24 February 2020

RTC Group Plc

(“RTC”, “the Company” or “the Group”)

Final results for the year ended 31 December 2019

RTC Group Plc (AIM: RTC.L) is pleased to announce its audited results for the year ended 31 December 2019.

Highlights

- Group revenue £94.9m (2018: £87.8m), 8% increase.
- Profit from operations maintained at £2.0m (2018: £2.0m).
- Earnings per share (basic) 9.60p (2018: 10.20p).
- A final dividend is proposed of 2.76p per share making total dividends in respect of the year to 31 December 2019 of 4.16p (2018: 3.85p), 8% increase.
- Net working capital debt reduced to £2.8m (2018: £4.5m). The Group has no term debt.
- 75% of gross profit generated by our more resilient contract business.

Commenting on the results Andy Pendlebury, CEO said:

“2019 was another extremely positive year for the Group, revenue, gross profit, cash generation and shareholder dividends all increased in line with market expectations.

I am extremely excited about our prospects as the work we have done to position ourselves as a lead player in the infrastructure, rail, energy and international sectors has yet to be fully exploited by the Group.

Finally, we are proud that we have consistently delivered on our dividend commitment to our shareholders and our dividend yield is one of the best in the sector.”

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About RTC

RTC Group Plc is an AIM listed recruitment 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 the best technical and engineering talent and providing complete workforce solutions to help build and maintain infrastructure and transportation for a wide range of UK and international 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 high-quality 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 the best 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.

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.

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.

www.rtcgroupplc.co.uk

Chairman's statement

For the year ended 31 December 2019

I am pleased to present the final report for the year.

Group

The performance across both our UK and International divisions has been extremely pleasing. Overall, 2019 has seen further growth in Group revenues to £94.9m (2018: £87.8m).

UK division

Within the UK, our ATA brand navigated fragile market conditions to produce a very creditable trading result. Ganymede continued to prosper with further increases in demand in both the Rail industry and the Energy division despite the slower than expected growth of our contract to train and supply operatives to serve the roll out of the government smart meter policy. Within Central Services revenues from the Derby Conference Centre increased and the facility continued to provide a first-class headquarters and value add for our clients as explained in the Chief Executive's statement.

International division

Internationally our GSS brand had an exceptional year's performance beating its highest ever contribution to the Group.

Dividends

In pursuance of our policy, an interim dividend of 1.4p (2018: 1.3p) has been paid. Your directors are now proposing a final dividend for the 2019 year of 2.76p (2018: 2.55p) per share, subject to approval at the Annual General Meeting on 22 April 2020.

Outlook

Although there remain uncertainties for the UK economy in 2020 which are likely to remain until our future trading arrangements with the European Community are resolved, we enter 2020 following a healthy performance in 2019 with optimism. ATA Recruitment is continuing to perform at satisfactory levels, and Ganymede is substantially insulated from any volatility in the general UK markets by the contracts it has within both the Rail and Energy industries. The Derby Conference Centre is experiencing improving demand for its services.

Internationally, GSS has continuing flows of demand from its longstanding client in Afghanistan and continues to develop business in the Middle East.

The establishment of strong and stable Government and the passing at long last of our exit from the European Union give us cause to anticipate more predictable and promising trading conditions although the progress to a final trade agreement with the EU may cause 2020 to be a bumpy year. Recent clear indications of strong increases in infrastructure spending and investment culminating in the announcement of an urgent drive to construct and complete our major expansion in High Speed Rail transport are expected to offer many opportunities for the Group.

We view the future with confidence.

Staff

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

W J C Douie 23 February 2020
Chairman

Chief Executive's operational and strategic review

For the year ended 31 December 2019

Overview

2019 was another extremely positive year for the Group. Our business continued to grow despite severe economic and geo-political uncertainty which impacted the wider global and UK economies. Group revenue, gross profit, cash generation and shareholder dividends all increased in line with market expectations. The Group's long-term investment programme in apprentice training and workforce upskilling remained at a constant, and in certain cases enhanced level. These costs have to be recognised fully in the year incurred and cannot be spread over the expected revenue recovery timeline. Therefore, whilst we could, like many organisations have in the current climate, deferred this investment to achieve both higher profit and associated earnings per share, the Board did not see this as a necessary nor sensible strategy to deploy. Furthermore, whilst the Board is cognisant of the importance of meeting, and wherever possible exceeding annual profit targets, this will not be done at any cost as creating long-term sustainable profit and cash flow growth is our key priority to support our goal of growing dividends every year - not an easy commitment to make or deliver - as being essential in attracting and retaining a supportive shareholder community. We are proud that we have consistently delivered on our dividend commitment to our shareholders and our dividend yield is one of the best in the sector.

