RTC GROUP

RECRUITMENT & CONFERENCING

ANNUAL REPORT & ACCOUNTS

2012

Directors and advisers

Directors
W J C Douie
A M Pendlebury
G Hewett (resigned 4 April 2012)
A Bailey (resigned 31 January 2013)
J T White (appointed 18 May 2011)
S Dye (appointed 4 February 2013)

Registered office
The Derby Conference Centre
London Road
DE24 8UX

Company secretary
S Dye

Registered number
2558971

Nominated adviser and broker
Allenby Capital Limited
Claridge House
32 Davies Street
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London W1K 4ND

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

Thrings
6 Drakes Meadow
Penny Lane
Swindon
SN3 3LL

Bankers
Lloyds TSB
Butt Dyke House
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Nottingham
NG1 6GY

Auditor
PKF (UK) LLP
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NG5 1AZ

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BS99 7NH

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Chairman's statement

For the year ended 31 December 2012

I am pleased to present the annual report for the year ended 31 December 2012.

Group

2012 has been a year of strong growth both in turnover and operating profit. As a result we have achieved a pleasing performance in Group operating profits before exceptional items of £592,000 (2011: loss £87,000), contributing to a group pre-tax profit of £474,000.

Trading

ATA Recruitment

UK white collar recruitment performed extremely well in markets which continue to be volatile. Revenue is up 30% at £20.601m and operating profit was £0.252m (2011: loss £206,000).

ATA Global Staffing Solutions

2012 saw the first full year effect of the largest element of our contract in Afghanistan. Operating teething problems have been eliminated, with travel arrangements running smoothly and currency conversion costs reduced. Revenue is up 66% at £13.736m (2011:£8.239m) and operating profit was £123,000 (2011: loss of £87,000).

Ganymede Solutions

Another year of good growth across all disciplines. Revenue was up 42% at £6.885m and operating profit was £201,000 (2011: profit of £171,000 before exceptional items). During the year RTC Group plc (the Company) purchased the remaining 10% non-controlling interest in Ganymede Solutions Limited previously held by Gary Hewett, for £41,000, making it a 100% owned subsidiary.

The Derby Conference Centre

The market for conferencing remains tight and highly competitive.
Revenue was £1.741m (2011: £1.763m) and operating profit was £16,000 (2011: £35,000).

Capital investment

Our enhanced trading performance has enabled us to make a modest increase in capital expenditure of £71k after providing for working capital to service increased turnover.

Dividends

Notwithstanding the reported profitability for the period, the directors do not feel it prudent to recommend any dividend payment for 2012.

Management

The new management structure established early in the year has bedded in well and we are confident in its ability to deliver future growth for the Group.

The Group Board

As recently announced Andrew Bailey left the Group and we wish him well. I would like to express our thanks for the diligence and unswerving loyalty he has displayed during his many years with the Group.

Chairman's statement

For the year ended 31 December 2012

I would also like to welcome Sarah Dye to the Group as Finance Director.

Outlook

It comes as no surprise to us all that material recovery from the recent recession remains patchy and volatile. Nonetheless, we are content that we have a range of activities which all hold much promise for the Group and are expected to permit continued growth in the years to come. We intend to continue to concentrate on exploring opportunities for additional business in all areas of recruitment covered by our three core business activities, whilst making the fullest possible use of our premises in Derby both as a profit centre and as our Head Office.

ATA UK was restructured with effect from 1 January 2013 and we are currently investing in additional headcount and recruitment technology. We therefore expect to be approximately break-even for the first half of the financial year and generate the vast majority of projected profits in the second half as these staff become fully effective and we start to see the benefits of the additional investment in the new structure. We believe this longer term strategy will permit sustainable and profitable growth in the years to come.

We remain committed to our goal of building a focused group with both sustainability and profitability which will deliver increased earnings per share for our investors and we intend to continue to use free cash flow to enhance our balance sheet, to provide working capital for expansion and to invest in the future wherever necessary.

Staff

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

W J C Douie **26 March 2013**
Chairman

Chief Executive's statement

For the year ended 31 December 2012

2012 delivered a much more positive set of results for the Group. The investments that were made in previous years in operational systems and procedures alongside the appointment of additional finance and support staff have paid off and we are now beginning to capture the profits from the continued growth in sales revenue and gross profit across all areas of the business.

The shape of our business continues to change and I believe we have significantly diluted our exposure and risk to the United Kingdom market place which continues to suffer from sluggish growth as both bank lending to the small and medium size business community and public and private sector investment in major infrastructure projects remain disappointingly slow.

Our international business which comprises of ATA Global Staffing Solutions (ATA GSS) and ATA India (ATAI) now generates around 30% of group revenue and some 25% of gross profit. ATA GSS continues to build on its contract to supply staff to Afghanistan and we now deploy over 1200 personnel from over 25 countries to support our clients. ATA GSS is now recognised as the largest employment business supplying temporary labour to clients in the region and we remain extremely optimistic about future growth opportunities on both this and other emerging international projects.

ATAI, which originated as a strategic partnership to source international staff for Afghanistan, was formerly launched as part of RTC during 2012, and continues to establish itself in one of the world's fastest growing economies. ATAI have already secured some long term contracts within the domestic Indian market and in collaboration with our ATA UK business, is sourcing staff for UK clients diversifying into the Indian market place and sourcing Indian candidates for placement with clients seeking scarce skills within the United Kingdom.

Whilst the UK recruitment market remains difficult, ATA UK has continued to secure new clients across both the SME and blue chip market sectors. Furthermore, and despite tough pricing conditions and heavy discounting from much of the competition as new business opportunities are becoming increasingly harder to find, the business is steadily growing its client base and net fee income.

Ganymede Solutions has continued to accelerate its presence in the blue collar rail sector on both mainline and underground networks and is now working with a broad range of prime and second tier contractors. Whilst historically the business has concentrated activities primarily in the transport sector, new opportunities are being explored across other blue collar labour intensive markets.

Our conference and events business, the Derby Conference Centre (DCC), continues to capture business across all areas of activity in what remains an extremely crowded and competitive market. In order to keep the unique edge that the Art Deco styled facility offers clients, a capital investment plan was approved for the DCC during the year to ensure the business can continue to attract long term sustainable revenue.

