

This announcement contains inside information as stipulated under The Market Abuse Regulation (EU No. 596/2014).

26 July 2021

RTC Group Plc

("RTC", "the Company" or "the Group")

Interim Results for the Six Months Ended 30 June 2021

RTC Group Plc (AIM: RTC.L), the engineering and technical recruitment Group, is pleased to announce its unaudited results for the six months ended 30 June 2021.

Summary:

- Group revenue from continuing operations was £40.5m (2020: £39.9m);
- Profit before tax was £0.2m (2020: £0.2m);
- Net assets £6.7m (2020: £6.5m);
- Net cash outflow from operating activities £2.1m (2020: £4.3m inflow); and
- Basic earnings per share 0.76p (2020: 1.20p).

No dividends were paid in the period (2020: Nil). At this time, no interim dividend is proposed for the year ended 31 December 2021 (2020: Nil).

Commenting on the results, Bill Douie, Chairman, said:

"The first half of 2021 has been navigated satisfactorily in the continuing environment of the current pandemic. Although the wave which commenced in September/October 2020 did not reach a peak until part way through the first quarter, the general economic environment remained very constrained and much of our business continued to be materially adversely affected. Happily, our strong emphasis on infrastructure generally, and railway, which has continued to perform at levels much as in 2020, was aided by early signs of recovery in branch UK recruitment and has made the profitable result for the period possible. Although there is still not a positive environment for the Derby Conference Centre and Hotel, our International Staffing Solutions business has continued at profitable levels.

During the first six months more positive news on the vaccine roll-out has raised hopes of a period of recovery with a slow and bumpy return to improved profitability. However, there are additional head winds which present challenges for the immediate future and beyond.

Shareholders will be aware that all NATO forces have now been withdrawn from Afghanistan, which will, to all intents and purposes, herald the end of our main business in that country which has served us well for many years. Replacing that revenue is a high priority and whilst the Group continues to service other existing overseas contracts and secure replacement business, we must expect a period of lag in replacing this revenue.

Shareholders will also be aware that this year we are in the position of having to renew our contract with Network Rail. The tender process has now been completed and we should know the outcome of Network Rails decision in the second half of the year.

As was explained at the time of our Annual General Meeting in April, your Board is fully aware that the market in our shares is very limited. Accordingly, at these uncertain times, we have responded by renewing our authority to purchase our shares in the market up to 2,195,091 shares an amount equivalent to 14.99% of our outstanding capital at the time of the last Annual General Meeting.

Other than the two factors mentioned above, the outcome for the remainder of 2021 depends on whether the present optimism over the vaccine roll-out and the consequential economic forecast plays out as the Government hopes. We will continue to manage the Group with caution and determination.”

The interim report is available on the Company’s website www.rtcgroupplc.co.uk.

ENDS

Enquiries:

RTC Group Plc Tel: 0133 286 1835
Bill Douie, Chairman
Andy Pendlebury, Chief Executive
www.rtcgroupplc.co.uk

SPARK Advisory Partners Limited (Nominated Adviser) Tel: 0203 368 3550
Matt Davis / James Keeshan
www.sparkadvisorypartners.com

Panmure Gordon (Broker) Tel: 020 7886 2500
Nick Lovering
www.panmure.com

About RTC

RTC Group Plc is an AIM listed business that focuses on white and blue-collar recruitment, providing temporary and permanent labour to a broad range of industries and customers in both domestic and international markets through its geographically defined operating divisions.

UK division

Through its Ganymede and ATA Recruitment brands the Group provides a wide range of recruitment services in the UK.

Ganymede specialise in recruiting technical and engineering talent and providing complete workforce solutions to help build and maintain infrastructure and transportation for a wide range of clients. Ganymede is a market leader in providing a diverse range of people solutions to the rail, energy, construction, highways, and transportation sectors. With offices strategically located across the country, Ganymede provides its clients with the benefit of a national network of skilled personnel combined with local expertise.

ATA Recruitment provide technical recruitment solutions to the manufacturing, engineering, and technology sectors. Working as an engineering recruitment partner supporting businesses across the UK. ATA Recruitment has a strong track record of attracting and recruiting engineering talent for our clients. ATA’s regional offices which are strategically located in Leicester and Leeds each have dedicated market-experts to ensure ATA delivers excellence to both our clients and candidates.