I am delighted that our results, when compared alongside the performance of many of our publicly traded peers, especially the small cap contingent, fair extremely well, and across a broad range of measures vindicate the strategic direction being followed by the Board. They provide confidence that the range of strategic imperatives outlined for shareholders in both our 2014 and 2017 business reviews are being implemented by strong management teams deployed across each of our businesses and within the corporate centre of the Group. Given that many of the current macro-economic challenges were neither present, nor indeed envisaged when we redefined the vision and strategic direction of the Group we believe our business model remains robust and once the economy regains accelerated momentum, capable of generating additional organic led growth opportunities for us to further grow shareholder value. I appreciate that there is no guarantee that 2020 will deliver a vastly different landscape than 2019 but by growing and using our balance sheet wisely, as we continue to do, we will be well prepared for any eventuality encountered by the Group.

With regards to our financial prudence and treasury management I would like to provide some clarity around our debt position as this has been a source of difficulty facing a number of companies in our sector over the past 12-18 months. I believe it is worth outlining for our shareholders, our relative position and attitude to the use of debt and its potential impact on shareholder wealth. Typically, debt in our sector is raised for two predominant reasons. Firstly, to finance business expansion through acquisition activity. Our sector has seen profit multiples of target companies (the multiple of net earnings before interest, tax, depreciation and amortisation) rise to significantly high, and in our opinion unrealistic valuations, and whilst this may provide short-term gains for shareholders, overly ambitious synergy savings are rarely achieved with the consequences of overpaying for targets providing unmanageable debt burdens. The impact on shareholder wealth through overburdened balance sheets is extremely damaging and in certain circumstances can be terminal. We will not do this to our shareholders and will concentrate on investing in and building on organic growth opportunities with existing and new clients. Funding this aspect of growth is where our industry derives its second key source of debt from in the form CID (Confidential Invoice Discounting). Through its banking facility, the Group acts as a secondary source lender to clients through recruiting and payrolling workers for them thereby bolstering their working capital capabilities. For doing this the Group charges clients a fee (our margin) to recover both its direct and indirect costs and a contribution to profit for reinvestment and dividends to shareholders. The primary risk to our shareholders is clients defaulting on their "working capital loans" or as it is referred to bad debts, and this is mitigated for our shareholders by the quality of due diligence in client selection and through our credit control and treasury management. Over the past 5 years the Group has cumulatively provided around £300m of these "working capital loans" to clients with a less than 0.02% default rate. We therefore believe that our debt position is extremely solid, and I hope this provides clarity and context to the debt position held on the Group's balance sheet.

Divisional business review

UK division

Operational integration of ATA and Ganymede

For many years Ganymede and ATA have successfully competed in their respective UK markets. Both businesses have enjoyed significant growth and have established reputations for delivering first class recruitment solutions to a range of clients in the rail, infrastructure, built environment and manufacturing sectors. As CEO of the Group I am extremely proud of everybody across both businesses for all the hard work that has gone into achieving this success.

However, as eluded to in my 2017 SWOT analysis both the competitive landscape and dynamics of the markets we serve are changing and our clients are demanding a broader solution from a streamlined supply chain. In order to compete and stay ahead of our competition we needed to change and adapt our business model and structure to fit the new paradigm. In our current format we have to approach clients multiple times through both businesses, set up individual trading arrangements under both companies and submit two sets of invoices for payments. This, when clients are looking to streamline supplier relationships, reduce administration and transaction costs and award bigger contracts with fewer suppliers, is both counter intuitive and potentially damaging to the Group.

With this in mind, we integrated the ATA projects business with Ganymede creating a highly focused white-and-blue collar business. Our ATA branch network will continue to operate and grow in their current locations and compete in their indigenous manufacturing, engineering and industrial markets under the ATA Recruitment brand. Our commitment to grow all our branches remains a key priority for the Group.