Chief Executive's statement

For the year ended 31 December 2012

Finally, the significance of the turnaround in profits for 2012 is testament to the quality, commitment and belief of the company's management team and employees across all areas of the business and your board of directors is extremely thankful of everybody's contribution.

A M Pendlebury **26 March 2013**
Group Chief Executive

Finance Director's statement

For the year ended 31 December 2012

Group financial highlights

- revenue up 39% to £43m
- operating profit increased to £592,000
- net fee income up 30%
- net profit before tax £474,000
- strengthened balance sheet
- improved cash generation

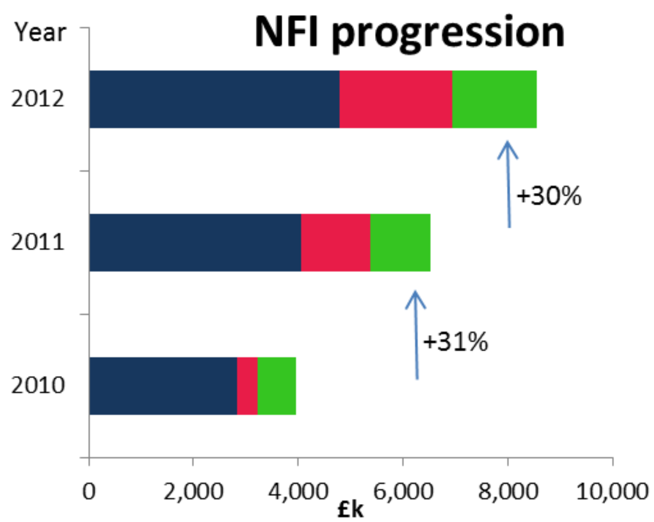
Group revenue has increased by 39% to £43m (2011:£31m) reflecting strong growth across all business units within the recruitment division. The conferencing division income was maintained near 2011 levels.

The strong growth in the recruitment division has resulted in a drop in gross margin to 11.8% (2011: 13.1%), however an operating profit from operations of £592,000 has been generated (2011: loss of £465,000) and also a net profit before tax from continuing operations of £474,000 (2011: loss of £561,000).

Recruitment

The recruitment division of the Group comprises three business units: ATA Recruitment UK (ATA UK) servicing the UK SME engineering market and a number of vertical markets; ATA Global Staffing Solutions (ATA GSS) servicing the international market and Ganymede Solutions (GSL) supplying blue collar labour into rail, trades and labour and other markets.

Each of the business units within the recruitment division has delivered strong growth in net fee income (NFI) (see below) backed up by an operating profit for the division of £576,000 (2011: loss of £500,000). NFI is permanent and contract revenue less contractor wages and is therefore a sub set of gross profit which is NFI less direct costs of sale.



Finance Director's statement

For the year ended 31 December 2012

ATA UK revenue per permanent placement increased by 8% with the number of placements up 1% and overall revenue up 9%. During the year a new structure was introduced within ATA UK which we believe will lead to greater efficiency and increased productivity and profitability. However, this will take time to bed in. The average number of placements per consultant fell by 10% from 2011 reflecting both an 18% increase in consultant numbers and the time for them to reach full productivity, coupled with the time for the new structure to bed in. We expect to see the benefits of the new structure begin to crystallise during the second half of 2013.

ATA UK white collar contract revenue increased by 32% (2011: 52%), this was supplemented by several high volume client wins during the year.

Overseas revenue generated by ATA GSS increased by £5.5m predominantly as a result of the first full year impact of the largest element of our contract in Afghanistan.

Revenue from blue collar labour supplied by GSL increased by 42% with the number of hours worked up 37% (2011: 87%). This revenue growth was achieved by increased volumes with existing customers.

Conferencing
The conferencing division comprises the DCC which maintained income levels near those achieved in 2011 despite the very competitive nature of the market and the negative impact of events such as the Olympics. The conferencing division returned an operating profit of £16,000 (2011: £35,000).

Earnings per share
The earnings per share on continuing operations increased to 4.26p (2011: loss 4.17p). However, although committed to our goal of building a focused group with both sustainability and profitability which will deliver increased earnings per share for our investors and notwithstanding the reported profitability for the period, the directors do not feel it prudent to recommend any dividend payment for 2012.

Balance sheet
The Group balance sheet has strengthened during the year, with net working capital increasing by £316,000 to £529,000 (2011: £213,000) and a slightly increased ratio of current assets to current liabilities of 1.07 (2011: 1.03). Our gearing ratio has fallen to 3.0 from 4.9. Gearing is calculated as current bank borrowing over equity. The Group continues to be focussed on cash generation and ensuring a robust balance sheet to support the growth of the business.

Financing
The Group's current bank facilities include an overdraft of £50,000 and a confidential invoice discounting facility of up to £5.2m with Lloyds TSB. Both are renewable annually with the next review due in March 2014. 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.

Post tax cash generation during the year has improved and our pro-active approach to debtor management has succeeded in limiting our working capital increase despite the 39% increase in revenue.

S Dye **26 March 2013**
Group Finance Director

Directors' report

For the year ended 31 December 2012

The directors submit their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2012.

Principal activity

The Group's principal activities are the provision of recruitment and conference 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 39% at £43m. The Group recorded an operating profit before exceptional items for the year of £474,000 (2011: loss £87,000).

A review of the business, future outlook, and key performance indicators is included in the statements by the Chairman, Chief Executive and Finance Director. Comments on principal risks and uncertainties are contained in the corporate governance statement.

Share capital

Details of share capital are shown in note 16.

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
G Hewett (resigned 4 April 2012)
A Bailey (resigned 31 January 2013)
J T White
S Dye (appointed 4 February 2013)

Directors' interests in the 1p ordinary shares of the Company and their share options are set out in note 6 to the financial statements. J T White retires by rotation and offers himself for re-election. S Dye offers herself 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 21 February 2013 were as follows:

	Number of shares	% of issued share capital
W J C Douie	2,209,073	16.35
J T White	2,191,517	16.22
Alison Chapman	1,520,340	11.25
AM Pendlebury	1,249,550	9.25
Chase Nominees Limited	763,735	5.65
Giltspur Nominees Limited	724,880	5.37
A Bailey	723,763	5.36
G Hewett	533,130	3.95
Graham J Chivers	515,809	3.95
JIM Nominees Limited	470,000	3.48

Directors' report

For the year ended 31 December 2012

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 the Group is considering future share options to be issued under its EMI scheme.