International division

Through its GSS brand the Group works with customers across the globe that are focused on delivering projects in a variety of engineering sectors. GSS has a track record of delivery in some of the world’s most hostile locations. Working closely with its customers GSS provides contract and permanent staffing solutions on an international basis, providing key personnel into new projects and supporting ongoing large-scale project staffing needs. GSS typically recruit across a range of disciplines and skills from operators and supervisors, through to senior management level.

The Group headquarters are located at the Derby Conference Centre which also provides office accommodation for its operating divisions in addition to generating rental and conferencing income from space not utilised by the Group.

Chairman's statement

Six months ended 30 June 2021

The first half of 2021 has been navigated satisfactorily in the continuing environment of the current pandemic. Although the wave which commenced in September/October 2020 did not reach a peak until part way through the first quarter, the general economic environment remained very constrained and much of our business continued to be materially adversely affected. Happily, our strong emphasis on infrastructure generally, and railway, which has continued to perform at levels much as in 2020, was aided by early signs of recovery in branch UK recruitment and has made the profitable result for the period possible. Although there is still not a positive environment for the Derby Conference Centre and Hotel, our International Staffing Solutions business has continued at profitable levels.

During the first six months more positive news on the vaccine roll-out has raised hopes of a period of recovery with a slow and bumpy return to improved profitability. However, there are additional head winds which present challenges for the immediate future and beyond.

Shareholders will be aware that all NATO forces have now been withdrawn from Afghanistan, which will, to all intents and purposes, herald the end of our main business in that country which has served us well for many years. Replacing that revenue is a high priority and whilst the Group continues to service other existing overseas contracts and secure replacement business, we must expect a period of lag in replacing this revenue.

Shareholders will also be aware that this year we are in the position of having to renew our contract with Network Rail. The tender process has now been completed and we should know the outcome of Network Rails decision in the second half of the year.

As was explained at the time of our Annual General Meeting in April, your Board is fully aware that the market in our shares is very limited. Accordingly, at these uncertain times, we have responded by renewing our authority to purchase our shares in the market up to 2,195,091 shares an amount equivalent to 14.99% of our outstanding capital at the time of the last Annual General Meeting.

Other than the two factors mentioned above, the outcome for the remainder of 2021 depends on whether the present optimism over the vaccine roll-out and the consequential economic forecast plays out as the Government hopes. We will continue to manage the Group with caution and determination

W J C Douie
Chairman

25 July 2021

Finance Director's statement

Six months ended 30 June 2021

Highlights

Despite the ongoing impact of the Covid-19 pandemic ("the pandemic") on parts of the Group, I am pleased to report that we delivered revenues of £40.5m (2020: £39.9m) and a profit before tax of £0.2m (2020: £0.2m) for the six months ended 30 June 2021 with significantly reduced support from the Government.

Grants received through the Coronavirus Job Retention Scheme in the period were £0.3m (2020: £1.5m) as we utilised flexible furlough arrangements to get employees back into work for their own wellbeing as well as the benefit of the business and contractors paid under PAYE were also predominantly back at work.

The impact of the pandemic on the UK Recruitment segment was mixed. Overall, the segment delivered increased revenues of £34.2m (2020: £31.2m) which was converted to profit from operations of £1.5m (2020: 1.2m). Throughout the period we continued to provide contract workers to the infrastructure and rail sectors at slightly higher levels than Q4 2020, and general UK recruitment and smart-meter installation activities gradually picked up with promising levels of UK recruitment in June especially.

International recruitment saw minimal impact of the pandemic but the withdrawal of the US from Afghanistan in Q2 resulted in reduced revenues of £6.0m (2020: £8.3m). Profit from operations reduced to £0.3m (2020: £0.5m).

Within UK Central Services, whilst our hotel and conference centre provided bedroom and meeting room facilities to key workers in line with Government guidelines, overall business levels were depressed due to Government guidance curtailing conference and event activities. Revenue generated by the segment was £0.3m (2020: £0.4m) reflecting the fact that in 2020 only Q2 trading was impacted by the pandemic, whereas in 2021 restrictions on hospitality were in place for the entire period.

Interest cover

Interest cover was 3.1 times (2020: 3.5 times).