I believe having done this we will create a very focused and enlarged people solutions business capable of competing with and beating much larger competitors who currently dominate the infrastructure and transportation marketplace. I also believe it will create opportunities for individuals across both businesses to accelerate their career and personal growth plans and help us become a more effective and efficient business by redefining our cost structure to focus on sales and account management to harness growth. Clearly there will be a number of challenges to overcome in ensuring a smooth integration but I believe the collective capability of the two businesses will achieve better growth and market positioning and I believe all concerned will see this as a new beginning and launch pad for everybody in the business and I have full confidence that the team led by Managing Director Paul Crompton have an exciting and prosperous future ahead of them.

Ganymede

Ganymede had another outstanding year with both its Rail and Energy divisions delivering record levels of growth. The Rail business has continued to build on its reputation, presence and positioning in the Rail sector. Its solid performance as a lead supplier to Network Rail culminated in Network Rail exercising its option to extend its framework agreement until 31 March 2021 a significant and stellar performance by the whole team. Ganymede is now widely recognised as a leading exponent of safety critical working in the UK Rail sector. The Businesses reputation was significantly enhanced following the collapse of Carillion where Ganymede worked tirelessly alongside Network Rail to ensure minimal disruption on a range of unfinished and vitally important rail projects. In addition to strengthening its position with Network Rail, Ganymede has been selected as a preferred supplier to a number of Tier 1 rail suppliers broadening its footprint and involvement in other key rail infrastructure projects. By merging Ganymede with ATA who are also heavily involved in supplying white collar personnel to a broad range of rail focused suppliers the business can now offer full ‘cradle to grave’ and through life solutions to the sector which clients are increasingly demanding.

Ganymede’s Energy business is now beginning to show the shoots of growth in its smart meter roll out programme following a number of years of slower than expected activity due to industry wide technology and compatibility issues. Our strategic contract with SSE has seen a significant increase in demand during the last quarter of 2019, which is extremely encouraging, and we believe the next 3-5 years will see a steady and consistent increase in headcount deployed on this type of activity. The Energy division is also involved in discussions with a number of energy companies engaged in medium to long-term roll out programmes for charging technology for smart cars. Like domestic smart meter forecasts, growth in this sector is set to rise significantly over the next 5-10 years and we believe given our experience and existing relationships with key OEM’s we are favourably placed to establish a number of strategic partnerships. This is because this large-scale national rollout programme would have similarities to the safety critical work we currently perform for both Network Rail and SSE.

Ganymede has continued with its long-term investment in training across both the sectors through its apprentice and operative upskilling programme. The investment commitment is not insignificant and as previously alluded to, is costed as incurred with revenue lagging investment in training. Whilst this has a short impact on profits, the business is committed to generating revenue over longer term as this provides a more consistent and steadier stream of revenues.

During 2019 Ganymede invested in a number of safety initiatives and campaigns which have improved communications and engagement with its workforce, and this has driven significant improvements in safety performance which is a key priority for both the Rail and Energy sectors. These initiatives are seen by the Board as long-term investment priorities and are further examples of the Group's attitude to business investment even during this difficult economic climate as we believe it will benefit the shareholder in the long-term.

Finally, Ganymede invested in two new sub-divisions during 2019 again incurring upfront investment costs and both are showing early signs of promise. Firstly the newly formed trades and labour division was formed to compliment the supply of rail engineering personnel with various non-rail tradesmen as many projects now demand a complete end-to-end workforce capability and secondly a small works business has been established to perform small packages of work where Ganymede take wider control and responsibility for both Network Rail and other Tier 1 suppliers. We believe by having a holistic capability, including the ATA white collar project business, it places Ganymede in a more favourable position to secure a new and enhanced long-term relationship with Network Rail and its key Tier 1 partners.

ATA

The challenging headwinds experienced by ATA in the first half of 2019 did not abate and like much of its competition ATA had to weather further and, in some cases, worsening conditions. The impact was felt equally by both the projects business where a number of new civil engineering projects were either held or in certain cases shelved pending the outcome of Brexit and the turbulent domestic political landscape. The ATA branch network which supports the UK manufacturing, engineering and industrial sectors was impacted as falling confidence dampened enthusiasm for capital investment initiatives and headcount led growth.