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 2012, 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. Group creditors at 31 December 2012 represented 6 days purchases (2011: 5 days).

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.

Dividends

No dividends (2011: Nil) were paid during the year and no final dividend is proposed.

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 £474,000 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 £1,171,000, its bank facilities which have been agreed until March 2014 and the Group's trading and cash forecasts for the next 12 months, that the going concern basis of preparation is appropriate.

Directors' report

For the year ended 31 December 2012

Authorities to allot shares

It is proposed to renew the authorities to allot shares at the forthcoming Annual General Meeting.

Resolution 5 will be proposed as an ordinary resolution to renew the general authority of the directors to allot ordinary shares up to an aggregate nominal amount of £67,558, (representing approximately 50% of the ordinary share capital of the Company in issue), such authority to expire 15 months after the passing of the resolution or at the conclusion of next year's Annual General Meeting (whichever is the earlier). The directors have no present intention of allotting ordinary shares pursuant to this authority.

Resolution 6 will be proposed as a special resolution to authorise the directors to allot equity securities for cash (otherwise than pro rata to existing shareholders), in connection with a rights issue which is made not strictly in accordance with Section 551 of the Companies Act 2006 or otherwise up to a maximum aggregate nominal value of £40,534 representing approximately 30% of the current issued share capital. Such authority is to expire 15 months after the passing of the resolution or at the conclusion of next year's Annual General Meeting (whichever is the earlier).

Purchase of own shares

It is proposed to seek authority for the Company to purchase up to 2,025,392 ordinary shares (equivalent to approximately 15% of the current issued share capital) at a maximum price, excluding expenses, of an amount equal to 105% of the average of the middle market quotations for the 5 business days immediately preceding the date of purchase and a minimum price, excluding expenses, of the nominal value of the shares. The authority shall expire 15 months after the passing of the resolution or at the conclusion of next year's Annual General Meeting (whichever is the earlier).

Resolution 7 will be proposed as a special resolution to approve such market purchases. The directors believe such authority is beneficial and provides flexibility in the management of the Group's capital resources. Purchases would only be made if the directors were satisfied that such purchases were in the best interests of the Company and of the Group, and would result in an increase in expected earnings per share. There is no immediate intention of using such authority. Purchases pursuant to the authority would be financed from distributable reserves.

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 Company 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 19.

Directors' report

For the year ended 31 December 2012

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the parent 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 Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

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

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

Auditor

The auditor, PKF (UK) LLP, have announced they are merging their business into BDO LLP. A resolution to appointment BDO LLP LLP as auditor to the Company and to authorise the directors to agree their remuneration will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD 26 March 2013
S Dye
Secretary

Corporate governance statement

For the year ended 31 December 2012

Statement by the Directors on compliance with the UK Corporate Governance Code (the code)
As a company listed on the Alternative Investment Market (AIM) of the London Stock Exchange, RTC Group plc is not required to comply with the code. 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 and taken steps to comply.

The Group also supports the **Quoted Companies Alliance 'Corporate Governance Guidelines for Smaller Companies'** (the guide) which is seen to set the standard that AIM companies should seek to adhere to. As the Group grows it intends, as far as practical to increasingly observe the principles in the guide. 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 below.

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 Board meets formally no less than six times per year and receives a defined supply of information.

The Group believes that it has at its disposal, in its non-executive director, J T White, its Chairman with his banking background and experience and its' recently appointed Group Finance Director, 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 established a remuneration committee and an audit committee.

The audit committee comprises W J C Douie and A M Pendlebury, 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 J T White. It is chaired by W J C Douie. However, W J C Douie is not involved in determining his own remuneration.

Corporate governance statement

For the year ended 31 December 2012

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 Recruitment 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 as an Audit Manager for Audit New Zealand, a business unit of 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 on 4 February 2013.

John White, Non-Executive Director

John trained as a Mechanical Design Engineer at EMI Ltd then went into Contract Engineering being engaged by various engineering companies to work on specific projects. In 1975 he became a Recruitment Contracts Manager in the sales and placement of Contract Engineers. In 1977 John joined Shorterm Engineers Ltd (SEL) as a Director and became a junior equity partner. With backing from Midland Montague Ventures Ltd, he led a Management Buyout taking individual overall control. Shorterm Group Ltd (SGL) continued its expansion programme organically and by acquisition whilst building up a management structure to become one of the largest technical employment agencies in the South of England. In 1999 SGL was sold to Venture Capital Company 3i, who supported a new Management Buy-in. He joined the board of RTC Group Plc as a non-executive in May 2012.

Corporate governance statement

For the year ended 31 December 2012

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 expenditure is 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 internal audit reviews that is focused on key risk areas is approved by the audit committee. The audit committee ensures that these reviews are carried out by a firm of experts who are independent of the Group's external auditors.

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 our businesses is to actively pursue new customers and contracts and to identify new market opportunities to spread the risk. We also take very seriously our commitment to providing excellent service and building and maintaining customer relationships.

Corporate governance statement

For the year ended 31 December 2012

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 and subscribe to a monitoring service and we monitor payment patterns and debt levels against credit limits. In addition the Board is regularly appraised of debt levels and ageing.

Cyclical nature of our business

The on-going impact on the Group's operations of the cycle of demand for permanent recruitment amongst our clients coupled with the current economic climate continues to be an uncertainty facing the Group. Strategies are in place to address this which includes building a focus around premium fee permanent placements and a targeted expansion of our client base.

Business model risk

Longer term the industry is faced with the challenge of continuing to be a preferred option for recruitment as technology advances making it easier for companies to source candidates themselves, for example, through more sophisticated job boards. As a result, through initiatives such as contractor care specialists and dedicated account management, the Group is focussed on establishing itself as the provider of choice within our market sectors.

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. We have an in-house recruiter who really knows our business and we have recruited a training manager with significant industry experience to work with all our front-line staff.

Compliance risks

Certain checks are required before we place candidates into their roles. For certain roles and industries those checks are more specific as set out by legislation. We have a compliance function that is independent in that it reports in to the Chief Executive.