Taxation

The total tax charge for the period is estimated at £53,000 (2020: £60,000). This is higher than would be expected if the standard tax rate was applied to the profits for the period, as explained in note 3.

Earnings per share

The basic earnings per share figure is 0.76p (2020: 1.20p). The diluted earnings per share 0.75p (2020: 1.07p).

Dividends

No dividends were paid in the period (2020: Nil). At this time, no interim dividend is proposed for the year ended 31 December 2021 (2020: Nil).

Statement of financial position

Net working capital has increased to £4.8m (2020: £4.3m). There has been an increase in debtors since the start of the period due to the bedding in of a key client's new payment process which has slowed payment terms temporarily. Net assets have increased to £6.7m (2020: £6.5m). The Group has no term debt and is financed using its invoice discounting and overdraft facilities with HSBC.

Cash flow

The cash outflow from operating activities of £2.1m (2020: £4.3m inflow) for the six-month period reflects an increase in payment terms for a key client (as noted above) together with the repayment of £0.5m of the £1.5 m VAT deferred in 2020 under the Government VAT deferral Scheme and payment of the Q1 2021 VAT of £2.2m. No VAT was paid in respect of Q1 in 2020. These factors, and the cash cancellation of

options detailed below, have contributed to the increase in the amount of invoice finance required to support activities.

Cancellation of employee share options

On 24 May 2021, the Group announced an offer to all employee with share options that had vested to cancel their options for a one-off cash consideration of 46.5p per option share, being the mid-market closing price on 21 May 2021, the last business day prior to the announcement. As a result 1,603,008 options were cancelled and the cash consideration was paid to the relevant employees as remuneration through the PAYE system. The total of the remuneration payments made was £0.7m plus employers NI of £0.1m.

Financing

The Group's current bank facilities comprise an overdraft of £50,000 and a confidential invoice discounting facility of up to £12.0m with HSBC at a discount margin of 1.6% above base. The Board closely monitors the level of facility utilisation and availability to ensure there is enough headroom to manage current operations and future needs of the business. The Group continues to be focussed on cash generation and building a robust statement of financial position to protect the business.

The Group has continued to protect its financial position by deferring non-essential capital expenditure and making use of the Government's Coronavirus Job Retention Scheme by using flexible furlough arrangements, particularly in its hotel and conferencing business.

Own shares held

The cost of the Group's own shares purchased through the Employee Benefit Trust is shown as a deduction from equity. No options were exercised during the period. The balance of £235,918 on the own shares held reserve within equity reflects 337,027 shares remaining in the EBT that will be used to satisfy future exercises.

Going concern

The Board continues to review and monitor the risks and sensitivities associated with the pandemic and its potential impact on the Group. Given the Group's trading performance in the six-month period to 30 June 2021, Board consideration of forward-looking forecast scenarios for the second half of the year and beyond and its financing facility of £12m, the Group expects to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the interim results.

S L Dye
Group Finance Director
25 July 2021

Consolidated statement of comprehensive income:

	Notes	Six-month period ended 30 June 2021 Unaudited £'000	Six-month period ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Revenue	2	40,491	39,858	81,356
Cost of sales	2	(34,786)	(34,211)	(71,117)
Gross profit	2	5,705	5,647	10,239
Other operating income	2	311	1,524	2,477
Administrative expenses	2	(5,776)	(6,847)	(11,663)
Profit from operations	2	240	324	1,053
Finance expense		(78)	(93)	(183)
Profit before tax		162	231	870
Tax expense	3	(53)	(60)	(204)
Total profit and other comprehensive income for the period attributable to owners of the parent		109	171	666
Earnings per ordinary share	4			
Basic		0.76p	1.20p	4.66p
Fully diluted		0.75p	1.07p	4.13p

Consolidated statement of changes in equity for the six months ended 30 June 2021:

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Profit and loss £'000	Total equity £'000
Balance at 1 January 2021	146	120	(236)	50	718	6,278	7,076
Total comprehensive income for the period	-	-	-	-	-	109	109
Transactions with owners:							
Share options cancelled	-	-	-	-	(782)	37	(745)
Share based payment charge	-	-	-	-	210	-	210
Total transactions with owners	-	-	-	-	(572)	37	(535)
At 30 June 2021 (Unaudited)	146	120	(236)	50	146	6,424	6,650