We believe the decision to combine ATA projects with Ganymede will have a positive impact during 2020 as it broadens its exposure to bigger and more established projects as part of the Ganymede offering. In terms of the branch network, ATA has always been firmly aligned to the direction of the wider economy and this has never been more evident than during the uncertainties created by Brexit. It has been a couple of extremely frustrating years for ATA branches and the generalist recruitment sector per se. However, ATA and its senior executive team, along with members of the Board, have endured many cycles of muted business confidence in the UK and history shows that these periods of stagnant or declining growth are normally followed by longer periods of growth as operational headcount cuts, usually deeper than needed, are reversed and depleted stock levels are replenished.

Furthermore, it is likely that a post-Brexit UK will be challenging for many companies as the war for talent will intensify as businesses find it harder to recruit from overseas. In this regard we believe that the ATA branch network will be able to source candidates through its sister company GSS who has access to a broad range of international recruitment partners. This could provide a valuable source of competitive advantage as many companies try to navigate through the EU settlement scheme, updated visa requirements and the evolving immigration reform landscape.

Central Services

Our Conference centre (the DCC), a part of Central Services, continues to provide first class headquarters for our Group financial directorate, human resources and technology departments. It is also headquarters to our Ganymede and ATA businesses and the Board. At the same time the DCC provides conferencing, events and commercial office facilities and is widely recognised as one of the most unique and respected venues across the East Midlands. In addition to the direct value add it generates for the Group, the DCC has played a significant role in helping our prime revenue generators through offering a range of bolt on services to clients not offered by many of our competitors. Additionally, the DCC has generated various and in certain circumstances significant leads to our recruitment businesses and this attitude of cooperation and inter-divisional business development is encouraged across all Group operations.

International division

Our International business GSS is a clear market leader in the deployment and management of large volume multi-nationality workers with a broad range of skills into hostile environments for NATO partner suppliers. It is unrivalled in the UK and has a range of unique skills and differentiators built up over the ten years since it was established by the Group.

I am delighted to report that the business had another hugely successful year culminating in its highest ever contribution to the Group. This achievement is even more remarkable as during 2018 the business had over £0.7m of non-recurring permanent fees from one client in the USA for a specific recruitment project in Afghanistan. To fill this gap the business recruited additional personnel for deployment in Afghanistan and other international locations for existing clients. The business now has around 1,000 workers deployed on blue chip international Government/NATO projects across a range of locations including Afghanistan, Iraq, Bahrain, Oman and UAE. The business is also currently in discussions with a range of USA and other international contractors to expand both its service offering.

Outlook and future growth strategy

Any attempt at forecasting the outlook in the present economic climate is not without difficulty and anybody purporting to do so accurately without clearly identifying the accompanying and imminent risks runs the risk themselves of misleading shareholders. That is not our style and I would like to outline the key risks and uncertainties I see in delivering growth for our shareholders. Firstly, we cannot avoid the continuing macro-economic and geo-political fallout and continued threat from both the US/China trade war and the risk of a disorderly exit from the European Union. Both have the potential to further dampen the appetite for business investment, especially in the UK, and under these circumstances it is not uncommon for candidates to defer career moves thereby reducing supply capability. However, this is not untypical of recruitment supply/demand cycles and once confidence returns sentiment tends to reverse. To mitigate the potential of this threat and to counter the ebbs and flows of traditional recruitment activity, we embarked on a strategic change of direction when I joined the Group as CEO. Through building a diversified portfolio of businesses supporting long-term indigenous infrastructure programmes and projects with high value order book revenue. This, complimented by long-term international defence related contracts, has enabled the Board to build a solid foundation to mitigate the impact of exposure the UK economy which historically represented 100% of Group revenue.

The second predominant risk causing sleepless nights for CEO's is IR35. The IR35 cloud has been firmly on the horizon for twenty years as the initial legislation was first passed in the 2000 Finance Bill. Whilst the implementation date has been postponed on many occasions, HMRC is adamant it is not going to kick the can down the road anymore and the government is firmly committed to implementing its policy in April 2020. It is worth outlining that the legislation designed to combat tax avoidance by workers supplying services to clients through intermediaries is highly complex and with employment law relying on caselaw to determine the legal status of individuals, the complexity of the issue will be challenging for all concerned for the foreseeable future. Presently a significant contingent of workers deployed by the Group across its client base have been determined as residing outside the scope of the legislation as they are employed by the Government through Network Rail and the Government is responsible for determining the status of all workers engaged under their auspices. The status of workers engaged by Group within the private sector are subject to review by our various clients and we are working closely with all our clients to establish the most appropriate route to keeping the individuals engaged on their work programmes from April 2020.