Reliance on technology

Failure of our IT systems would cause significant disruption to the business. The Group has a robust disaster recovery plan in place that has been successfully tested.

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.

Remuneration report

For the year ended 31 December 2012

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 6.

Performance related bonuses

Bonuses are paid at the discretion of the remuneration committee as an incentive and to reward performance during the financial year. Details are set out in note 6.

Pensions

The Company contributes an amount equal to the following % of directors' basic salaries (excluding cash for car alternatives) to money purchase pension schemes:

A M Pendlebury	15 %
A Bailey	10% (resigned 31 January 2013)
G Hewett	10% (resigned 4 April 2012)

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. G Hewett and A Bailey's service contracts were terminable on 6 months' notice in writing by either party.

Details of Directors' remuneration can be found in note 6 to the financial statements.

On behalf of the Board

W J C Douie 26 March 2013
Chairman

Independent Auditor's report to the members of RTC Group Plc

For the year ended 31 December 2012

We have audited the financial statements of RTC Group Plc for the year ended 31 December 2012 which comprise the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated statement of cash flows, the company balance sheet 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 the 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements we consider the implications for our report.

Independent Auditor's report to the members of RTC Group Plc

For the year ended 31 December 2012

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 2012 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 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 matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Gareth Singleton (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
Nottingham, UK
26 March 2013

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000	
Revenue	**1,2,3**	**42,963**	30,670	*
Cost of sales	**2**	**(37,735)**	(26,668)	*
Gross Profit		**5,228**	4,002	
Administrative expenses		**(4,636)**	(4,467)	
Operating profit/(loss)		**592**	(465)	
Analysed as:				
Operating profit/(loss) before exceptional items	**2,4**	**592**	(87)	
Exceptional administrative expense	**7**	**-**	(378)	
Operating profit/(loss) after exceptional items		**592**	(465)	
Financing expense	**8**	**(118)**	(96)	
Profit/(loss) before tax		**474**	(561)	
Income tax	**9**	**101**	62	
Net profit/(loss) from continuing operations		**575**	(499)	
Loss from discontinued operations		**-**	(112)	
Net profit/(loss) and total comprehensive income for the year		**575**	(611)	

Basic and diluted:			
Profit/(loss) per share – continuing operations (pence)	**10**	**4.26**	(4.17)
Profit/(loss) per share – discontinued operations	**10**	**-**	(0.93)
Profit/(loss) per share – continuing and discontinued	**10**	**4.26**	(5.10)

There is no dilutive effect of share options.

* The 2011 results have been restated. Recruitment revenue and cost of sales have been grossed up in respect of billable travel expenses previously netted off (see note 2).

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Share capital	**Share premium account**	**Capital redemption reserve**	**Share based payment reserve**	**Accumulated losses**	**Total equity**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 January 2012	**135**	**2,468**	**50**	**33**	**(2,049)**	**637**
Net profit and total comprehensive income for the year	**-**	**-**	**-**	**-**	**575**	**575**
Share acquisition	**-**	**-**	**-**	**-**	**(41)**	**(41)**
Share based payment reserve	**-**	**-**	**-**	**(33)**	**33**	**-**
At 31 December 2012	**135**	**2,468**	**50**	**-**	**(1,482)**	**1,171**

	Share capital	Share premium account	Capital redemption reserve	Share based payment reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	90	2,117	50	30	(1,438)	849
Net loss and total comprehensive income for the year	-	-	-	-	(611)	(611)
Share issue (net of expenses)	45	351	-	-	-	396
Share based payment reserve	-	-	-	3	-	3
At 31 December 2011	135	2,468	50	33	(2,049)	637

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 2012

	Notes	£'000	2012 £'000	2011 £'000	£'000
Assets					
Non-current					
Property, plant and equipment	**11**	**403**		292	
Deferred tax asset	**12**	**239**		132	
			642		424
Current					
Inventories	**13**	**13**		14	
Trade and other receivables	**14**	**8,059**		6,444	
			8,072		6,458
Total assets			**8,714**		6,882
Liabilities					
Current					
Trade and other payables	**15**	**(4,034)**		(3,096)	
Current borrowings	**15**	**(3,509)**		(3,149)	
Total liabilities			**(7,543)**		(6,245)
Net assets			**1,171**		637
Equity					
Share capital	**16**		**135**		135
Share premium			**2,468**		2,468
Capital redemption reserve			**50**		50
Share based payment reserve			**-**		33
Accumulated losses			**(1,482)**		(2,049)
Total equity			**1,171**		637

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 March 2013 by:

A M Pendlebury
Director

S Dye
Director

Consolidated statement of cash flows

For the year ended 31 December 2012

	Notes	2012	2011
		£'000	£'000
Cash flows from operating activities			
Operating result from continuing operations		**592**	(465)
Adjustments for:			
Employee equity settled share options		**-**	3
Depreciation		**149**	156
Loss on sale of property, plant and equipment		**-**	5
Change in inventories		**1**	(4)
Change in trade and other receivables		**(1,621)**	(1,657)
Change in trade and other payables		**938**	1,030
Cash movement from discontinued operations		**-**	(112)
Cash generated from operations		**59**	(1,044)
Interest paid		**(118)**	(96)
Net cash from/(used in) operating activities		**(59)**	(1,140)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(260)**	(174)
Purchase of shares in subsidiary companies		**(41)**	-
Net cash from/(used in) investing activities		**(360)**	(174)
Cash flows from financing activities			
Proceeds from issue of share capital		**-**	396
Net cash inflow from financing activities		**-**	396
Net (decrease)/increase in cash and cash equivalents from continuing operation		**(360)**	(918)
Total net (decrease) in cash and cash equivalents	**18**	**(360)**	(918)
Cash and cash equivalents at the beginning of the year		**(3,149)**	(2,231)
Cash and cash equivalents at the end of the year		**(3,509)**	(3,149)

Notes to the financial statements

For the year ended 31 December 2012

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 in accordance with International Financial Reporting Standards (IFRS) and IFRC Interpretations as adopted by the European Union issued and effective at 1 January 2012 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:

- Deferred tax asset – a prudent estimate is made as to the extent that it is probable that future taxable profits will be available to be utilised against unused tax losses; and
- 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 financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

The Group has made a pre-tax profit of £474,000 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 £1,171,000, its bank facilities which have been agreed until March 2014 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. 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.