Consolidated statement of changes in equity for the six months ended 30 June 2020:

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Profit and loss	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	146	120	(264)	50	557	5,627	6,236
Total comprehensive income for the period	-	-	-	-	-	171	171
Transactions with owners:							
Share options exercised	-	-	28	-	(4)	(15)	9
Share based payment charge	-	-	-	-	67	-	67
Total transactions with owners	-	-	28	-	63	(15)	76
At 30 June 2020 (Unaudited)	146	120	(236)	50	620	5,783	6,483

Consolidated statement of changes in equity for the year ended 31 December 2020:

	Share capital	Share premium	Own shares held	Capital redemption reserve	Share based payment reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2020	146	120	(264)	50	557	5,627	6,236
Total comprehensive income for the year	-	-	-	-	-	666	666
Transactions with owners:							
Share options exercised	-	-	28	-	(4)	(15)	9
Share based payment charge	-	-	-	-	165	-	165
Total transactions with owners	-	-	28	-	161	(15)	174
At 31 December 2020 (Audited)	146	120	(236)	50	718	6,278	7,076

Consolidated statement of financial position:

	As at 30 June 2021	As at 30 June 2020	As at 31 December 2020
	Unaudited £'000	Unaudited £'000	Audited £'000
Assets			
Non-current			
Goodwill	132	132	132
Other intangible assets	101	196	149
Property, plant, and equipment	1,602	1,694	1,648
Right of use assets	2,797	2,965	2,993
Deferred tax asset	30	106	149
	4,662	5,093	5,071
Current			
Inventories	8	10	7
Trade and other receivables	15,084	10,459	13,404
Cash and cash equivalents	737	2,022	2,827
Total current assets	15,829	12,491	16,238
Total assets	20,491	17,584	21,309
Liabilities			
Current			
Trade and other payables	(8,434)	(6,772)	(9,706)
Lease liabilities	(276)	(261)	(276)
Corporation tax	(147)	(352)	(218)
Current borrowings	(2,171)	(795)	(967)
Total current liabilities	(11,028)	(8,180)	(11,167)
Non-current liabilities			
Lease liabilities	(2,686)	(2,836)	(2,944)
Deferred tax liabilities	(127)	(85)	(122)
Net assets	6,650	6,483	7,076
Equity			
Share capital	146	146	146
Share premium	120	120	120
Capital redemption reserve	50	50	50
Own shares held	(236)	(236)	(236)
Share based payment reserve	146	620	718
Profit and loss account	6,424	5,783	6,278
Total equity	6,650	6,483	7,076

Consolidated statement of cash flows:

	Six-month period ended 30 June 2021 Unaudited £'000	Six-month period ended 30 June 2020 Unaudited £'000	Year ended 31 December 2020 Audited £'000
Cash flows from operating activities			
Profit before tax	162	231	870
Adjustments for:			
Depreciation, loss on disposal and amortisation	410	370	763
Finance expense	78	93	183
Employee equity settled share options charge	210	67	165
Change in inventories	(1)	-	3
Change in trade and other receivables	(1,680)	5,350	2,405
Change in trade and other payables	(1,169)	(1,721)	1,213
Cash (outflow)/inflow from operations	(1,990)	4,390	5,602
Income tax paid	-	-	(284)
Interest paid	(78)	(93)	(183)
Net cash (outflow)/inflow from operating activities	(2,068)	4,297	5,135
Cash flows from investing activities			
Purchases of property, plant and equipment and intangibles	(120)	(174)	(293)
Net cash used in investing activities	(120)	(174)	(293)
Cash flows from financing activities			
Movement on invoice discounting facility	1,280	(2,818)	(2,818)
Movement on perpetual bank overdrafts	(76)	43	215
Amounts paid to cancel vested share options	(848)	-	-
Payments of lease liabilities	(258)	(133)	(219)
Proceeds from exercise of share options	-	9	9
Net cash inflow/(outflow) from financing activities	98	(2,899)	(2,813)
Net (decrease)/increase in cash and cash equivalents	(2,090)	1,224	2,029
Cash and cash equivalents at beginning of period	2,827	798	798
Cash and cash equivalents at end of period	737	2,022	2,827

Notes to the interim statement for the six months ended 30 June 2021:

1. Accounting policies

a) *General information*

RTC Group Plc is incorporated and domiciled in England and its shares are publicly traded on AIM. The registered office address is The Derby Conference Centre, London Road, Derby, DE24 8UX. The company's registered number is 02558971. The principal activities of the Group are described in note 2.