Whilst I am acutely aware that the concerns highlighted above could be received negatively, that is not my intention. Far from it as I am extremely excited about our prospects as the work we have done to position ourselves as a lead player in the Infrastructure, Rail, Energy and International sectors has yet to be fully exploited by the Group. Rather I believe it is my responsibility to outline for our shareholders an honest and frank assessment of the challenges we face along with a clear message as to what we are doing to protect their interests. I believe this candour is what our shareholders want from us.

A M Pendlebury 23 February 2020
CEO

Finance Director's report

For the year ended 31 December 2019

Financial highlights

The Group delivered profit from operations of £2.0m (2018: £2.0m).

UK

The Group saw a mixed performance across its UK businesses, Ganymede and ATA Recruitment, with areas such as technical engineering recruitment, both permanent and contract, impacted by clients showing caution pending a conclusion to Brexit negotiations. Whilst in areas such as contract recruitment for rail clients and permanent recruitment for energy clients demand was strong. As a result, revenue from permanent placements in the UK was maintained at £2.8m (2018: £2.8m) and contract revenue was up £7.8m to £90.3m (2018: £82.5m). Overall, the UK recruitment activities delivered profit from operations of £3.7m (2018: £3.6m) an increase of 3% on the previous year. Within Central Services, the Derby Conference Centre contributed £0.9m (2018: £0.9m) gross profit.

International

The Group's international division delivered its most profitable year since inception with revenues up £1.8m to £16.6m (2018: 14.8m) and profit from operations breaking the £1m barrier at £1.1m (2018: £0.9m) despite the absence of £0.7m of permanent fees delivered in 2018 as that contract ended early in 2019.

Taxation

The tax charge for the year was £0.4m (2018: £0.4m). The variance between this and the expected charge if a 19% corporation tax rate was applied to the profit for the year is explained in note 3.

Dividends

During the year, the Company paid a final dividend in respect of the previous year's results of £363,418 (2018: £326,984) which represents a payment of 2.55p (2018: 2.3p) per share and an interim dividend of £199,734 (2018: £184,817) to its equity shareholders. This represents a payment of 1.4p (2018: 1.3p) per share. Total dividend payments of £563,152 (2018: £511,801) which equate to 3.95p per share (2018: 3.6p) were made during the year refer to note 5.

A final dividend for the year ended 31 December 2019 of £393,760 (2018: £362,780) has been proposed but has not been accrued within these financial statements. This represents a payment of 2.76p (2018: 2.55p) per share.

Operational integration of ATA and Ganymede

To provide a simplified company structure and streamlined back office procedures to underpin the operational integration of Ganymede and ATA Recruitment (as set out in the Chief Executive's strategic report), the trade and assets of ATA Recruitment Limited were hived-up into Ganymede Solutions Limited on 31 December 2019. The assets were transferred at book value and there was no impact on the Group financial statements.

Adoption of new accounting standards

During the year IFRS 16 Leases (effective 1 January 2019) was adopted which has resulted in the Group recognising right of use assets and lease liabilities for all qualifying contracts that are, or contain, a lease in the statement of financial position. The Group has applied the modified retrospective transition method and as such comparatives have not been restated. The impact on profit before tax for the Group for the year was not material and there was no impact on opening equity at 1 January 2019. The Group also adopted IFRIC 23 which provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments; this had no material impact on the financial statements.

Own shares held

The cost of the Group's own shares purchased through the Employee Benefit Trust is shown as a deduction from equity. 40,000 options were exercised during the year and own shares held in the EBT were used to satisfy this demand. The balance of £263,919 on the own shares held reserve within equity reflects 377,027 shares remaining in the EBT that will be used to satisfy future exercises.

Statement of financial position
The Group's statement of financial position has further strengthened compared to the same point last year with net working capital increasing to £4.0m (2018: £3.1m). The ratio of current assets to current liabilities was improved at 1.3 (2018: 1.2). The Group's gearing ratio, which is calculated as total borrowings over net assets was significantly improved at 0.6 (2018: 1.2) largely as a result of change in mix of sales in favour of clients with shorter payment terms. The Group has no term debt and is financed using its invoice discounting and overdraft facilities with HSBC. Interest cover decreased to 9.7 (2018: 16.4) as during the year there were higher interest charges due to IFRS 16.