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (effective 1 January 2013)
- Offsetting Financial assets and Financial Liabilities (Amendments to IAS 32 and IFRS 7) (effective 1 January 2014)

Notes to the financial statements

For the year ended 31 December 2012

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.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefit from their activities. Subsidiaries are fully consolidated from the date on which control is transferred until the date that the 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 purchase method of accounting is used to account for acquisition of companies by the Group.

The Group has not historically recorded any non-controlling interests in respect of Ganymede Solutions Limited (10%) as this is not considered material. However, the remaining 10% interest was acquired during the year. The non-controlling interest in Accurate Recruitment and Training Services PBT Limited (10%) is not recorded as it is considered immaterial.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

c) *Revenue*

Recruitment

Revenue represents fee income derived from permanent and temporary to permanent contract candidate placements made during the year, together with the full value of contract labour supplied excluding value added tax.

Revenue is recognised when the company has fulfilled its contractual obligations.

Conferencing

Revenue 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.

Revenue is recognised to the extent that the Group has performed its contractual obligations such that it is entitled to the revenue and is it recognised on an accruals basis. Rental income received is recognised on a straight line basis over the lease term.

d) *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% per annum or the lease term
Fixtures and office equipment	25.0%	-	33.3% per annum
Motor vehicles	25.0%	-	33.3% per annum

Notes to the financial statements

For the year ended 31 December 2012

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.

e) *Impairment of assets*

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.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the profit or loss for the period.

f) *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.

g) *Leasing*

Rentals payable under operating leases charged to the profit or loss 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.

h) *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 statement of financial position 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.

i) *Deferred Taxation*

Deferred taxation is provided in full using the statement of financial position liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. Deferred tax assets and liabilities are not recognised if they arise in the following situations; the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest distributable profits arising in Group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax asset is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Notes to the financial statements

For the year ended 31 December 2012

j) *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.

k) *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.

l) *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 6.

Fair value is measured by use of a Black-Scholes model.

m) *Trade Payables*

Trade payables are stated at their original invoiced value. They are recognised on the trade date of the related transaction.

n) *Trade Receivables*

Trade receivables are stated at their original invoiced value reduced by appropriate allowances for estimated irrecoverable amounts. They are recognised on the trade date of the related transactions. Balances are written off when the probability of recovery is assessed as being remote.

o) *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, 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.

p) *Borrowings*

Interest-bearing borrowings are stated at amortised cost.

q) *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.

Notes to the financial statements

For the year ended 31 December 2012

r) *Exceptional items*

Exceptional items comprise amounts that by their nature are non-recurring income or expenses of the group.

2. Segment analysis

The Group is a provider of recruitment and conferencing services and operates a division for each. The recruitment division comprises three distinct business units – ATA Recruitment UK (ATA UK) servicing the UK SME engineering market and a number of vertical markets; ATA Global Supply Solutions (ATA GSS) servicing the international market and Ganymede Solutions (GSL) supplying blue collar labour into rail, trades and labour and other markets.

Segmental information is provided below in respect of ATA UK, ATA GSS, GSL and conferencing.

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

The Conferencing division services are wholly provided in the UK. A growing proportion of the Recruitment division revenues now derive from overseas activity (see note 3).

Revenues are generated from permanent and temporary recruitment in the Recruitment division and from the provision of a conferencing and hotel facility in Derby for the Conferencing division.

All revenues have been invoiced to external customers other than £126,000 (2011:£90,000) within the DCC which comprised rental income from other Group segments. During 2012, one customer in the ATA GSS segment contributed greater than 10% of that segment's revenues being £13.7m (2011: £8.2m).

Notes to the financial statements

For the year ended 31 December 2012

The segmental information for the reporting period is as follows:

	ATA UK	ATA GSS	GSL	DCC	Total Group
	2012	2012	2012	2012	2012
	£'000	£'000	£'000	£'000	£'000
Segment continuing operations					
Sales from external customers	20,601	13,736	6,885	1,741	42,963
Cost of sales	(18,292)	(12,472)	(6,228)	(743)	(37,735)
Segment gross profit	2,309	1,264	657	998	5,228
Administrative expenses	(1,982)	(1,141)	(442)	(922)	(4,487)
Depreciation	(75)	-	(14)	(60)	(149)
Segment operating profit	**252**	**123**	**201**	**16**	**592**

	ATA UK	ATA GSS	GSL	DCC	Total Group
	2011	2011	2011	2011	2011
	£'000	£'000	£'000	£'000	£'000
Segment continuing operations					
Sales from external customers	15,825	8,239	4,843	1,763	30,670
Cost of sales	(14,321)	(7,537)	(4,085)	(725)	(26,668)
Segment gross profit	1,504	702	758	1,038	4,002
Administrative expenses	(1,651)	(789)	(578)	(915)	(3,933)
Depreciation	(59)	-	(9)	(88)	(156)
Segment operating (loss)/profit before exceptional items	(206)	(87)	171	35	(87)
Exceptional administrative expense	-	-	(378)	-	(378)
Segment operating (loss)/profit	(206)	(87)	(207)	35	(465)

Certain 2011 figures have been restated. Recruitment revenue and cost of sales have been grossed up in respect of billable travel expenses of £1.15m in ATA GSS previously netted off. The previously reported gross profit figure remains unchanged.

All assets and liabilities are held in the United Kingdom.