The Board consider the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in our last Annual Report and Accounts to 31 December 2020.

b) *Basis of preparation*

The unaudited interim Group financial information of RTC Group Plc is for the six months ended 30 June 2021 and does not comprise statutory accounts within the meaning of S.435 of the Companies Act 2006. The unaudited interim Group financial statements have been prepared in accordance with the AIM rules and have not been reviewed by the Group's auditors. This report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2020, which have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Going concern

The Board continues to review and monitor the risks and sensitivities associated with the pandemic and its potential impact on the Group. Given the Group's trading performance in the six-month period to 30 June 2021, Board consideration of forward-looking forecast scenarios for the second half of the year and beyond and its financing facility of £12m, the Group expects to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the accounts. As a result, the going concern basis continues to be appropriate in preparing the interim results.

These unaudited interim Group financial statements were approved for issue on 25 July 2021. No significant events, other than those disclosed in this document, have occurred between 30 June 2021 and this date.

c) *Comparatives*

The comparative figures for the year ended 31 December 2020 do not constitute statutory accounts within the meaning of S.435 of the Companies Act 2006, but they have been derived from the audited financial statements for that year, which have been filed with the Registrar of Companies. The report of the auditor was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 nor a reference to any matters which the auditor drew attention by way of emphasis of matter without qualifying their report.

d) *Accounting policies*

In preparing these interim financial statements, the Board have considered the impact of new standards which will be applied in the 2021 Annual Report and Accounts and there are not expected to be any changes in the accounting policies compared to those applied at 31 December 2020.

A full description of accounting policies is contained with our 2020 Annual Report and Accounts which is available on our website.

This interim announcement has been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as effective for periods beginning on or after 1

January 2021.

2. Segment analysis

The business is split into three operating segments, with recruitment being split by geographical area. This reflects the integrated approach to the Group's recruitment business in the UK and independent delivery of overseas business. Three operating segments have therefore been agreed, based on the geography of the business unit: United Kingdom, International and Central Services.

This is consistent with the reporting for management purposes, with the Group organised into two reportable segments, Recruitment and Central Services, which are strategic business units that offer different products and services. They are managed separately because each segment has a different purpose within the Group and requires different technologies and marketing strategies.

Segment operating profit is the profit earned by each operating segment defined above and is the measure reported to the Group's Board, the Group's Chief Operating Decision Maker for performance management and resource allocation purposes. The Group manages the trading performance of each segment by monitoring operating contribution and centrally manages working capital, financing, and equity.

Revenues within the recruitment operating segment have similar economic characteristics and share a majority of the aggregation criteria set out in IFRS 8:12 in particular the nature of the products and services, the type or class of customers, the country in which the service is delivered, and the processes utilised to deliver the services and the regulatory environment for the services.

The purpose of the Central Services segment is to provide all central services for the Group including the Group's head office facilities in Derby. It also generates income from excess space at the Derby site including rental and hotel and conferencing facilities.

During the first half of 2021, one customer in the UK Recruitment segment contributed 10% or more of that segment's revenues being £14.8m (2020: £12.8m) and one customer in the International Recruitment sector contributed 10% or more of that segment's revenues being £5.7m (2020: £8.1m).

Revenue, gross profit, and operating profit delivery by geography for the six-month period ended 30 June 2021:

£'000	UK Recruitment	International Recruitment	UK Central Services	Total Group
Revenue	34,196	5,951	344	40,491
Cost of sales	(29,220)	(5,368)	(198)	(34,786)
Gross profit	4,976	583	146	5,705
Other operating income*	213	-	98	311
Administrative expenses	(3,540)	(286)	(1,540)	(5,366)
Amortisation of intangibles	(14)	-	-	(14)
Depreciation of right of use assets	(77)	-	(120)	(197)
Depreciation	(103)	(2)	(94)	(199)
Total administrative expenses	(3,521)	(288)	(1,656)	(5,465)
Profit from operations	1,455	295	(1,510)	240

*Other operating income represents Government Grants in respect of the Coronavirus Job Retention Scheme.

Segment profit from operations above represents the profit earned by each segment without allocation of Group administration costs or finance costs.

Segment information for the six months ended 30 June 2020:

£'000	UK Recruitment	International Recruitment	UK Central Services	Total Group
Revenue	31,154	8,257	447	39,858
Cost of sales	(26,638)	(7,321)	(252)	(34,211)
Gross profit	4,516	936	195	5,647
Other operating income*	1,377	-	147	1,524
Administrative expenses	(4,582)	(406)	(1,489)	(6,477)
Amortisation of intangibles	(39)	-	-	(39)
Depreciation of right of use assets	(63)	-	(109)	(172)
Depreciation	(55)	(2)	(102)	(159)
Total administrative expenses	(4,739)	(408)	(1,700)	6,847
Profit from operations	1,154	528	(1,358)	324

Segment information for the year ended 31 December 2020:

£'000	UK Recruitment	International Recruitment	UK Central Services	Total Group
Revenue	64,521	16,122	713	81,356
Cost of sales	(56,129)	(14,421)	(567)	(71,117)
Gross profit	8,392	1,701	146	10,239
Other operating income*	2,168	-	309	2,477
Administrative expenses	(6,883)	(809)	(3,211)	(10,903)
Amortisation of intangibles	(85)	-	-	(85)
Depreciation of right of use assets	(123)	-	(230)	(353)
Depreciation	(143)	(5)	(174)	(322)
Total administrative expenses	(5,066)	(814)	(3,306)	(9,186)
Profit from operations	3,326	887	(3,160)	1,053

Recruitment revenues are generated from permanent and temporary recruitment and long-term contracts for labour supply. Within Central Services revenues are generated from the rental of excess space and hotel and conferencing at the Derby site, described as Other below. Revenue and gross profit by service classification for management purposes:

Revenue	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Year ended 31 December 2020 (Audited)
£'000			
Permanent placements	964	741	1,435
Contract	39,183	38,670	79,208
Other	344	447	713
	40,491	39,858	81,356

Gross profit	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Year ended 31 December 2020 (Audited)
£'000			
Permanent placements	964	741	1,435
Contract	4,595	4,711	8,658
Other	146	195	146
	5,705	5,647	10,239

3. Income tax

	Six-month period ended 30 June 2021 (Unaudited)	Six-month period ended 30 June 2020 (Unaudited)	Year ended 31 December 2020 (Audited)
	£'000	£'000	£'000
Continuing operations			
Analysis of tax:			
Current tax			
UK corporation tax	(71)	56	218
Adjustment in respect of previous period	-	-	(12)
	(71)	56	206
Deferred tax			
Origination and reversal of temporary differences	124	4	(2)
Tax	53	60	204

Factors affecting the tax expense

The tax assessed for the six-month period ended 30 June 2021 is higher than (2020: higher than) would be expected by multiplying profit by the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:

	Six-month period ended 30 June 2021 Unaudited	Six-month period ended 30 June 2020 Unaudited	Year ended 31 December 2020 Audited
	£'000	£'000	£'000
Factors affecting tax expense			
Result for the period before tax	162	231	870
Profit multiplied by standard rate of tax of 19% (2020: 19%)	31	44	165
Non-deductible expenses	22	35	48
Tax credit on exercise of options	-	(3)	(5)
Effect of change in deferred tax rate	-	-	8
Other differences	-	(16)	-
Adjustment in respect of previous period	-	-	(12)
Tax charge for the period	53	60	204

4. 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.

	Basic		Diluted	
	Six-month period ended 30 June 2021 Unaudited	Six-month period ended 30 June 2020 Unaudited	Six-month period ended 30 June 2021 Unaudited	Six-month period ended 30 June 2020 Unaudited
Earnings £'000	109	171	109	171
Basic weighted average number of shares	14,266,680	14,279,831	14,266,680	14,279,831
Dilutive effect of share options	-	-	301,859	1,747,749
Fully diluted weighted average number of shares	-	-	14,568,539	16,027,580
Earnings per share (pence)	0.76p	1.20p	0.75p	1.07p

5. Borrowings

Included in current borrowings are bank overdrafts and an invoice discounting facility which is secured by a cross guarantee and debenture over all Group companies. There have been no defaults or breaches of the terms of the facility during the current or prior period.