Cash flows
The Group generated a net cash inflow from operating activities of £2.9m (2018: £1.0m) largely due to strict control over the level of trade debtors year on year. Whilst revenues have increased during the year, the mix of those sales has been more towards clients with shorter payment terms which is also reflected in the movement in invoice discounting facility which shows a £1.8m reduction in funds in use. Cash generated from operations was applied to dividends £0.6m (2018: £0.5m) and the purchase of property plant and equipment £0.3m (2018: £0.5m). Payments of £0.2m (2018: £Nil) in respect of lease liabilities are also being shown within the cash flows from financing activities following the adoption of IFRS 16. These were previously within the profit from operations.

Prior period restatements
As explained in note 6, the 2018 consolidated statement of financial position has been restated to present overdrafts of £1,454,000, which were previously included in cash and cash equivalents, within liabilities due within 1 year. This restatement has not impacted the previously reported profits, net current assets or net assets. In addition, the consolidated cash flow statement has been restated to present certain overdrafts, amounting to £827,000 within financing activities rather than cash and cash equivalents.

Financing
The Group's current bank facilities include a net overdraft facility across the Group of £50,000 and an invoice discounting facility of up to £9.0m with HSBC at a margin of 1.5% above base. An increase in the facility up to £11m has also been approved by HSBC but not yet invoked as the Group is operating within its current facility. The Board closely monitors the level of facility utilisation and availability to ensure there is enough headroom to manage current operations and support the growth of the business. The Group continues to be focused on cash generation and building a robust statement of financial position to support the growth of the business.

S L Dye
Group Finance Director

23 February 2020

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	Notes	**2019** £'000	2018 £'000
Revenue	2	**94,949**	87,806
Cost of sales		**(80,475)**	(73,908)
Gross profit	2	**14,474**	13,898
Administrative expenses		**(12,513)**	(11,918)
Profit from operations		**1,961**	1,980
Finance expense		**(203)**	(121)
Profit before tax		**1,758**	1,859
Tax expense	3	**(390)**	(419)
Total profit and other comprehensive income for the period attributable to owners of the Parent		**1,368**	1,440

Earnings per ordinary share			
Basic	4	**9.60p**	10.20p
Fully diluted	4	**8.59p**	9.36p

Consolidated statement of changes in equity

For the year ended 31 December 2019

	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 2019	**146**	**120**	**(292)**	**50**	**379**	**4,833**	**5,236**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,368**	**1,368**
Transactions with owners:							
Dividends	**-**	**-**	**-**	**-**	**-**	**(563)**	**(563)**
Share options exercised	**-**	**-**	**28**	**-**	**(15)**	**(11)**	**2**
Share based payment charge	**-**	**-**	**-**	**-**	**193**	**-**	**193**
Total transactions with owners	**-**	**-**	**28**	**-**	**178**	**(574)**	**(368)**
At 31 December 2019	**146**	**120**	**(264)**	**50**	**557**	**5,627**	**6,236**

The information for the prior reporting period is as follows:

	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 2018	146	120	(473)	50	215	3,993	4,051
Total comprehensive income for the year	-	-	-	-	-	1,440	1,440
Transactions with owners:							
Dividends	-	-	-	-	-	(512)	(512)
Share options exercised	-	-	181	-	(76)	(88)	17
Share based payment charge	-	-	-	-	240	-	240
Total transactions with owners	-	-	181	-	164	(600)	(255)
At 31 December 2018	146	120	(292)	50	379	4,833	5,236

Consolidated statement of financial position

As at 31 December 2019

	2019	2018 Restated (refer to note 6)
	£'000	£'000
Assets		
Non-current		
Goodwill	**132**	132
Other intangible assets	**234**	306
Property, plant and equipment	**1,680**	1,648
Right of use assets	**3,044**	-
Deferred tax asset	**95**	66
	5,185	2,152
Current		
Inventories	**10**	8
Trade and other receivables	**15,809**	15,811
Cash and cash equivalents	**798**	1,546
	16,617	17,365
Total assets	**21,802**	19,517
Liabilities		
Current		
Trade and other payables	**(8,493)**	(7,863)
Lease liabilities	**(282)**	-
Corporation tax	**(296)**	(261)
Current borrowings	**(3,570)**	(6,093)
	(12,641)	(14,217)
Non-current liabilities		
Lease liabilities	**(2,855)**	-
Deferred tax liabilities	**(70)**	(64)
Net assets	**6,236**	5,236
Equity		
Share capital	**146**	146
Share premium	**120**	120
Own shares held	**(264)**	(292)
Capital redemption reserve	**50**	50
Share based payment reserve	**557**	379
Retained earnings	**5,627**	4,833
Total equity	**6,236**	5,236

