financial statements whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Sarah Dye

Sarah Dye
Secretary

2 March 2015

CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2014

Statement by the Directors on compliance with the UK Corporate Governance Code (the "code")

As a company listed on the AIM market of the London Stock Exchange, RTC Group plc is not required to comply with the code. This report therefore does not describe how the Group has complied with the code and does not explain any departures from it. However, the Group has considered the main principles of the code as they relate to an effective Board, being leadership, effectiveness, accountability, remuneration and relations with shareholders.

The Group also supports the Quoted Companies Alliance 'Corporate Governance Code for Small and Mid-Size Companies 2013' (the "guide") which is commonly referenced as a standard that AIM companies should seek to adhere to.

A brief outline of the Board and its committees, together with the Group's systems of internal financial control is set out below.

The Board

The Board comprises the Group Chairman, the Group Chief Executive, the Group Finance Director and one Non-Executive Director. Biographies of the directors appear on page 24.

The Board has a schedule of matters specifically reserved for its decision. The Board meets regularly and is responsible for formulating the Group's corporate strategy, monitoring financial performance, acquisitions, approval of major capital expenditure, treasury and risk management policies.

Board papers are sent out to all directors in advance of each Board meeting including management accounts and accompanying reports from the Executive directors. Annual budgets are approved by the full Board. Operational control is delegated by the Board to the Executive directors. All directors have access to the advice of the Company Secretary and can take independent advice, if necessary, at the Company's expense.

The Group believes that it has at its disposal, in its Non-Executive director, its Chairman with his banking background and experience and its other Executive directors, an appropriate range of skills and experience to ensure the interests of all stakeholders in the Group are fully accommodated.

Board Committees

The Board has a remuneration committee and an audit committee.

The audit committee comprises W J C Douie and T Jackson, and is chaired by W J C Douie. The committee meets as necessary to monitor the Group's internal control systems and major accounting and audit related issues.

The remuneration committee is responsible for determining the contract terms, remuneration and other benefits for Executive directors, including performance-related bonus schemes. The committee comprises W J C Douie and T Jackson. It is chaired by W J C Douie. However, W J C Douie is not involved in determining his own remuneration.

William Douie, Group Chairman

After two years in export sales, commencing in 1962, with British Oxygen, he moved into banking with Midland Bank and qualified as an associate of the Institute of Bankers. In 1969 he moved into Merchant Banking, joining Keyser Ullmann Limited and spent six years in Investment Management before joining the Bank Board in 1975. In 1981, following the merger of Keyser Ullmann and Charterhouse Japhet, he left to buy out, and become Chairman of, the group's Instalment Credit subsidiary, Broadcastle Plc, and to become Chairman of British Benzol Limited, a fully listed company in the solid fuel industry. Following the acquisition by Broadcastle of Harton Securities Limited, he oversaw the merger of Broadcastle Plc and ATA Selection Plc, a USM listed recruitment company, before becoming Chairman of the group in 1990. He joined with Clive Chapman in 1992 to purchase the ailing ATA business from the group, and remains Executive Chairman.

Andy Pendlebury, Group Chief Executive Officer

Andy held a number of senior management positions during his long career with British Aerospace Plc. In 1992 he joined the board of Wynnwith Engineering and was appointed Managing Director in 1995 establishing the business as one of the United Kingdom's fastest growing recruitment businesses. In 2002 Andy joined GKN Plc as interim Managing Director of the company's in-house recruitment business Engage and guided it through the board's divestment strategy. From 2004 to 2007, as Chief Executive, he engineered a trading turnaround and subsequent sale to the Morson Group of White & Nunn Holdings. He joined the Board of RTC Group Plc as a Non-Executive in July 2007, becoming Group Chief Executive in October 2007.

Sarah Dye, Group Finance Director

Sarah is a qualified chartered accountant with significant experience in strategic planning, commercial and operational finance. Her career has seen her work in both the public and private sectors in the UK and overseas. Sarah qualified with BDO in 1991 before moving to The Post Office Plc and then The Boots Company Plc gaining experience in risk management, internal audit and commercial finance. In 1998, Sarah joined Allied Domecq plc, a global spirits and wine company, becoming Finance and Planning Manager for Europe. In 2004 Sarah joined Nottingham Trent University where she held a number of senior finance positions. Sarah has spent a total of five years in New Zealand with the Office of the Auditor-General, working with central and local government entities and the tertiary sector. In March 2011 Sarah joined Staffline Group Plc as Group Financial Controller. Sarah was appointed as Group Finance Director of RTC Group Plc in February 2013.

Tim Jackson, Non-Executive Director

Having qualified as a Chartered Accountant with Grant Thornton, Tim spent nine years in various financial and commercial roles at Salvesen Logistics plc. He then spent seven years at Redbridge Holdings Limited culminating in the position of Finance Director of its food service division, Redbridge Fresh Services. As Finance Director of SG Maintenance Services Limited he was instrumental in the operational and finance side of the business and its eventual disposal, before joining Applied Language Solutions Limited, a fast growing translation business, as Finance Director. He remained Non-Executive director of Applied Language Solutions Limited until December 2011. Tim joined Staffline Group Plc as Finance Director in December 2008 and remained in that role until July 2013, a period which saw significant growth in profitability and scale of the business and 15 acquisitions completed. Since then, Tim has built a portfolio of roles including Non-Executive director of Image Scan plc, setting up a debt advice charity and being Finance Trustee of Community Money Advice Limited, a national debt advice charity with 135 centres across the UK.

Relations with shareholders

The Board values the views of its shareholders. The Annual General Meeting is used to communicate with all investors and they are encouraged to participate. The directors are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a formal resolution to approve the Annual Report.

Internal control

Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal financial control are as follows:

- **Management structure**

  The Board has overall responsibility for the Group and there is a schedule of matters specifically reserved for decisions by the Board.
- **Quality and integrity of personnel**

  The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.
- **Identification of business risks**

  The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks. The boards of our Group businesses also actively identify risks, for example, through risk workshops, and ensure mitigating controls are in place.
- **Budgetary process**

  Each year the Board approves the annual budget. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from the budget and preparation of updated forecasts for the year together with information on the key risk areas.
- **Authorisation procedures**

  Capital and revenue expenditures are regulated by a budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals are submitted to and approved by the Board. Once authorised, expenditure is reviewed and monitored by the Board.

An annual programme of specialist audit reviews that is focused on key risk areas is approved by the audit committee and carried out by specialists who are independent of the Group's management team.

REMUNERATION **REPORT**

For the year ended 31 December 2014

Policy on Executive Directors' remuneration

The Executive directors' remuneration packages are designed to attract and retain high quality executives capable of achieving the Group's objectives. The Group's policy is to provide remuneration packages for Executive directors at market levels for comparable jobs in the sector whilst recognising the relative size of the Group. The remuneration committee continues to give full consideration to provisions set out in section D (remuneration) of the UK Corporate Governance Code in determining remuneration packages.