3. Revenue

	2012	2011
	£'000	£'000
The geographical analysis of revenue is as follows:		
United Kingdom	**29,227**	22,431
Rest of the world	**13,736**	8,239
	42,963	30,670

Notes to the financial statements

For the year ended 31 December 2012

4. Profit/(loss) on Group operations before exceptional Items

	2012 £'000	2011 £'000
Profit/(loss) on Group operations before exceptional items for the year is stated after charging:-		
Depreciation of owned tangible fixed assets	**149**	156
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	**29**	29
- other services relating to taxation	**6**	6
- corporate finance services	**-**	5
Operating lease expense in respect of:-		
- land and buildings	**340**	288

5. Loss from discontinued operations

No operations were discontinued in 2012. In August 2011, the Board decided to discontinue the activity of Global Choice Recruitment Ltd. The loss for the discontinued operation was as follows:

	2012 £'000	2011 £'000
Revenue	-	76
Cost of sales	-	(109)
Gross loss	-	(33)
Administrative expenses	-	(79)
Operating loss	-	(112)
Financing income/(expense)	-	-
Loss on ordinary activities before taxation	-	(112)
Attributable income tax expense	-	-
Net loss attributable to discontinued operations	-	(112)

Notes to the financial statements

For the year ended 31 December 2012

6. Directors and employees remuneration

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

	2012 Number	2011 Number
Sales and marketing	**62**	63
Administration	**40**	29
Direct labour	**98**	81
	200	173

Expense recognised for employee benefits is analysed below:

	£'000	£'000
Wages and salaries	**5,013**	4,514
Social security costs	**473**	438
Share based payments	**-**	3
Other pension costs	**85**	85
	5,571	5,040

Directors' remuneration

The remuneration of the directors was as follows:

2012	**Fees**	**Salary**	**Bonus**	**Benefits in kind**	**Pension contributions**	**Total 2012**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
W J C Douie	**-**	**30**	**11**	**5**	**-**	**46**
A M Pendlebury	**-**	**150**	**24**	**3**	**35**	**212**
G Hewett (resigned 4 Apr 2012)	**-**	**68**	**-**	**2**	**3**	**73**
A Bailey (resigned 31 Jan 2013)	**-**	**97**	**13**	**2**	**8**	**120**
J T White	**18**	**-**	**-**	**-**	**-**	**18**
	18	**345**	**48**	**12**	**46**	**469**

2011	Fees	Salary	Bonus	Benefits in kind	Pension contributions	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000
W J C Douie	-	30	-	5	-	35
A M Pendlebury	-	150	-	2	35	187
G Hewett (appointed 18 May 2011)	-	61	-	1	8	70
A Bailey (appointed 18 May 2011)	-	54	-	2	5	61
J T White (appointed 18 May 2011)	8	-	-	-	-	8
	8	295	-	10	48	361

Notes to the financial statements

For the year ended 31 December 2012

Share based employee remuneration

On 27 January 2012 the Board approved the grant of share options over ordinary shares of one penny each in the Company (“new options”) to certain members of the Board and senior management team. The new options were granted on 27 January 2012.

All previously issued options over ordinary shares, both those issued under the unapproved scheme and the approved EMI 2001 Share Option Scheme, which all have an exercise price ranging from 39 pence to 96.1 pence (with the weighted average exercise price being 50 pence), were cancelled with effect from 27 January 2012.

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

	Number	**Weighted average exercise price (pence) 2012**	Number	Weighted average exercise price (pence) 2011
Outstanding at start of period	**507,304**	**50**	522,304	50
Granted	**1,152,081**	**9**	-	-
Lapsed	**(607,304)**	**43**	15,000	53
Outstanding at end of period	**1,052,081**	**9**	507,304	50

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

	Number 2012	**Weighted average exercise price (pence) 2012**	**Weighted average contractual life (months) 2012**	Number 2011	Weighted average exercise price (pence) 2011	Weighted average contractual life (months) 2011
Date exercisable (and option life)						
2002 (up to 2012)	-	-	-	10,000	96	6
2003 (up to 2013)	-	-	-	1,000	91	17
2007 (up to 2017)	-	-	-	378,000	52	79
2008 (up to 2018)	-	-	-	118,304	39	89
2012 (up to 2022)	**1,052,081**	**9**	**112**	-	-	

Notes to the financial statements

For the year ended 31 December 2012

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

	At 1 January 2012	Granted	Lapsed	At 31 December 2012	Date of grant of	Exercise price
A M Pendlebury	446,304	675,581	(446,304)	675,581	27 January 2012	9.0p
W J C Douie	50,000	75,000	(50,000)	75,000	27 January 2012	9.0p
A Bailey	-	100,000	-	100,000	27 January 2012	9.0p
G Hewett	-	100,000	(100,000)	-	27 January 2012	9.0p

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:

	2012	2011
W J C Douie	**2,209,073**	2,074,698
A Pendlebury	**1,249,550**	1,115,175
G Hewett	**533,130**	533,130
A Bailey	**723,763**	589,388
J T White	**2,191,517**	2,057,142

The market price of the Company's shares on 31 December 2012 was 8.75p and the highest and the lowest share prices during the year were 17.5p and 7.5p respectively.

	2012 £'000	2011 £'000
Total expense recognised in the statement of comprehensive income in respect of share based payment	**-**	3

7. Exceptional administrative costs

	2012 £'000	2011 £'000
Provision for bad debt	**-**	378
	-	378

During 2011 the Group experienced a non-recurring exceptional bad debt of £378,000 including legal fees, from an isolated customer and relating to the Group's entry into the Telecoms sector. This business area was discontinued in 2011.

8. Finance cost

	2012 £'000	2011 £'000
Interest charge on invoice discounting arrangements and overdrafts	**118**	96
	118	96

Notes to the financial statements

For the year ended 31 December 2012

9. Income tax

Continuing operations	2012 £'000	2011 £'000
Analysis of tax :-		
Current tax		
UK corporation tax	-	-
Adjustment in respect of previous periods	**-**	-
	-	-
Deferred tax		
Origination and reversal of temporary differences	**(107)**	(62)
Adjustment in respect of previous periods	**6**	-
Tax	**(101)**	(62)

Factors affecting the tax expense

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 24.5 % (2011: 26.5%). The differences are explained below:-

	2012 £'000	2011 £'000
Profit/(loss) on ordinary activities before tax	**474**	(561)
Profit/(loss) multiplied by standard rate of tax	**116**	(149)
Non-deductible expenses	**17**	21
Losses carried forward	**-**	66
Utilisation of losses	**(240)**	
Adjustment in respect of previous periods	**6**	-
Income Tax (credit) / charge for the year	**(101)**	(62)

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 £813,000 (2011: £1,329,000). 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%. In accordance with relevant accounting standards, calculation of the deferred tax asset is based on a tax rate of 23%, being the rate which was enacted at the year-end date.

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

The outstanding share options were not considered to be dilutive in 2012 or 2011. Details of share options in place can be found in note 6.