Consolidated statement of cash flows

For the year ended 31 December 2019

	2019 £'000	2018 (restated refer to note 6) £'000
Cash flows from operating activities		
Profit before tax	**1,758**	1,859
Adjustments for:		
Depreciation, loss on disposal and amortisation	**693**	412
Finance expense	**203**	121
Employee equity settled share options charge	**194**	240
Change in inventories	**(2)**	(2)
Change in trade and other receivables	**(18)**	(2,739)
Change in trade and other payables	**629**	1,553
Cash inflow from operations	**3,457**	1,444
Income tax paid	**(378)**	(320)
Interest paid	**(203)**	(121)
Net cash inflow from operating activities	**2,876**	1,003
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles	**(314)**	(504)
Proceeds from asset disposals	**20**	-
Net cash used in investing activities	**(294)**	(504)
Cash flows from financing activities		
Movement on invoice discounting facility	**(1,821)**	(73)
Movement on perpetual bank overdrafts	**(75)**	195
Dividends paid	**(563)**	(512)
Payment of lease liabilities	**(246)**	-
Proceeds from exercise of share options	**2**	17
Net cash (outflow)/inflow from financing activities	**(2,703)**	(373)
Net (decrease)/increase in cash and cash equivalents	**(121)**	126
Cash and cash equivalents at beginning of period	**919**	793
Cash and cash equivalents at end of period	**798**	919

1. Corporate information and basis of preparation

RTC Group Plc is a public limited company incorporated and domiciled in England whose shares are publicly traded.

The announcement of results of the Group for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 23 February 2020.

The financial information included in this announcement has been compiled in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), including International Accounting Standards ("IAS") and interpretations issued by the International Accounting Standards Board ("IASB") and its committees, and as adopted by the EU. This announcement does not itself however contain sufficient information to comply with IFRS.

Other than the adoption of IFRS 16 which sets out the principles for recognition, measurement and presentation of leases, and IFRIC 23 which provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments, which are both effective for accounting periods starting on or after 1 January 2019, the accounting policies adopted are consistent with those described in the annual financial statements for the year ended 31 December 2018.

There have been no significant changes in the basis upon which estimates have been determined, compared to those applied at 31 December 2018 and no change in estimate has had a material effect on the current period.

2. Segment analysis

Factors that management used to identify the Group's reportable segments
As a result of the operational integration of ATA and Ganymede during 2019, as explained in the CEO's report, the Group has reviewed the determination of its operating segments. This has resulted in the business being split into three operating segments, with recruitment being split by geographical area rather than by statutory entity. 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 and 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.

The comparative segmental information has been restated to reflect the changes made in 2019.

Operating segments
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 (CODM), 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 conferencing facilities.

Revenue, gross profit and operating profit delivery by geography:

	Year ended 31 December 2019				Year ended 31 December 2018			
	UK Recruitment	**UK Central Services**	**International Recruitment**	**Total Group**	UK Recruitment	UK Central Services	International Recruitment	Total Group
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue	**76,526**	**1,864**	**16,559**	**94,949**	71,305	1,696	14,805	87,806
Cost of sales	**(64,680)**	**(1,010)**	**(14,785)**	**(80,475)**	(60,108)	(824)	(12,976)	(73,908)
Gross profit	**11,846**	**854**	**1,774**	**14,474**	11,197	872	1,829	13,898
Administrative expenses	**(7,852)**	**(3,269)**	**(701)**	**(11,822)**	(7,368)	(3,222)	(917)	(11,507)
Amortisation of intangibles	**(85)**	**-**	**-**	**(85)**	(182)	-	-	(182)
Depreciation of right of use assets	**(125)**	**(214)**	**-**	**(339)**	-	-	-	-
Depreciation	**(93)**	**(170)**	**(4)**	**(267)**	(79)	(146)	(4)	(229)
Total administrative expenses	**(8,155)**	**(3,653)**	**(705)**	**(12,513)**	(7,629)	(3,368)	(921)	11,918
Profit from operations	**3,691**	**(2,799)**	**1,069**	**1,961**	3,568	(2,496)	908	1,980

The revenue reported above is generated from continuing operations with external customers. There were no sales between segments in the year (2018: Nil).