The individual components of the remuneration package are discussed below.

Basic salary

Salary and benefits are reviewed annually by the remuneration committee. The Committee takes into account independent research on comparable companies and general market conditions.

Benefits

Benefits comprise private healthcare and car allowances.

Share options

The Group has formulated a policy for the granting of share options to directors and full-time employees. Details are set out in note 5.

Performance related bonuses

Bonuses are paid at the discretion of the directors as an incentive and to reward performance during the financial year. Details are set out in note 5.

Pensions

For the year ended 31 December 2014, the Company contributed an amount equal to the following % of directors basic salaries to money purchase pension schemes:

A M Pendlebury	15%
S Dye	10%

Service contracts

A M Pendlebury has a service agreement with the Company, which is terminable upon 12 months' notice in writing by either party. W J C Douie has a service agreement which is terminable upon 6 months' notice in writing by either party. S Dye has a service agreement which is terminable upon 6 months' notice in writing by either party.

Details of directors' remuneration can be found in note 5 to the financial statements.

On behalf of the Board

Bill Douie

Bill Douie
Chairman

2 March 2015

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RTC GROUP PLC

For the year ended 31 December 2014

We have audited the financial statements of RTC Group plc for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position and company balance sheet, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Richard Wilson

Richard Wilson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Nottingham

2 March 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	Notes	**2014 £'000**	2013 Restated £'000
Revenue	2,3	**50,932**	48,817
Cost of sales		**(40,756)**	(39,554)
Gross profit		**10,176**	9,263
Administrative expenses		**(9,067)**	(8,392)
Profit from operations	4	**1,109**	871
Finance expense	6	**(91)**	(135)
Profit before tax		**1,018**	736
Tax expense	7	**(218)**	(224)
Profit and total comprehensive income for the year		**800**	512
Earnings per ordinary share			
Basic	8	**5.92p**	3.79p
Diluted	8	**5.42p**	3.69p

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2014	**135**	**2,468**	**50**	**18**	**(970)**	**1,701**
Profit and total comprehensive income for the year	**—**	**—**	**—**	**—**	**800**	**800**
Dividends	**—**	**—**	**—**	**—**	**(68)**	**(68)**
Share premium cancellation	**—**	**(2,468)**	**—**	**—**	**2,468**	**—**
Share based payment reserve	**—**	**—**	**—**	**8**	**—**	**8**
At 31 December 2014	**135**	**—**	**50**	**26**	**2,230**	**2,441**

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 January 2013	135	2,468	50	—	(1,482)	1,171
Profit and total comprehensive income for the year	—	—	—	—	512	512
Share based payment reserve	—	—	—	18	—	18
At 31 December 2013	135	2,468	50	18	(970)	1,701

Cancellation of share premium

Following the approval of shareholders at the Company's Annual General Meeting on 21 May 2014 of the cancellation of the share premium account, by order of the High Court, the cancellation became effective on 27 November 2014. Following the cancellation, the total number of ordinary shares of 1p each in issue remained unchanged at 13,511,626 shares.

The share based payment reserve comprises the cumulative share option charge under IFRS 2 less the value of any share options that have been exercised or have lapsed.

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

As at 31 December 2014

	Notes	**2014 £'000**	2013 £'000
Assets			
Non-current			
Goodwill	10	**132**	—
Other intangible assets	11	**662**	—
Property, plant and equipment	12	**466**	431
Deferred tax asset	13	**62**	110
		1,322	541
Current			
Cash and cash equivalents		**41**	232
Inventories	14	**19**	15
Trade and other receivables	15	**9,267**	9,127
		9,327	9,374
Total assets		**10,649**	9,915
Liabilities			
Current			
Trade and other payables	16	**(4,713)**	(4,230)
Corporation tax		**(186)**	(95)
Current borrowings	16	**(3,166)**	(3,867)
		(8,065)	(8,192)
Non-current liabilities			
Creditors falling due after one year — finance leases	16	**(11)**	(22)
Deferred tax liabilities		**(132)**	—
Net assets		**2,441**	1,701
Equity			
Share capital	17	**135**	135
Share premium	17	**—**	2,468
Capital redemption reserve		**50**	50
Share based payment reserve		**26**	18
Profit and loss account		**2,230**	(970)
Total equity		**2,441**	1,701

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 2 March 2015 by:

Andy Pendlebury

Andy Pendlebury
Director

Sarah Dye

Sarah Dye
Director

CONSOLIDATED STATEMENT **OF CASH FLOWS**

For the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit from operations		**1,109**	871
Adjustments for:			
Depreciation, loss on disposal and amortisation		**217**	184
Employee equity settled share options		**8**	18
Change in inventories		**(4)**	(2)
Change in trade and other receivables		**734**	(1,068)
Change in trade and other payables		**207**	245
Cash generated from operations		**2,271**	248
Income tax paid		**(80)**	—
Net cash from operating activities		**2,191**	248
Cash flows from investing activities			
Purchases of property, plant and equipment		**(245)**	(212)
Acquisition of business — cash paid		**(875)**	—
Debt acquired on acquisition		**(391)**	—
Net cash used in investing activities		**(1,511)**	(212)
Cash flows from financing activities		**(170)**	(162)
Net cash (outflow) from financing activities		**(170)**	(162)
Net increase/(decrease) in cash and cash equivalents from operations		**510**	(126)
Total net (decrease) in cash and cash equivalents	18	**510**	(126)
Cash and cash equivalents at beginning of period		**(3,635)**	(3,509)
Cash and cash equivalents at end of period		**(3,125)**	(3,635)

NOTES TO THE GROUP **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

1. Statement of Accounting Policies

The principal accounting policies applied in the preparation of the Group financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and IFRC Interpretations as adopted by the European Union issued and effective at 1 January 2014 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies which follow set out those policies which apply in preparing financial statements for the Group and the Company.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate to the following:

- Depreciation of property, plant and equipment – the depreciation policy is calculated by reference to management's estimates of the useful economic life of the property plant and equipment;
- The estimation of the fair value of intangible assets arising on acquisition (refer point f); and
- Amortisation of intangible fixed assets – the amortisation policy is calculated by reference to management's estimates of the life of the customer lists acquired.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Restatement of gross profit

Following a review by the directors of the Group's policy for presenting costs arising within the recruitment segments against companies within the same industry the Group has restated the prior year consolidated statement of comprehensive income in order to re-allocate certain expenses within cost of sales to administrative expenses in order to enhance comparability with those companies. The expenses reallocated to administrative expenses are those not directly attributable to contractors. The effect of the re-allocation was to increase administrative expenses for the year ended 31 December 2013 by £3.7m and reduce cost of sales by £3.7m and increasing gross profit by £3.7m. There was no change to reported revenue or profit from operations or earnings per share. Segment reporting in note 2 has been restated to reflect the change in basis of allocation.

The company's accounting reference date is 31 December. These financial statements are for the period 30 December 2013 to 28 December 2014. The comparative figures are for the period 31 December 2012 to 29 December 2013.

The Group has made a pre-tax profit of £1,018,000 (2013: £736,000) from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation. The directors are satisfied that taking account of the Group's net assets of £2,441,000, its bank facilities which have been agreed until March 2016 and the Group's trading and cash forecasts for the next 12 months, that the going concern basis of preparation is appropriate.

Adoption of standards

i) Standards, amendments and interpretations effective in 2014

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial year beginning 1 January 2014.

1. **Statement of Accounting Policies** continued

The implementation of these standards did not have a material effect on the Group.

- IAS 32 (Amendment 2011) Offsetting financial assets and financial liabilities
- IFRS 11 Joint arrangements
- IFRS 10 Consolidated financial statements
- IFRS 12 Disclosure of interest in other entities
- IAS 27 (Amendment 2011) Separate financial statements
- IAS 28 (Amendment 2011) Investments in associates and joint ventures
- IAS 36 (Amendment 2013) Recoverable amount disclosures for non-financial assets
- IFRIC 21 Levies

ii) Standards, amendments and interpretations that are not yet effective and have not been early adopted

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors anticipate that the adoption of these standards will not result in significant changes to the Group's accounting policies. The Group has commenced its assessment of the impact of these standards but is not yet in a position to state whether these standards would have a material impact on its results of operations and financial position.

Annual Improvements to IFRSs 2010-2012 Cycle (effective 1 January 2015**)

Annual Improvements to IFRSs 2011-2013 Cycle (effective 1 January 2015**)

Annual Improvements to IFRSs 2012-2014 Cycle (effective 1 January 2016*)

Amendments to IAS 38 and IAS 36: Clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016*)

Disclosure initiative: Amendments to IAS 1 (effective 1 January 2016*)

IFRS 9 Financial instruments (effective 1 January 2018*)

IFRS 15 Revenue from contracts with customers (effective 1 January 2017*)

* Not yet endorsed in EU.

** Effective date in EU.

b) Basis of Consolidation

The Group financial statements consolidate the financial statements of RTC Group plc and subsidiaries drawn up to 31 December each year.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. Subsidiaries are deconsolidated from the date on which control ceases.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies.

The accounts of Accurate Recruitment and Training Services PBT Limited have not been consolidated with those of the Company as the directors consider that the amounts involved are not material.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. Statement of Accounting Policies continued

c) Revenue

Recruitment

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The overriding principle is that revenue is recognised as the Group fulfils its contractual obligations. Contractual obligations may vary from client to client, however, generally:

revenue arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment;

revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff, is recognised when the service has been provided; and

revenue from amounts billed to clients for expenses incurred on their behalf (principally contractor expenses) is recognised when the expense is incurred.

Cost of sales

Cost of sales consists of the salary cost of temporary staff, direct costs associated with temporary staff including equipment and work wear, travel and training costs and direct costs associated with conferencing revenue.

Gross profit

Gross profit represents revenue less cost of sales and consists of the total placement fees of permanent candidates, the margin earned on the placement of temporary candidates and the margin on conferencing revenue.

Conferencing

Revenue is recognised as the service is provided and represents

- the sales value of conferencing provided that has occurred during the year, excluding value added tax; and
- the sales value of rental income received from subletting areas of the conferencing site, excluding VAT. Rental income received is recognised on a straight line basis over the lease term.

Revenue arising from bar and restaurant sales and from the provision of hotel accommodation within the Group's conferencing facilities are recognised when the service is provided.

d) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of acquisition-date fair value of assets transferred, liabilities incurred and the equity interests of the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquire, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

e) Goodwill

Goodwill represents the excess of the fair value of the cost of a business acquisition over the Group's share of the fair value of the assets and liabilities acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

1. Statement of Accounting Policies continued

f) Intangible assets

Assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. A valuation exercise was undertaken to assess the fair value of intangible assets acquired in a business combination. The fair value is then amortised over the economic life of the asset as detailed below. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the group of assets is recognised as a single asset separately from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair values of the complementary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Customer lists

The fair value of acquired customer lists is capitalised and, subject to impairment reviews, amortised over the estimated life of the customer list acquired (estimated to be 5 years). The amortisation is calculated so as to write off the fair value of the customer lists over their estimated lives on a straight line basis. An impairment review of customer lists is undertaken when events or circumstances indicate the carrying amount may not be recoverable.

g) Property, Plant and Equipment

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

Depreciation is provided on a straight line basis in order to write off the cost, less residual value of each asset over its estimated useful life as follows: -

Short term lease improvements	— 33.3% equally per annum or equally over the lease term
Fixtures and office equipment	— 25% – 33.3% per annum straight line
Motor vehicles	— 25% – 33.3% per annum straight line

Residual values and remaining useful economic lives are reviewed annually and adjusted if appropriate

Gains and losses on disposal are included in the profit or loss for the period.

Capital work in progress predominantly relates to new systems under development and not yet in use and as such no depreciation has been charged.

h) Impairment of assets

Goodwill, other intangible assets and property, plant and equipment are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Individual intangible assets or cash generating units that include goodwill with an indefinite useful life are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group assesses at each statement of financial position date whether there is any indication that any of its assets have been impaired. If any indication exists, the asset's recoverable amount is estimated and compared to its carrying values.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. Statement of Accounting Policies continued

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable is the higher of fair value, reflecting market conditions less cost to sell and value in use. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Impairment losses are recognised in the statement of comprehensive income for the period.

Inventories

Inventories comprise of goods for resale and are stated at the lower of cost and net realisable value on a first-in-first-out basis.

j) Leasing

Rentals payable under operating leases charged to the profit for the period on a straight-line basis over the term of the lease. Operating lease incentives are credited to the profit or loss for the period over the lease term.

k) Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Income tax is charged or credited to profit or loss for the period unless it relates to items that are recognised in other comprehensive income, when the tax is also recognised in other comprehensive income, or to items recognised directly to equity, when the tax is also recognised directly in equity.

l) Deferred Tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

1) The initial recognition of goodwill
2) The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and Investments in subsidiaries and where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

3) The same taxable Group company, or

1. Statement of Accounting Policies continued

4) Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

m) Retirement Benefit

Contributions to money purchase pension schemes are charged to the profit or loss for the period as they become payable in accordance with the rules of the scheme.

n) Financial Instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

o) Share Based Payments

The Group issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the date of the grant of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimates of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The effect of this is shown in note 5. Fair value is measured by use of a Black-Scholes model.

p) Trade Payables

Trade payables are initially recognised at fair value and subsequently as financial liabilities at amortised cost under the effective interest method. However where the effect of discounting is not significant they are carried at invoiced value. They are recognised on the trade date of the related transaction.

q) Trade Receivables

Trade receivables are initially recognised at fair value and subsequently as loans and receivables at amortised cost under the effective interest method. However where the effect of discounting is not significant they are carried at invoiced value. They are recognised on the trade date of the related transactions.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE GROUP **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

1. Statement of Accounting Policies continued

r) Cash and Cash Equivalents

Cash in the statement of financial position comprises cash at bank.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash deposits with maturities of three months or less from inception, net of outstanding overdrafts and amounts due under invoice discounting arrangements.

The overdrafts and invoice discounting arrangements are an integral part of the Group's cash management and are therefore included as cash and cash equivalents.

s) Borrowings

Interest bearing borrowings are initially recognised at fair value and subsequently stated at amortised cost under the effective interest method. Where borrowings are due on demand then they are carried at face value.

t) Foreign Currencies

Transactions in foreign currencies are recorded in sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling using the rate of exchange ruling at the balance sheet date and any gains or losses on translation are included in the profit or loss for the period.

r) Finance leases

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

s) Share capital and dividends

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends on shares classified as equity are accounted for as a deduction from equity.

2. Segment analysis

The Group is a provider of recruitment services and conferencing services that is based at the Derby Conference Centre. The recruitment business comprises three distinct business units – ATA predominantly servicing the UK SME engineering market and a number of vertical markets; Global Staffing Solutions servicing the international market and Ganymede Solutions supplying labour into safety critical environments, mainly rail.

Segment information is provided below in respect of ATA, Global Staffing Solutions, Ganymede Solutions and the Derby Conference Centre which, as well as being the head office for the Group, provides hotel and conferencing facilities.

The Group manages the trading performance of each segment by monitoring operating contribution and centrally manages working capital, borrowings and equity.

Revenues are generated from permanent and temporary recruitment in the Recruitment division. Revenue is analysed by origin of customer/point of invoicing and as such all recruitment division revenues are supplied in the United Kingdom (see note 3 to the financial statements). Hotel and conferencing services are wholly provided in the UK at the Derby Conference Centre.

All revenues have been invoiced to external customers. During 2014, one customer in the Global Staffing Solutions segment contributed 10% or more of that segment's revenues being £12.2m (2013: £14.8m).

The segmental information for the current reporting period is as follows:

	Recruitment			Conferencing	
	ATA 2014 £'000	Global Staffing Solutions 2014 £'000	Ganymede Solutions 2014 £'000	Derby Conference Centre 2014 £'000	Total Group 2014 £'000
External sales revenue	23,867	12,772	12,534	1,759	50,932
Cost of sales	(18,703)	(10,815)	(10,446)	(792)	(40,756)
Gross profit	5,164	1,957	2,088	967	10,176
Administrative expenses	(3,858)	(1,064)	(1,130)	(802)	(6,854)
Depreciation	(128)	–	(9)	(69)	(206)
Segment contribution	1,178	893	949	96	3,116
Group costs					(2,007)
Profit from operations per statement of comprehensive income					1,109

NOTES TO THE GROUP **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

2. Segment analysis continued

The segmental information as restated for the prior reporting period is as follows:

	Recruitment			Conferencing	
	ATA 2013 £'000	Global Staffing Solutions 2013 £'000	Ganymede Solutions 2013 £'000	Derby Conference Centre 2013 £'000	Total Group 2013 £'000
External sales revenue	22,500	14,840	9,938	1,539	48,817
Cost of sales	(17,875)	(12,645)	(8,311)	(723)	(39,554)
Gross profit	4,625	2,195	1,627	816	9,263
Administrative expenses	(3,624)	(1,270)	(837)	(678)	(6,409)
Depreciation	(27)	—	(8)	(78)	(113)
Segment contribution	974	925	782	60	2,741
Group costs					(1,870)
Profit from operations per statement of comprehensive income					871

All operations are continuing. All assets and liabilities are held in the United Kingdom.

3. Revenue

Revenue is analysed by origin of customer/point of invoicing. All goods and services are supplied in the United Kingdom (2013: United Kingdom).

4. Profit on Group operations

	2014 £'000	2013 £'000
Profit on Group operations for the year is stated after charging:-		
Depreciation of owned property, plant and equipment	**186**	165
Depreciation of assets held under finance leases	**20**	16
Amortisation of intangibles — customer relationships	**11**	—
Fees payable to the company's auditor for the audit of the company's annual accounts	**14**	14
Fees payable to the company's auditor for other services:-		
— the audit of the company's subsidiaries pursuant to legislation	**33**	34
— tax compliance	**7**	7
— other non-audit services	**2**	4
Operating lease expense in respect of:-		
— land and buildings	**396**	317
Exchange differences	**(1)**	19

5. Directors and employees remuneration

The expense recognised for employee benefits (including directors) employed by the Group during the year is analysed below:

	2014 £'000	2013 £'000
Wages and salaries	5,593	5,056
Social security costs	562	497
Share based payments	8	18
Other pension costs	155	93
	6,318	5,664

The average number of employees, including executive directors, during the year was:

	2014 Number	2013 Number
Sales and administration staff	132	129
Conference support staff	55	55
Direct labour	83	35
	270	219

Directors' remuneration

The remuneration of the directors was as follows:

2014	Fees £'000	Salary £'000	Bonus £'000	Benefits in kind* £'000	Sub-total £'000	Pension contributions £'000	Total 2014 £'000
W J C Douie	—	35	37	5	77	—	77
A M Pendlebury	—	174	113	13	300	28	328
S Dye	—	90	30	2	122	9	131
J T White (resigned 23 April 2014)	9	4	—	—	13	—	13
T Jackson (appointed 23 April 2014)	—	20	—	—	20	—	20
	9	323	180	20	532	37	569

* Includes share-based payment of £1k for S Dye.

2013	Fees £'000	Salary £'000	Bonus £'000	Benefits in kind* £'000	Sub-total £'000	Pension contributions £'000	Total 2013 £'000
W J C Douie	—	30	20	5	55	—	55
A M Pendlebury	—	150	50	19	219	35	254
S Dye (appointed 4 Feb 2013)	—	71	12	2	85	5	90
J T White	14	4	—	—	18	—	18
A Bailey (resigned 31 Jan 2013)**	—	9	—	2	11	1	12
	14	264	82	28	388	41	429

* Includes share based payments of £9k for A M Pendlebury and £1k for S Dye.

** A Bailey also received £32,550 as compensation for loss of office.

NOTES TO THE GROUP **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

5. Directors and employees remuneration continued

Share based employee remuneration

Share options and the weighted average exercise price are as follows for the reporting periods presented:

	Number	Weighted average exercise price (pence) 2014	Number	Weighted average exercise price (pence) 2013
Outstanding at start of period	**1,557,081**	**12**	1,052,081	9
Granted	**470,000**	**27**	655,000	16
Lapsed	**—**	**—**	(150,000)	9
Outstanding at end of period	**2,027,081**	**16**	1,557,081	12

The Group has the following outstanding share options and exercise prices:

Date exercisable (and option life)	Number 2014	Weighted average exercise price (pence) 2014	Weighted average contractual life (months) 2014	Number 2013	Weighted average exercise price (pence) 2013	Weighted average contractual life (months) 2013
2015 (up to 2022)	**902,081**	**9**	**85**	902,081	9	97
2016 (up to 2023)	**655,000**	**16**	**101**	655,000	16	113
2017 (up to 2024)	**470,000**	**27**	**111**	—	—	—

Details of the options of the directors who served during the year are as follows:

	At 1 January 2014	Granted	Lapsed	At 31 December 2014	Date of grant	Exercise price
W J C Douie	75,000	—	—	**75,000**	27 Jan 2012	9p
A M Pendlebury	780,581	—	—	**780,581**	30 May 2013	16p
S Dye	100,000	70,000	—	**170,000**	6 June 2014	38p

5. Directors and employees remuneration continued

The share interests of the directors who served during the year, in the ordinary shares of the Company at the start and end of the year, were as follows:

	2014	2013
W J C Douie	**2,280,541**	2,280,541
A M Pendlebury	**1,351,163**	1,351,163
S Dye	**43,000**	43,000
J T White (resigned 23 April 2014)	**—**	2,262,986

The market price of the Company's shares on 31 December 2014 was 39p and the highest and the lowest share prices during the year were 47p and 14p respectively. The total expense recognised in the statement of comprehensive income in respect of share based payment was £8,000 (2013: £18,000).

6. Finance expense

	2014 £'000	2013 £'000
Interest charge on invoice discounting arrangements and overdrafts	**89**	133
Interest charge on finance leases	**2**	2
	91	135

7. Tax expense

Continuing operations	2014 £'000	2013 £'000
Analysis of tax:		
Current tax		
UK corporation tax	**185**	95
Adjustment in respect of previous period	**(15)**	—
	170	95
Deferred tax		
Origination and reversal of temporary differences	**48**	129
Tax	**218**	224

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. Tax expense continued

Factors affecting the tax expense

The tax assessed for the year is greater than (2013: greater than) would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 21% (2013: 23.5%). The differences are explained below:-

Factors affecting tax expense

	2014 £'000	2013 £'000
Result for the year before tax	**1,018**	736
Profit multiplied by standard rate of tax of 21% (2013: 23.5%)	**214**	173
Non-deductible expenses	**23**	17
Utilisation of losses	**(29)**	34
Adjustment in respect of previous period	**10**	—
Tax charge for the year	**218**	224

Factors that may affect future tax charges

Estimated losses available to offset against future taxable profits on continuing operations in the UK amount to approximately £397,000 (2013: £449,000).

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced each year until 2015 when it will remain at 20%.

8. Basic and diluted earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

The calculation of all diluted earnings per share is based on the basic earnings per share adjusted to allow for dilutive potential ordinary shares.

	Basic		Diluted	
	2014 £'000	2013 £'000	**2014 £'000**	2013 £'000
Earnings £'000	**800**	512	**800**	512
Weighted average number of shares	**13,511,626**	13,511,626	**14,747,458**	13,889,918
Earnings per share (pence)	**5.92p**	3.79p	**5.42p**	3.69p

Details of share options in place can be found in note 5.

Dividends

During the year the Company paid an interim dividend of £67,558 (2013: £Nil) to its equity shareholders. This represents a payment of 0.5p (2013: Nil p) per share. A final dividend of £135,116 (2013: £Nil) has been proposed but has not been accrued within these financial statements. This represents a payment of 1.0p (2013: Nil p) per share.

9. Business combinations

On 28 November 2014 the Company acquired RIG Energy Limited, based in Milton Keynes, and assumed control by acquiring 100% of the voting rights. The acquisition met a strategic objective of the Group in respect of diversification in the supply of labour into other 'safety critical environments'.

An adjustment was required to the book values of the assets and liabilities of the business acquired in order to present the net assets at estimated values in accordance with the Group accounting policies. The purchase was accounted for as an acquisition. Goodwill is primarily related to growth expectations, expected future profitability, the skill and expertise of the acquired workforce and expected cost synergies. The goodwill that arose from this acquisition is not expected to be deductible for tax purposes.

	Book value on acquisition £'000	Fair value adjustment £'000	Value to Group £'000
Intangible Assets — Customer Contracts	—	673	673
Fixtures & Fittings	2	—	2
Trade and other Receivables	841	—	841
Borrowings	(391)	—	(391)
Trade and other Payables	(234)	—	(234)
Deferred Tax Liability	—	(132)	(132)
Net assets at acquisition	218	541	759
Goodwill			132
			891

Satisfied by:	
Cash	891

Acquisition costs recognised as expenses (included within administrative expenses) amounted to £29,560.

Consideration transferred

The acquisition was settled in cash amounting to £891,000 (£875,000 was paid on 28 November 2014 and the balance of £16,000 relating to the excess of net assets per the completion accounts was settled post year end).

Identifiable net assets

The value of the trade and other receivables acquired as part of the business combination amounted to £841,000 which equated to the gross contractual amount.

Contribution to the Group results

The acquisition contributed post acquisition revenues of £409,000 and profits totalling £43,000. If the acquisition had been made on 1 January 2014 revenues of £4,948,000 and profit from operations before amortisation of intangible assets of £218,000 would have been included and the Group revenues would have been £55,946,000 and the Group profit from operations would have been £1,327,000.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. Goodwill

Gross carrying amount	£'000
At 1 January 2014	
Additions	132
At 31 December 2014	**132**

Goodwill above relates to the following acquisition:

	Date of acquisition £'000	Original cost £'000
RIG Energy Limited	28 November 2014	891

The directors have considered the carrying value of the goodwill by looking at discounted future cash flows at a discount rate of 5%.

11. Other intangible assets

The Group's other intangible assets comprise the customer lists obtained through the acquisition of the company in note 9 above. The expected remaining useful life of these assets is 5 years. The carrying amounts for the financial year under review can be analysed as follows:

Gross carrying amount	Customer lists £'000
At 1 January 2014	**–**
Additions through business combinations	673
At 31 December 2014	**673**
Amortisation	
At 1 January 2014	**–**
Provided in year	11
At 31 December 2014	**11**
Net book amount at 31 December 2014	**662**
Net book amount at 31 December 2013	–

12. Property, plant and equipment

	Short leasehold improvements £'000	Fixtures & equipment £'000	Motor vehicles £'000	Capital work-in-progress £'000	Total £'000
Cost					
At 1 January 2014	427	1,266	24	104	1,821
Additions	—	170	—	75	245
Disposals	—	(709)	(19)	—	(728)
At 31 December 2014	427	727	5	179	1,338
Depreciation					
At 1 January 2014	411	975	4	—	1,390
Charge for the year	16	190	—	—	206
Disposals	—	(720)	(4)	—	(724)
At 31 December 2014	427	445	—	—	872
Net book amount					
At 31 December 2014	—	282	5	179	466
At 31 December 2013	16	291	20	104	431

	Short leasehold improvements £'000	Fixtures & equipment £'000	Motor vehicles £'000	Capital work-in-progress £'000	Total £'000
Cost					
At 1 January 2013	418	1,740	33	—	2,191
Additions	9	86	13	104	212
Disposals	—	(560)	(22)	—	(582)
At 31 December 2013	427	1,266	24	104	1,821
Depreciation					
At 1 January 2013	391	1,380	17	—	1,788
Charge for the year	20	152	9	—	181
Disposals	—	(557)	(22)	—	(579)
At 31 December 2013	411	975	4	—	1,390
Net book amount					
At 31 December 2013	16	291	20	104	431
At 31 December 2012	27	360	16	—	403

There is a charge over Group's fixed assets in respect of the Group's overdraft and invoice discounting facilities.

There were no contractual capital commitments for the acquisition of property, plant and equipment at 31 December 2014 (2013: Nil).

The net book value of assets held under finance leases at 31 December 2014 was £14,000 (2013: £34,000) and are all relating to fixtures and equipment.

NOTES TO THE GROUP **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

13. Deferred tax asset

	2014 £'000	2013 £'000
At 1 January 2014	**110**	239
(Charge) to the profit for the year	**(48)**	(129)
At 31 December 2014	**62**	110

The deferred tax asset is analysed as:

Recognised	2014 £'000	2013 £'000
Depreciation in excess of capital allowances	**62**	99
Tax losses carried forward	**–**	11
	62	110

Unrecognised	2014 £'000	2013 £'000
Tax losses carried forward	**83**	83

Tax losses carried forward of £397,000 (2013: £397,000), calculated at 21%, have not been recognised due to uncertainty over the availability of future taxable income in the related trading subsidiary against which the asset can be utilised.

14. Inventories

	2014 £'000	2013 £'000
Food, drink and goods for resale	**19**	15

15. Trade and other receivables

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Gross trade receivables	**7,937**	7,910
Allowance for credit losses	**(45)**	(21)
Net trade receivables	**7,892**	7,889
Other receivables	**50**	53
Prepayments	**426**	366
Accrued income	**899**	819
	9,267	9,127

15. Trade and other receivables continued

Allowances for credit losses on trade receivables for doubtful debts:

	2014 £'000	2013 £'000
Allowances at 1 January	**21**	58
Additions — charged to statement of comprehensive income	**45**	4
Allowances used	**(21)**	(39)
Allowances reversed	**—**	(2)
Allowances as at 31 December	**45**	21

An analysis of aged debtors past due but not impaired is shown below:

	Total £'000	Current £'000	Past due by 30 days or less £'000	Past due between 31 to 60 days £'000	Past due over 61 days £'000
2014 Trade receivables	**7,892**	**5,222**	**2,149**	**453**	**68**
2013 Trade receivables	7,889	5,100	1,980	512	297

The Group does not hold any collateral in respect of the above balances.

16. Liabilities

	2014 £'000	2013 £'000
Trade and other payables		
Trade payables	**982**	505
Other taxes and social security costs	**1,363**	1,238
Finance leases	**11**	11
Other payables	**286**	315
Accruals and deferred income	**2,071**	2,161
	4,713	4,230

Maturity of trade payables is between one and three months.

Creditors falling due after one year relate to finance leases. Finance leases are secured on the assets concerned.

Creditors falling due after one year	2014 £'000	2013 £'000
Two to five years	**11**	22

Borrowings	2014 £'000	2013 £'000
Bank overdraft and cash in transit	**142**	—
Invoice discounting arrangements	**3,024**	3,867
Allowances as at 31 December	**3,166**	3,867

During the year the Group has used its bank overdraft which is secured by a cross guarantee and debenture (fixed and floating charge over all assets) over all Group companies, and its invoice financing facility that is secured over the book debts of the Group. There have been no defaults of interest payable or unauthorised breaches of financing agreement terms during the current or prior year.

NOTES TO THE GROUP **FINANCIAL STATEMENTS**

For the year ended 31 December 2014

17. Share capital

Allotted, issued and fully paid — ordinary shares of 1p each:	2014 £'000	2013 £'000
As at 1 January 2014 13,511,626 shares (2013: 13,511,626 shares)	135	135
As at 31 December 2014 13,511,626 shares (2013: 13,511,626 shares)	135	135

18. Reconciliation of net cash flow to movements in net debt

	2014 £'000	2013 £'000
Increase/(decrease) in cash in the year	510	(126)
Cash outflow from changes in debt and lease financing	—	—
Movement in net funds in the year	510	(126)
Net debt at 1 January 2014	(3,635)	(3,509)
Net debt at 31 December 2014	(3,125)	(3,635)

19. Analysis of net debt

	At 1 January 2014 £'000	Cash Flows £'000	Other non-cash movements £'000	At 31 December 2014 £'000
Overdraft and invoice discounting arrangements	(3,867)	701	—	(3,166)
Cash	232	(191)	—	41
Net debt	(3,635)	(510)	—	(3,125)

20. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's risk management is coordinated at its headquarters, in close co-operation with the Board of directors. Treasury activities take place under procedures and policies approved by and monitored by the Board. They are designed to minimise the financial risks faced by the Group.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below.

Interest rate risk

The Group has financed its operations through a mixture of retained profits and bank borrowings and has sourced its main borrowings through a variable rate overdraft facility and an invoice discounting facility. Competitive interest rates are negotiated. The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/- one percentage point with effect from the beginning of the year.

	2014 £'000	2014 %	2013 £'000	2013 %
	+1%	−1%	+1%	−1%
Increase /(decrease) in net result and equity £'000	22	(22)	32	(32)

Liquidity risk

The Group seeks to mitigate liquidity risk by effective cash management. The Group's policy throughout the year has been to ensure the continuity of funding by the use of an overdraft facility of £50,000 and an invoicing discount facility up to £7.0m as required.

20. Risk management objectives and policies continued

Credit risk

The Group extends credit to recognised creditworthy third parties.

Trade receivable balances are monitored to minimise the Group's exposure to bad debts. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board. Independent credit ratings are used if available to set suitable credit limits. If there is no independent rating, the Board assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. At the year-end none of the trade receivable balances that were not past due or specifically provided against exceed set credit limits and management does not expect any losses from non-performance by these counterparties.

Foreign currency sensitivity

The Group incurs costs and generates revenues denominated in currencies other than sterling. As a result the value of the Group's non sterling revenues, costs, financial assets and cash flows can be affected by movements in exchange rates, in particular the dollar and euro exchange rates. The Group's objective in managing the currency exposure is to match revenues and expenses at similar exchange rates.

Borrowing facilities

The Group has an invoice discounting facility of £7.0m (2013: £7.0m) and an overdraft facility of £50,000 (2013: £50,000).

Financial assets and liabilities

The Group has the following financial assets:

- Trade receivables (see note 15)
- Other debtors excluding prepayments of £949,000 (2013: £872,000)

Each of the financial assets would be classified as loans and receivables under the relevant IAS 39 category.

The Group's financial liabilities consist of trade and other payables and would be classified as financial liabilities at amortised cost under the relevant IAS 39 category. All the Group's financial liabilities mature in less than one year other than assets held under finance leases. Assets held under finance leases are not material.

There is no difference between the fair value and carrying value of financial instruments.

There have been no changes in the financial risks from the previous year.

21. Operating lease commitments

As a lessee the Group had commitments under non-cancellable operating leases on land and buildings with future minimum lease payments as follows:-

	2014 £'000	2013 £'000
Within one year	**336**	320
Between two and five years	**428**	513
Total	**764**	833

The leasing arrangements are for office space for the Group Head Office in Derby and a network of regional offices.

NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 December 2014

21. Operating lease commitments continued

As at the balance sheet date £450,000 (2013: £810,000) was expected to be received under non-cancellable sub-leases. Split as follows:

	2014 £'000	2013 £'000
Within one year	**360**	360
Between two and five years	**90**	450
Total	**450**	810

The sub-lease arrangements relate to two building on the Group Head Office site in Derby.

22. Retirement benefit obligations

The Group operates money purchase pension schemes for eligible employees. The total pension cost for the Group for the year ended 31 December 2014 for the schemes was £154,495 (2013: £93,105) and as at 31 December 2014 there were contributions of £28,983 (2013: £18,020) outstanding.

23. Related party transactions

RTC Group Plc is the parent Company of the Group that includes the following trading entities that have been consolidated:

ATA Management Services Limited
ATA Recruitment Limited
The Derby Conference Centre Limited
Ganymede Solutions Limited
ATA Global Staffing Solutions Limited

The Group, as permitted by the scope paragraph of IAS 24, Related Party Disclosures, has not disclosed transactions with other group companies that are eliminated on consolidation in the Group financial statements.

Transactions with related parties not consolidated

During the year ended 31 December 2014 ATA India invoiced ATA Global Staffing Solutions Limited £68,429 (2013: £61,274) in respect of recruitment support services provided.

At the 31 December 2014 ATA Global Staffing Solutions Limited owed ATA India £4,668 (2013: £4,806) in respect of recruitment support services provided. At 31 December 2014 ATA Recruitment Limited was owed £13,205 (2013: £13,205) by ATA India. At 31 December 2014 RTC Group PLC was owed £8,819 (2013: £8,819) by ATA India.

The directors consider that the key management personnel are the Group directors as listed in note 5.

24. Capital management

The Group's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and employees and;
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Group uses its overdraft and invoice discounting facilities to manage its short term working capital requirements.

The Group manages the capital structure and ratio of debt to equity and makes adjustments to it in the light of changes in economic conditions.

RTC GROUP

Company statutory financial statements

For the year ended 31 December 2014
(Prepared under UK GAAP)

Company Number 2558971

COMPANY
BALANCE SHEET

As at 31 December 2014
Company number: 2558971

	Notes	**2014 £'000**	2013 £'000
Fixed assets			
Investments	27	**950**	59
		950	59
Current assets			
Cash at bank and in hand		**794**	—
Debtors	28	**1,077**	2,056
		1,871	2,056
Current liabilities			
Creditors falling due within one year	30	**(298)**	(186)
Net current assets		**1,573**	1,870
Net assets		**2,523**	1,929
Equity			
Called up share capital	34	**135**	135
Share premium	31	**—**	2,468
Capital Redemption Reserve		**50**	50
Share based payment reserve		**26**	18
Profit and loss account	31	**2,312**	(742)
Shareholders' funds	33	**2,523**	1,929

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 2 March 2015 by:

Andy Pendlebury

Andy Pendlebury
Director

2 March 2014

Sarah Dye

Sarah Dye
Director

2 March 2014

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

25. Accounting policies

RTC Group plc ("the Company") was incorporated and is domiciled in the United Kingdom. Its registered office and principal place of business is The Derby Conference Centre, London Road, Derby, DE24 8UX and its registered number 2558971.

The Company's accounting reference date is 31 December. These financial statements are for the period 30 December 2013 to 28 December 2014. The comparative figures are for the period 31 December 2012 to 29 December 2013.

a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Generally Accepted Accounting Practice ('United Kingdom Accounting Standards and applicable law').

b) Investments

Shares in subsidiary companies are stated at cost less provision for any impairment in value.

c) Deferred taxation

As required by Financial Reporting Standard 19 'Deferred Tax', full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised. Deferred tax assets are recognised to the extent that it is probable there will be sufficient future profits against which the asset will be relieved. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax is not discounted.

d) Pension costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

e) Financial instruments

The only financial instruments held by the Company are Sterling financial assets and liabilities. They have been included in the financial statements at their undiscounted respective asset or liability values.

f) Share based payments

The Company has applied the requirements of Financial Reporting Standard 20 Share Based Payments.

The Company issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the date of the grant of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimates of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. The effect of this is shown in note 5. Fair value is measured by use of a Black-Scholes model.

26. Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year amounted to £654,000 (2013: profit of £412,000).

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

27. Investments

Shares in subsidiary undertakings — Company	2014 £'000	2013 £'000
Cost at 1 January	**1,605**	1,605
Investment in subsidiary company	**891**	—
Cost at 31 December	**2,496**	1,605
Accumulated impairment losses at 1 January	**1,546**	1,546
Charge in year	**—**	—
Provision for impairment at 31 December	**1,546**	1,546
Net book value at 31 December	**950**	59

At 31 December 2014 the Company held the share capital of the following subsidiary undertakings:

Subsidiaries	Proportion of ordinary share capital held	Country of incorporation	Nature of business
ATA Management Services Limited	100%	England and Wales	Support Services
ATA Recruitment Limited	100%	England and Wales	Recruitment
The Derby Conference Centre Limited	100%	England and Wales	Conferencing Services
Ganymede Solutions Limited	100%	England and Wales	Recruitment
ATA Global Staffing Solutions Limited	100%	England and Wales	Recruitment
Accurate Recruitment and Training Services PVT Limited	90%	India	Recruitment

Subsidiary undertakings that are dormant or not trading have not been included in the above list.

On 28 November 2014 the Company purchased the entire share capital of RIG Energy Limited. The trade and assets of RIG Energy Limited were immediately hived up into Ganymede Solutions Limited and RIG Energy ceased to trade. The intercompany balance between RIG Energy Limited and Ganymede Solutions Limited was immediately forgiven.

28. Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	**1,065**	2,034
Prepayments	**12**	22
	1,077	2,056

29. Deferred tax asset

	2014 £'000	2013 £'000
At 1 January 2014	**—**	34
(Charge) to the profit for the year	**—**	(34)
At 31 December 2014	**—**	—

30. Creditors — amounts falling due within one year

	2014 £'000	2013 £'000
Trade and other payables		
Bank overdraft	—	50
Corporation tax	28	—
Other taxes and social security costs	25	22
Other creditors	18	13
Accruals and deferred income	227	101
	298	186

During the year the Company has used its bank overdraft which is secured by a cross guarantee and debenture (fixed and floating charge over all assets) over all Group companies

31. Reserves reconciliation

	Capital redemption reserve £'000	Share premium £'000	Share based payment reserve £'000	Profit and loss account £'000
At 1 January 2014	50	2,468	18	(742)
Share based payment reserve	—	—	8	—
Share premium cancellation	—	(2,468)	—	2,468
Dividend paid	—	—	—	(68)
Profit for the year	—	—	—	654
At 31 December 2014	50	—	26	2,312

Cancellation of share premium

Following the approval of shareholders at the Company's Annual General Meeting on 21 May 2014 of the cancellation of the share premium account, by order of the High Court, the cancellation became effective on 27 November 2014. Following the cancellation, the total number of ordinary shares of 1p each in issue remained unchanged at 13,511,626 shares.

32. Contingent liability

The Company has entered into a cross guarantee and debenture (fixed and floating charge over all assets) with the Group's bankers in respect of net £50,000 (2013: £50,000) overdraft facilities extended to certain of the subsidiaries of the Company.

33. Shareholders' Funds

	2014 £'000	2013 £'000
At 1 January 2014	1,929	1,499
Share based payment reserve	8	18
Dividend paid	(68)	—
Profit for the year	654	412
At 31 December 2014	2,523	1,929

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2014

34. Share capital

	2014 £'000	2013 £'000
Allotted, issued and fully paid — ordinary share of 1p each		
At 1 January 2014 and 31 December 2014 13,511,626 shares (2013: 13,511,626 shares)	**135**	135

Share options

Details of share options and the share based payment charge calculation are set out in note 5.

35. Directors and employees remuneration

The directors of the Company are the only employees for the Company and are the same as those of the Group. Their remuneration is set out in note 5.

36. Related Party Transactions

The Company, as permitted by the scope paragraph of FRS8, Related Party Disclosures, has not disclosed transactions with other wholly owned Group companies.

37. Pension Commitments

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. Included in other creditors were £5,583 (2013: £4,708) of outstanding contributions.

38. Post balance sheet event

The RTC Group PLC resolved that the trade and assets of ATA Management Services Limited be hived up into RTC Group PLC on 1 January 2015 and that subsequently ATA Management Services Limited be struck off.

DIRECTORS AND ADVISERS

Directors
W J C Douie
A M Pendlebury
S Dye
T Jackson (appointed 23 April 2014)

Registered office
The Derby Conference Centre
London Road
DE24 8UX

Company Secretary
S Dye

Registered number
2558971

Nominated adviser and broker
Allenby Capital Limited
3 St Helen's Place
London
EC3A 6AB

Solicitors
Wragge Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Bankers
HSBC plc
1 St Peters Street
Derby
DE1 2AE

Auditor
BDO LLP
Regent House
Clinton Avenue
Nottingham
NG5 1AZ

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

NOTICE OF
ANNUAL GENERAL MEETING

Notice is hereby given that the 2015 Annual General Meeting of RTC Group Plc (the “Company”) will be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London, SE1 2AU on 22 April 2015 at 12 noon (the “Meeting”) for the following purpose: -

To consider, and if thought fit, pass the following resolutions which will be proposed as to resolutions 1 to 7 as ordinary resolutions and as to resolutions 8 to 9 as special resolutions:

Ordinary Business

1. To receive and, if approved, to adopt the Directors’ and Auditors’ Report and the Financial Statements for the year ended 31 December 2014.
2. To receive and, if approved, to adopt the Remuneration Report for the year ended 31 December 2014.
3. To re-elect A M Pendlebury, a director of the Company, who retires by rotation, as a director of the Company.
4. To elect T Jackson, as a director of the Company.
5. To re-appoint BDO LLP as auditors of the Company from the conclusion of the Meeting in accordance with Section 489 of the Companies Act 2006 (the “Act”), until the conclusion of the next Annual General Meeting, and to authorise the Directors to fix their remuneration.
6. To declare a final dividend of one pence per share in respect of the year ended 31 December 2014.

Special Business

7. THAT in substitution of all previous authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Act, to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £40,535, this authority to expire on 30 June 2016 or the conclusion of the Annual General Meeting to be held in 2016 (whichever is earlier) unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the directors may allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.
8. THAT, subject to the passing of Resolution 7 above, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) wholly for cash pursuant to the authority conferred by Resolution 7 above as if section 561 of the said Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
   (a) in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares) but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems arising in, or pursuant to, the laws of any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and

   (b) otherwise than pursuant to paragraph 8 (a) above, up to an aggregate nominal amount of £40,535, provided that this power shall expire on 30 June 2016 or the conclusion of the Annual General Meeting of the Company to be held in 2016, (whichever is earlier) unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry and the Directors may allot equity securities, in pursuance of such offer or agreement as if this power had not expired.

9. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company provided that:
   (a) the maximum number of ordinary shares of 1p each in the capital of the Company hereby authorised to be acquired is 1,351,163;
   (b) the minimum price (exclusive of all expenses) which may be paid for such shares is 1p per share;
   (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105 per cent. of the average of the middle-market prices shown in the quotations for ordinary shares of the Company in the Daily Official List of the London Stock Exchange on the five business days immediately preceding the day on which the share is contracted to be purchased;
   (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting following the date upon which this resolution was passed or 30 June 2016 (whichever is earlier); and
   (e) the Company may contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuant of any such contract.

By Order of the Board 2 March 2015

Registered Office:
The Derby Conference Centre
London Road, Derby
DE24 8UX

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

1. Only those members registered on the Company's register of members at
   - 6.00 p.m. on 21 April 2015; or
   - if this meeting is adjourned, at 6.00 p.m. on the date which is 48 hours prior to the time of the adjourned meeting;

   shall be entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a show of hands or a poll, vote in his/her stead. A proxy need not be a member of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A member of the Company may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member is not entitled to appoint more than one proxy to exercise rights attached to any one share. Please contact the Company's Registrar at Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol, BS13 8AE, if you wish to appoint more than one proxy.
4. A proxy form for use in connection with the meeting accompanies this report and accounts. Additional copies may be obtained from the registered office. The proxy form and any power of attorney under which it is signed must be lodged at the address printed on the proxy form not less than 48 hours before the time appointed for holding the meeting. The fact that members may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
5. Alternatively if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service.

   CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST manual (available via www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual.

   The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (Computershare) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.
8. Copies of the Directors' service contracts, copies of letters of appointment between the Company and the Non-Executive Director and a copy of the existing Memorandum and Articles may be inspected during usual business hours on any weekday (public holidays excepted) at the registered office of the Company from the date of this Notice of Annual General Meeting until the date of the Meeting and at the place of the Meeting from 11.45 a.m. until the Meeting's conclusion.
9. If shareholders approve the recommended final dividend proposed by resolution 6, this will be paid on 24 April 2015 to all holders of shares who are on the register of members at the close of business on 27 March 2015, with an ex-dividend date of 26 March 2015.

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