Notes to the financial statements

For the year ended 31 December 2012

	Basic 2012	Basic 2011	**Diluted 2012**	Diluted 2011
Continuing operations				
Earnings/(loss) £'000	**575**	(499)	**575**	(499)
Weighted average number of shares	**13,511,626**	11,974,276	**13,511,626**	11,974,276
Earnings/(loss) per share (pence)	**4.26p**	(4.17p)	**4.26p**	(4.17p)
Discontinued operations				
Earnings/(loss) £'000	**-**	(112)	**-**	(112)
Weighted average number of shares	**-**	11,974,276	**-**	11,974,276
Earnings/(loss) per share (pence)	**-**	(0.93p)	**-**	(0.93p)
Continuing and discontinued operations				
Earnings/(loss) £'000	**575**	(611)	**575**	(611)
Weighted average number of shares	**13,511,626**	11,974,276	**13,511,626**	11,974,276
Earnings/(loss) per share (pence)	**4.26p**	(5.10p)	**4.26p**	(5.10p)

11. Property, plant and equipment

	Short leasehold improvements £'000	**Fixtures and equipment £'000**	**Motor vehicles £'000**	**Total £'000**
Cost				
At 1 January 2012	**418**	**1,495**	**40**	**1,953**
Additions	**-**	**245**	**15**	**260**
Disposals	**-**	**-**	**(22)**	**(22)**
At 31 December 2012	**418**	**1,740**	**33**	**2,191**
Accumulated depreciation				
At 1 January 2012	**382**	**1,248**	**31**	**1,661**
Depreciation	**9**	**132**	**8**	**149**
Disposals	**-**	**-**	**(22)**	**(22)**
At 31 December 2012	**391**	**1,380**	**17**	**1,788**
Carrying value				
At 31 December 2012	**27**	**360**	**16**	**403**
At 31 December 2011	**36**	**247**	**9**	**292**

Notes to the financial statements

For the year ended 31 December 2012

	Short leasehold improvements	Fixtures and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2011	418	1,326	40	1,784
Additions	-	174	-	174
Disposals	-	(5)	-	(5)
At 31 December 2011	418	1,495	40	1,953
Accumulated depreciation				
At 1 January 2011	372	1,105	28	1,505
Depreciation	10	143	3	156
Disposals	-	-	-	-
At 31 December 2011	382	1,248	31	1,661
Carrying value				
At 31 December 2011	36	247	9	292
At 31 December 2010	46	221	12	279

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

There were no contractual commitments for the acquisition of property, plant and equipment at 31 December 2012 (2011: Nil).

12. Deferred tax asset

	2012	2011
	£'000	£'000
At 1 January 2012	**132**	70
Credit to the profit or loss for the year	**107**	62
At 31 December 2012	**239**	132

The deferred tax asset is analysed as:

Recognised	**2012**	2011
	£'000	£'000
Depreciation in excess of capital allowances	**135**	142
Tax losses carried forward	**96**	-
Short-term temporary differences	**8**	(10)
	239	132

Unrecognised	**2012**	2011
	£'000	£'000
Tax losses carried forward	**91**	332

Notes to the financial statements

For the year ended 31 December 2012

Tax losses carried forward of £397,000 (2011:£1,329,000) 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.

13. Inventories

	2012	2011
	£'000	£'000
Food, drink and goods for resale	**13**	14
	13	14

14. Trade and other receivables

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Gross trade receivables	**7,550**	5,656
Allowance for credit losses	**(58)**	(62)
Net trade receivables	**7,492**	5,594
Corporation tax	**-**	-
Other receivables and prepayments	**567**	850
	8,059	6,444

Allowances for credit losses on trade receivables for doubtful debts

	2012	2011
	£'000	£'000
Allowances as at 1 January	**62**	3
Additions – charged to statement of comprehensive income	**47**	81
Allowances used	**(51)**	(19)
Allowances reversed	**-**	(3)
Allowances as at 31 December	**58**	**62**

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

	Total	Current	Past due by 30 days or less	Past due between 31 to 60 days	Past due over 61 days
	£'000	£'000	£'000	£'000	£'000
2012 Trade receivables	**7,492**	**5,912**	**1,140**	**367**	**73**
2011 Trade receivables	5,594	3,492	1,077	421	604

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

Notes to the financial statements

For the year ended 31 December 2012

15. Liabilities

	2012 £'000	2011 £'000
Trade and other payables		
Trade payables	**655**	388
Other taxes and social security costs	**1,603**	1,191
Other payables and accruals	**1,776**	1,517
	4,034	3,096

	2012 £'000	2011 £'000
Borrowings:		
(Cash in hand)/bank overdrafts	**(336)**	51
Invoice discounting arrangements	**3,845**	3,098
	3,509	3,149

Maturity of trade payables is between one and three months.

Included within borrowings are bank overdrafts and an invoice discounting facility. During the year the Group has used its bank overdraft and invoice discounting facility, which is secured by a cross guarantee and debenture over all group companies. There have been no defaults of interest payable or unauthorised breaches of financing agreement terms during the current or prior year.

There is a right of set off between cash in hand and bank overdrafts and invoice discounting arrangements.

16. Share capital

	2012 £'000	2011 £'000
Authorised share capital		
13,511,626 ordinary shares of 1p each (2011: 13,511,626)	**135**	135
Allotted, issued and fully paid – ordinary shares of 1p each:		
As at 1 January 2012 9,022,564 shares (2011: 9,022,564 shares)	**135**	90
Issued during the year NIL shares (2011: 4,489,062 shares)	**-**	45
As at 31 December 2012 13,511,626 shares (2011: 13,511,626 shares)	**135**	135

Notes to the financial statements

For the year ended 31 December 2012

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

	2012 **£'000**	2011 £'000
Decrease in cash in the year	(360)	(918)
Cash outflow from changes in debt and lease financing	**-**	-
Movement in net funds in the year	**(360)**	(918)
Net debt at 1 January 2012	**(3,149)**	(2,231)
Net debt at 31 December 2012	**(3,509)**	(3,149)

18. Analysis of net debt

	At 1 January 2012 £'000	**Cash Flows £'000**	**Other non-cash movements £'000**	**At 31 December 2012 £'000**
Cash in hand net of bank overdraft and invoice discounting arrangements	**(3,149)**	**(360)**	**-**	**(3,509)**
Net debt	**(3,149)**	**(360)**	**-**	**(3,509)**

19. 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 cooperation 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.

Notes to the financial statements

For the year ended 31 December 2012

	2012	**2011**	2011	2011
	£'000	**%**	£'000	%
	+1%	**-1%**	+1%	-1%
(Decrease)/increase in net result and equity £'000	**33**	**(33)**	27	(27)

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 £5.2m as required.

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 £5.2m (2011: £5.2m) and an overdraft facility of £50,000 (2011:£50,000).

Financial assets and liabilities

The Group has the following financial assets:

- Trade receivables (see note 14)
- Other debtors excluding prepayments of £340,000 (2011:£565,000)

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.

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.

Notes to the financial statements

For the year ended 31 December 2012

20. Operating lease commitments

As a lessee the group had commitments under non-cancellable operating leases on land and buildings expiring:-

	2012	2011
	£'000	£'000
Within one year	**311**	297
Between one and two years	**263**	213
Between two and five years	**275**	233

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

As at the balance sheet date £810,000 (2011£1,170,000) was expected to be received under non-cancellable sub-leases.

21. 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 2012 for the schemes was £85,000 (2011: £81,000) and as at 31 December 2012 there were contributions of £13,958 (2011: £14,000) outstanding.

22. 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
Accurate Recruitment and Training Services PVT 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.

During the year the group acquired the remaining 10% in Ganymede Solutions Limited from Gary Hewitt for £41,000.

The directors consider that the key management personal are the group directors as listed in note 6.

Key management costs to the group for the year comprise:
Salary and benefits £461,000 (2011: £340,000)
Pension costs £46,000 (2011: £48,000)

Notes to the financial statements

For the year ended 31 December 2012

23. 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
- 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 PLC

Company statutory financial statements
For the year ended 31 December 2012
(prepared under UK GAAP)

Company number 2558971

Company balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
Assets			
Fixed assets			
Investments	**26**	**59**	7
Current assets			
Debtors	**27**	**1,560**	1,504
Cash and cash equivalents		**-**	-
		1,560	1,504
Creditors			
Amounts falling due within one year	**28**	**(120)**	(226)
Net current assets		**1,440**	1,278
Net assets		**1,499**	1,285
Equity attributable to equity holders of the parent			
Share capital	**32**	**135**	135
Share premium		**2,468**	2,468
Capital redemption reserve		**50**	50
Share based payment reserve	**29**	**-**	33
Profit and loss account	**29**	**(1,154)**	(1,401)
Total equity	**31**	**1,499**	1,285

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 March 2013by:

S Dye Director

A M Pendlebury Director

Company number: 2558971

Notes to the Company's financial statements

For the year ended 31 December 2012

24. 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.

(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) Shared based payments

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

Notes to the Company's financial statements

For the year ended 31 December 2012

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 6.
Fair value is measured by use of a Black-Scholes model.

25. 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 £214,000 (2011: loss of £249,000).

26. Investments

	2012	2011
	£'000	£'000
Shares in subsidiary undertakings – Company		
Cost at 1 January	**1,553**	1,553
Investment in subsidiary company	**52**	-
Cost at 31 December	**1,605**	1,553
Accumulated impairment losses at 1 January	**1,546**	1,528
Charge in the Year	**-**	18
Provision for impairment at 31 December	**1,546**	1,546
Net Book Value at 31 December	**59**	7

At 31 December 2012 the Company held the entire share capital of the following subsidiary undertakings, which are incorporated in England and Wales unless otherwise stated.

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	Labour Supply
Accurate Recruitment and Training Services PVT Limited	90%	India	Recruitment

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

Notes to the Company's financial statements

For the year ended 31 December 2012

27. Debtors

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Amounts owed by group undertakings	**1,508**	1,476
Deferred tax asset	**34**	3
Other debtors and prepayments	**18**	25
	1,560	1,504

28. Creditors – amounts falling due within one year

	2012	2011
	£'000	£'000
Trade and other payables		
Bank loans and overdraft	**17**	175
Amounts owed to group undertakings	**-**	-
Other taxes and social security costs	**23**	18
Other creditors and accruals	**80**	33
	120	226

29. Reserves reconciliation

	Share premium £,000	**Share based payment reserve £,000**	**Profit and loss account £,000**
At 1 January 2012	2,468	33	(1,401)
Profit for the year	-	(33)	214
Share based payment reserve	**-**	**-**	33
At 31 December 2012	**2,468**	**-**	**(1,154)**

30. Contingent liability

The Company has entered into a cross guarantee and debenture charge with the Group's bankers in respect of net £50,000 (2011: £50,000) overdraft facilities extended to certain of the Company's subsidiaries.

Notes to the Company's financial statements

For the year ended 31 December 2012

31. Shareholders' Funds

	2012	2011
	£,000	£,000
Shareholders' funds at 1 January 2012	**1,285**	1,136
Issue of shares	**-**	396
Profit/(loss) for the year	**214**	(249)
Share based payment	**-**	2
Shareholders' funds at 31 December 2012	**1,499**	1,285

32. Share capital

	2012	2011
	£'000	£'000
Allotted, issued and fully paid – ordinary shares of 1p each:		
As at 1 January 2012, 13,511,626 shares (2011: 9,022,564 shares)	**135**	90
Issued during the year shares (2011: 4,489,062)	**-**	45
As at 31 December 2012 13,511,626 shares (2011: 13,511,626 shares)	**135**	135

Share options

Details of share options and the share based payment charge calculation are set out in note 6.

33. Financial instruments

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 Company, which arise primarily from interest rate and liquidity risk which are consistent with the group exposures as disclosed in note 19.

34. 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 6.

35. Related Party Transactions.

During the year the company acquired the remaining 10% of Ganymede Solutions Limited from Gary Hewitt for £41,000.

Prior to this the company charged Ganymede Solutions Limited £72,000 in respect of management charges (2011: £nil). At 31st December 2011 an amount of £31,000 was owed by Ganymede Solutions Limited.

Notes to the Company's financial statements

For the year ended 31 December 2012

36. 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.

Contributions made by the company to the scheme during the year amounted to £42,000 (2011: £48,000). Included in other creditors were £NIL (2011: £Nil) of outstanding contributions.