For segment reporting purposes revenue is analysed by the geographical location in which the services are delivered.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of Group administration costs or finance costs.

During 2019, one customer in the UK segment contributed 10% or more of total revenue being £31.3m (2018: £21.4m) and one customer in the International segment also contributed 10% or more of total revenue being £16.5m (2018: £14.0m).

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 facilities at the Derby site, described as Other below.

Revenue and gross profit by service classification for management purposes:

	Revenue		**Gross profit**	
	2019	2018	**2019**	2018
	£'000	£'000	**£'000**	£'000
Permanent placements	**2,819**	3,588	**2,819**	3,588
Contract	**90,266**	82,522	**10,801**	9,438
Other	**1,864**	1,696	**854**	872
	94,949	87,806	**14,474**	13,898

All operations are continuing. All assets and liabilities are in the UK.

3. Tax expense

Continuing operations	2019 £'000	2018 £'000
Current tax		
UK corporation tax	**402**	367
Adjustments in respect of previous periods	**11**	38
	413	405
Deferred tax		
Origination and reversal of temporary differences	**(23)**	14
Tax	**390**	419

Factors affecting the tax expense
The tax assessed for the year is higher than (2018: higher than) would be expected by multiplying the profit by the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

Factors affecting tax expense	2019 £'000	2018 £'000
Result for the year before tax	**1,758**	1,859
Profit multiplied by standard rate of tax of 19% (2018: 19%)	**334**	353
Non-deductible expenses	**86**	87
Tax credit on exercise of options	**(5)**	(25)
Other differences	**(36)**	(34)
Adjustment in respect of previous periods	**11**	38
	390	419

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

	Basic 2019	Basic 2018	Fully diluted 2019	Fully diluted 2018
Earnings £'000	**1,368**	1,440	**1,368**	1,440
Basic weighted average number of shares	**14,254,557**	14,114,625	**14,254,557**	14,114,625
Dilutive effect of share options	-	-	**1,676,094**	1,263,737
Fully diluted weighted average number of shares	**-**	-	**15,930,651**	15,378,362
Earnings per share (pence)	**9.60p**	10.20p	**8.59p**	9.36p

5. Dividends

	2019 £'000	2018 £'000
Final dividend of 2.55p per share (2018: 2.3p) proposed and paid during the year relating to the previous year's results.	**363**	327
Interim dividend of 1.4p per share (2018: 1.3p).	**200**	185
	563	512

A final dividend of £393,760 (2018: £362,780) has been proposed but has not been accrued within these financial statements. This represents a payment of 2.76p (2018: 2.55p) per share.

6. Prior period restatements

At 31 December 2018 cash and cash equivalents in the consolidated statement of financial position, as originally presented, included bank overdrafts of £1,454,000. Detailed consideration of the evidence supporting this treatment has concluded that the conditions for this net presentation were not met and the error has been corrected within the comparatives, reclassifying the overdrafts to current liabilities. The restated cash and cash equivalents, after this reclassification is £1,546,000.

At 1 January 2018 the restated cash and cash equivalents and overdrafts should have been £1,733,000 and £1,572,000 respectively in the consolidated statement of financial position.

In the consolidated statement of cash flows certain overdrafts at 31 December 2018, which represents a core element of the financing structure of the relevant subsidiary, amounting to £827,000 (2017 £632,000) have been adjusted to include the movement within financing activities and correct the previous offset against the cash balances.

The correction of these errors has not had any impact on previously reported profits, net current assets or net assets.

7. Report and accounts

The above financial information does not constitute the Company's statutory accounts for the years ended 31 December 2019 or 2018 but is derived from those accounts. The auditor has reported on these accounts; their report was unqualified, did not draw any matters by way of emphasis without qualifying their report and did not contain statements under s498 (2) or (3) Companies Act 2006 or equivalent preceding legislation. The statutory accounts for 2018 have been filed with the Registrar of Companies.

Full audited accounts of RTC Group Plc for the year ended 31 December 2019 will be made available on the Company's website at www.rtcgroupplc.co.uk later today and will be dispatched to shareholders on 23 March 2020 and then be available from the Company's registered office - The Derby Conference Centre, London Road, Derby, DE24 8UX.

The Company's Annual General meeting will be held at 12 noon on 22 April 2020 at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU.