2022

Connecting business and career ambitions

RTC GROUP

Annual Report

for the year ended 31 December 2022

www.rtcgroupplc.co.uk
Stock Code: RTC

Welcome to the RTC Group Annual Report 2022

Highlights

Group revenue	EBITDA*	Basic EPS
£71.9m	**£0.6m**	**(2.45p)**
(2021: £77.7m)	(2021: £1.1m)	(2021: 0.04p)

*refer key performance indicators section for calculation.

Group at a glance

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 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 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.

Ganymede tailors its solutions to suit its clients' needs. Whether it's recruiting permanent and temporary technical, engineering and safety-critical roles or providing fully managed workforce solutions of recruitment, training, account management, contingent labour and fleet provision, Ganymede works closely with its clients to understand their requirements, keeping their goals in mind every step of the way.

ATA 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 has a strong track record of attracting and recruiting the best engineering talent for its 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 its 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

Internationally, through our GSS brand we work with customers across the globe that are focused on delivering projects in a variety of 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.

Learn More

RTC Group maintains a corporate website at www.rtcgroupplc.co.uk containing a wide range of information of interest including:

- latest RNS releases; and
- company reports.

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Chairman's statement

For the year ended 31 December 2022

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

Group

The Group overall delivered revenues of £71.9m (2021: £77.7m) and overall gross profit was £11.8m (2021: £11.8m).

Ganymede Energy markedly increased volumes, our branch general manufacturing and engineering recruitment performance was buoyant, led by increased permanent placement volumes and our UK technical and engineering operations produced a much-improved contribution. Our international business continued to make steady progress from an already sound base and achieved results comparable to the final year of our service in Afghanistan despite reduced volumes. The difficult trading conditions experienced in the rail business in 2021 continued through 2022, exacerbated by ongoing industrial action, although the year ended with most of the challenges being addressed. Within Central Services the Derby Conference Centre recovered strongly to generate a trading profit on markedly better business levels in both the conferencing area and the hotel and events activities.

Dividends

In the conditions which have unfolded this year it remains prudent not to pay a dividend in respect of 2022 and to concentrate future efforts on balance sheet improvement in preparation for the expected need to invest in business changes and developments in the future. It is unlikely that we will be recommending a return to dividend payments in the near future.

Our people

I should like to thank all our people for their loyalty, hard work, and enthusiasm during the course of the year.

Outlook

It is more than usually difficult to assess the likely economic backdrop which will provide the stage for business management and performance in 2023. Continuing high levels of inflation, albeit varying throughout the world, coupled with the war between Russia and Ukraine and alarming increases in tension between China and the West do not augur well for stability. Although any slide into recession in the UK could adversely affect general permanent recruitment, other elements of our portfolio of activities are in areas not so directly affected by economic factors and should offer a more stable investment environment. Although it is possible that inflation will continue to abate and remain lower, history casts some doubt on the likelihood of that being the case. Nonetheless the RTC Group has a strong balance sheet and management in depth and your directors are cautiously optimistic of a continuing improvement in our financial performance.

W J C Douie

WJC Douie
Chairman

26 March 2023

Chief Executive's operational and strategic review

For the year ended 31 December 2022

Overview

2022 was a year of two very contrasting halves for RTC Group. Like many other companies, the early part of the year continued to be impacted by the effects of covid and the health, safety, and well-being of both our permanent and contract workforce remained our highest priority as we cautiously transitioned to a more normalised trading environment. Additionally, the new maintenance and renewals contract with Network Rail which saw Ganymede Rail successfully awarded another long-term programme of work, albeit on new operating routes, was heavily biased towards upfront cost and investment activities. Whilst the combined effect of these two events impacted our first half profitability resulting in only a marginal EBITDA for the period, the fundamental capabilities underpinning all our trading entities remained robust. This was evidenced in the second half of the year which saw much improved trading across the Group. With the exception of Ganymede Rail, all of our businesses enjoyed second half run rates last seen prior to the onset of covid in 2020. Furthermore, and whilst we are early in the new financial year with much global and domestic uncertainty clouding the visibility businesses and investors desire, I am optimistic that these run-rates can maintain momentum and continue in a positive direction.

Whilst 2022 full year sales of £71.9m were down around 7.5% from 2021 reflecting the difficult start to the year, our gross profit held constant at £11.8m with the margin gaining some ground to 16% reflecting changes to our sales mix and operational changes to our international contracts with fewer low margin administration activities performed on behalf of our client. Additionally, and of significance to the financial performance of our Ganymede Rail business and the Group, it should be noted that having endured elevated operating costs in the early part of the year to comply with the tail end of covid, constantly escalating fuel prices and wage-based inflation due to supply shortages, the business was further heavily impacted in the second half of the year by industrial action across the whole of the rail network. This was naturally hugely disappointing and costly to our rail business having invested significantly in the preparation of personnel and new route management/deployment activities in the early part of the year. To give some financial context, the business, with minimal ability to offset operational cost, lost around 75,000 billable hours in the second half of the year due to the disruption which in turn equated to missed revenue of around £2m along with the associated gross margin and profit contribution. A significant sum which if recognised would have had a positive impact on the outcome of the Group's results.

Furthermore, and taking account of our medium to long-term view of growth across the industries and sectors we operate in, we have continued throughout the year to invest in and increase the number of recruitment consultants employed across the Group and alongside this have committed to investing in a new front end, cloud based CRM recruitment system which will provide a unified platform across the Group and integrate with all financial, payroll and accounting systems. Also, as we cooperate and integrate more closely alongside and within our clients' businesses our technology platform will enable us to seamlessly enhance and grow the value of key client relationships. Naturally, the nature of these investments, especially the costs attached to finding, training, and developing new consultants, are forward loaded with delayed revenue streams and we expect a positive return on these investments from 2023 onwards.

Taking all of this into account and considering our overall financial position which sees the Group with no long term debt, a working capital facility with significant headroom for growth, strong cash and treasury management supporting predominately blue-chip and government backed clients, a strong balance sheet which hasn't necessitated any form of recapitalisation, which befell many larger players in the sector and a very strong and lengthy order book with many leading clients across a number of our sectors, I believe we are well positioned to capitalise on growth opportunities as they emerge.

Our strategy is very clear and will continue to centre around our business model of growing industry leading, independent subsidiary businesses capable of competing in each of their respective sectors and offering clients significant opportunities for greater value add and high-level cost savings through working collaboratively across all RTC Group companies.

Finally, I believe our commitment to the highest levels of corporate, commercial, and operational governance has been a significant distinguishing factor in building the strong and long-term relationships we have with our client base. This coupled with the financial health of the Group, our ability to attract strong management teams in each of our businesses and a Group board with the necessary experience and proven track record to steer the business through what has been an unprecedented few years for the sector with significant companies having to seek additional shareholder funds to survive, is evidence that the Group is in very solid and strong position for its shareholders.

Business review

UK Division

2022 was a year of recovery for our UK recruitment business with very strong demand returning for both permanent and temporary recruitment pushing vacancy levels to post pandemic highs. However, whilst client requirements for permanent staff were running at all-time highs, a shortage of candidates due to skill availability, candidate reluctance to change employer during the prevailing economic uncertainties and counter offers by employers to retain 'hard-to-replace' employees, created a challenging recruitment environment. Despite this our white-collar recruitment teams in Ganymede and ATA enjoyed a 25% increase in permanent fees for the period. The growth was driven by a combination of increased fees as salary levels rose to attract key hires and an overall increase in volume in line with market growth. The focus we have achieved through combining our white-collar rail and infrastructure recruitment business alongside our Ganymede Rail business has continued to provide

Chief Executive's operational and strategic review

For the year ended 31 December 2022

opportunities across the sector with many clients choosing to leverage the combined capability. Having been awarded several preferred supplier status contracts we have been able to secure additional revenue and reduce external recruitment costs for many rail and infrastructure clients. Also, during the year, following encouragement from a number of rail specific clients, a rail signalling business was established, and this is now delivering a new and profitable business stream with growing demand as we enter the new year.

Whilst candidate caution due to economic and political uncertainty dominated the permanent marketplace, the temporary sector excluding rail had an extremely buoyant year. Ganymede and ATA's white collar recruitment teams saw revenue from temporary activity increase significantly across both businesses resulting in increased gross profit of 38%. This is a hugely impressive performance, especially for the ATA business which lost over 90% of temporary workers out on assignment during the height of covid. ATA's current run-rate is now tracking back at pre-covid levels and demand as we enter the new year is showing positive signs of encouragement.

During 2022 Ganymede Energy finally began to fulfil its full potential following successive years of setbacks. Over 5 years ago the business established itself as a partner to major utility companies to provide personnel to support the Government's smart meter roll out strategy. Having recruited, trained, and begun to deploy smart meter installers it quickly became apparent that issues with the technology would have to halt the programme pending technology improvements. This was followed by delays caused through client redundancy programmes and then a complete suspension of activity as covid restrictions prohibited workers from attending private residences. This was still the case in quarter one 2022 but once all restrictions were finally lifted activity recommenced. I am delighted to report that during the rest of the year demand for our smart meter installers has hit record highs with the year ending with over 200 Ganymede personnel out on daily assignment and this is expected to rise during 2023. Outside of the 6 major utility companies our energy business is now one of the largest providers of smart meter installers in the country. A remarkable achievement given the multiple hurdles the business has faced during its growth journey. The Government is currently legislating to extend its powers in relation to the smart meter roll-out until November 2028. Based on data published at the end of September 2022 there are some 24 million smart meters awaiting fitment. Given current installation rates across the industry it is estimated that it will take between 6-8 years (excluding enhancements to existing meters) to replace the remaining traditional meters. We are confident that given our current performance and dominant positioning our energy business has a significant and sustainable revenue potential revenue for the foreseeable future. In addition, in collaboration with our conference business, the Derby Conference Centre, our energy partners are using our inhouse facility to induct direct personnel alongside the Ganymede smart meter installers which is generating broader revenue for the Group.

Towards the second half of 2022 our projects business which had traditionally focused on rail projects began exploring the opportunity to enter the social housing market given the scale of property refurbishment which was forecast across many district councils. Following a pilot scheme which saw some upfront investment to gain skills, capability and experience the team began working as a secondary provider of labour to a prime contractor. Over the past 6 months and following successful inclusion as a direct provider our projects business has now refurbished in excess of 100 council properties. Whilst it is early days, we believe the scale of properties requiring renovation or upgrade as part of the Government's heating and building strategy to decarbonise homes, offers another long-term opportunity for two RTC business units to combine capabilities and offer a single point solution to a significant and growth dominated sector. In preparation and readiness for this the Group is funding the establishment of a training and assessment centre within our energy business premises.

As has been alluded to Ganymede Rail experienced a very challenging year in 2022 mainly due to the tail end of covid, disruption to its operational route management through significant industrial action, escalating fixed and variable costs through excessive fuel prices and high wage inflation, and the impact of route changes which resulted in reduced revenue and additional set up costs for the newly awarded long term Network Rail contract. Whilst this has proved an extremely difficult period for the business, its management, and its permanent and contract workforce, I cannot emphasise enough the strategic value and importance that the Group board place on this business. The business has a long term, multimillion-pound order book with a minimum 4-year tenure which will see Ganymede continue as one of Network Rail's largest and historically best performing maintenance and renewals labour suppliers. In addition to its long-term direct relationship with Network Rail Ganymede Rail is partner with numerous blue-chip prime contractors and has a first-class track record in safety management in the sector and is one of the largest apprentice training funders across labour supply companies. We remain extremely confident in the business's ability deliver an extremely high value service on one of the country's most important and strategic assets and we look forward to seeing it rebound in 2023.

Central services

The Derby Conference Centre which forms part of the Central Services division had a much-improved year culminating in a significant increase in volume for all its service offerings. Following a long period of closure to comply with government restrictions in 2020 and 2021 the business like many in the hospitality sector was plagued with uncertainty at the beginning of 2022. However, its performance due to its strong reputation in the East Midlands quicky regained momentum and December delivered one of its best festive results. Furthermore, as we enter 2023 the business achieved its best January result and the whole team is encouraged about its long-term future in the sector.

Chief Executive's operational and strategic review

For the year ended 31 December 2022

International

Whilst GSS no longer provides personnel to Afghanistan following the demobilisation of all international personnel, the business remains very active in supporting overseas clients and territories and has secured new clients providing exciting new opportunities for the business. We still provide a wide-ranging workforce to many other overseas locations including, Dubai, Bahrain, Iraq, Mogadishu, and Poland. During 2022 the business secured a significant new contract with its largest client to provide large volumes of permanent personnel to British Overseas Territories. The team are also currently working with several NATO supply partners in support of emerging mobilisation contracts in various locations.

Outlook

Following a vastly improved performance in the second half of the year and early signs of a continuation of this trajectory into the early part of this year, I remain cautiously optimistic about our future revenue and profit generation. Whilst naturally there is considerable and justified concern about both international and domestic events which serve to destabilise both market and customer demand, I believe the services being provided by many of our domestic clients, especially our utility and transportation clients where maintenance and enhancement programmes to key infrastructure assets have work programmes spanning many years offering significant growth potential to add to our already well established orderbook. In addition to this, the broad generalist capability being offered by our permanent and temporary recruitment business serving the UK's growing manufacturing, industrial and engineering companies, and our expanding geographic presence through our international business will ensure that we are well placed to take capture new business opportunities across all our Group recruitment businesses.

Our people

The energy and enthusiasm showed by our people across the RTC Group is, as always, exceptional. Given how tough the last few years have been on our people and their families it is has been humbling to see their resilience, ambition, and desire to see RTC continue to differentiate itself in highly populated markets.

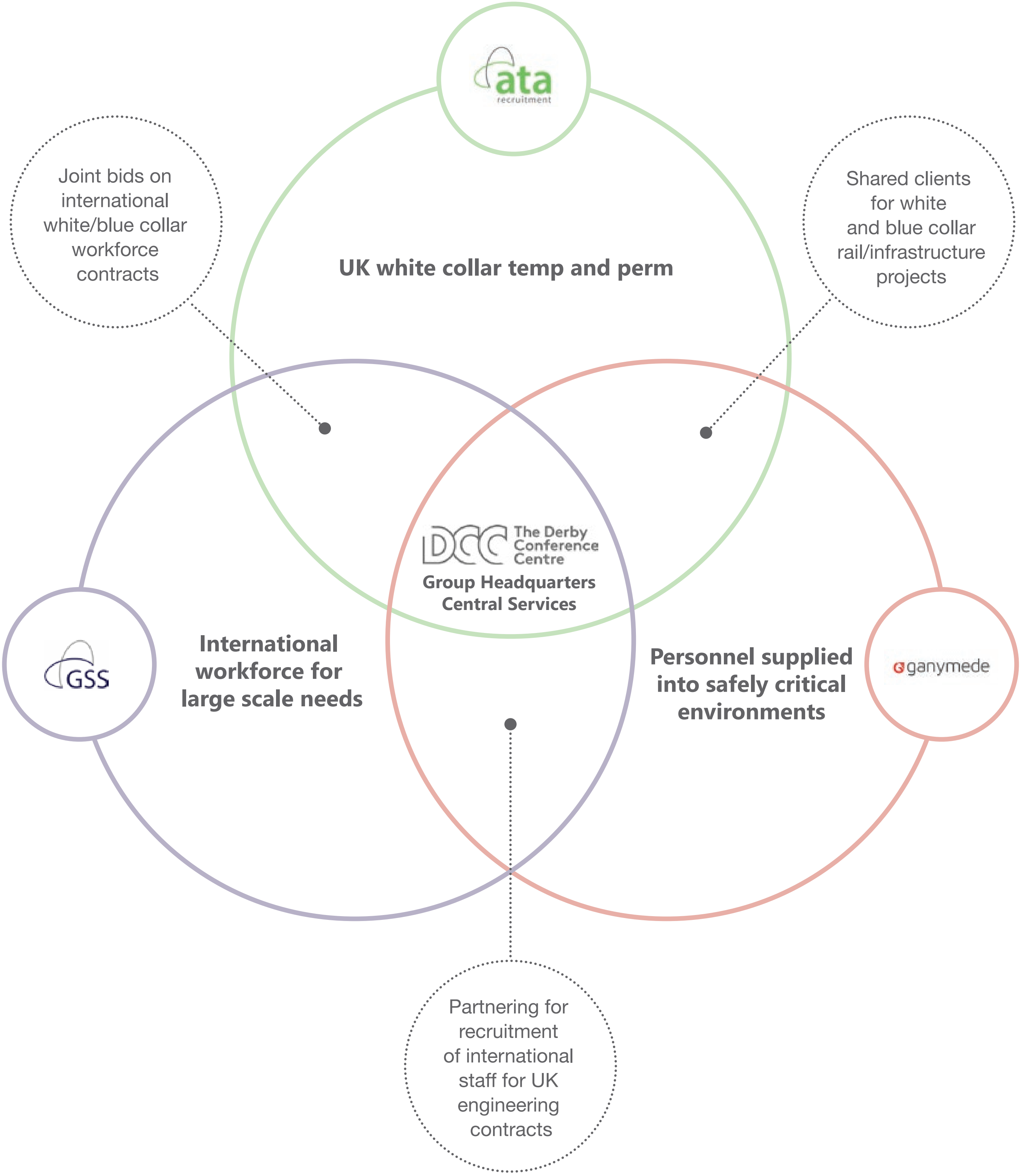
The Board of directors could not be prouder of the collective team effort and would like to thank everybody across the Group.

A M Pendlebury

A M Pendlebury
CEO

26 March 2023

Business model

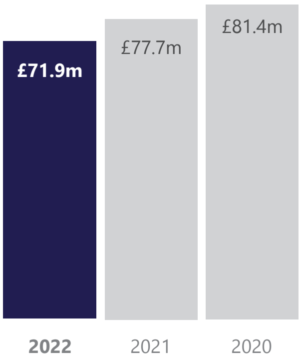


Key performance indicators

For the year ended 31 December 2022

Revenue (£m)

£71.9m

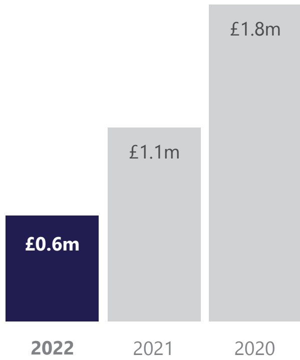


Gross profit (£m)

£11.8m

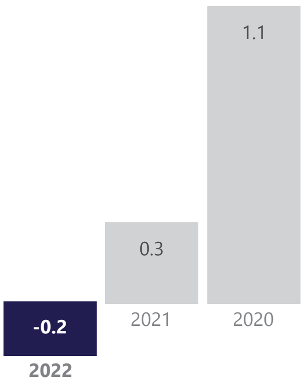
EBITDA (£m)

£0.6m



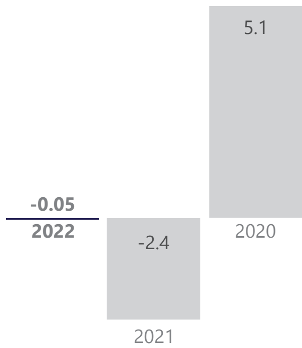
(Loss)/ Profit from operations (£m)

£(0.2)m



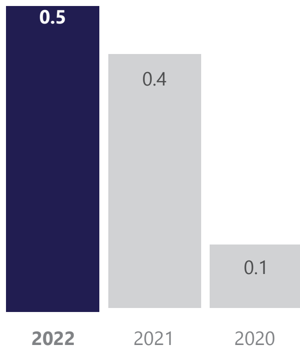
Cash flow from operating activities (£m)

£(0.05)m



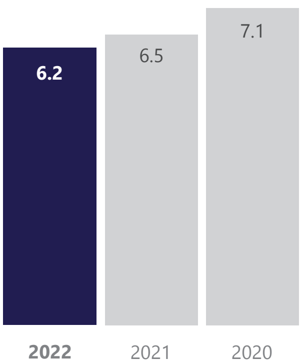
Gearing ratio

0.5



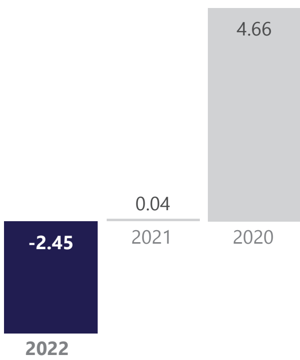
Net assets (£m)

£6.2m



Basic EPS

(2.45)p



No dividends have been paid or proposed in respect of the years 2020 to 2022.

EBITDA is earnings before interest, tax, depreciation and amortisation and has been calculated as follows: loss from operations (£243,000) + depreciation of owned assets £422,000 + amortisation of intangibles £46,000 + depreciation of right-of-use assets £384,000 = £609,000 (refer note 6).

Refer to the Finance Director's Report for commentary on the results for the year.

Risk management

For the year ended 31 December 2022

The corporate governance statement describes how the Group manages risk via its Board and Board sub-committees. Key business risks and how the Group mitigates these are detailed below:

The economic cycle and economic conditions

The Board takes account of on-going economic conditions and cycles. Whilst there remains much uncertainty and mixed opinion about short and medium-term prospects for the UK economy influenced by the cost-of-living crisis, widespread strike action, the looming threat of a recession and other geo-political events, we believe that the sectors and customers we have built relationships with have fundamental long-term growth trends. Further, the deliberate positioning of our businesses in rail infrastructure, domestic energy and overseas activities that are not subject to short-term fluctuations in the UK economy enables the Group to capitalise on prevailing market conditions both in the UK and internationally. The Group's cost base is carefully managed to align with business activity. The Group remains focused on cash generation and keeping net debt at prudent levels. This risk is further mitigated by contracts which are not cyclical. The Group also maintains a regular dialogue with its bank to ensure that we have their backing.

Loss of key customers

Loss of a key customer or large contract continues to be a risk. To minimise this risk, our strategy is to retain existing customers and actively pursue new customers and longer-term 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.

Competition

The recruitment market continues to be very competitive placing pressure on margins. Our internal approval process ensures that new and existing business is conducted only at appropriate and sustainable margins. The Group Board signs off terms for significant framework agreements and contracts. Further, our engagement with customers is based upon the premise that we are specialists in our chosen markets and have in-depth knowledge of the areas that we focus on. We differentiate ourselves from the competition and attract customers through our service offering with solutions tailored to specific client needs.

Shortage of skilled candidates

An ongoing shortage of skilled candidates in both permanent and temporary recruitment and thus increased competition can lead to lower margins, and counter offers from existing employers are commonplace. Our consultants are experts in their area of recruitment, build strong relationships with customers and candidates and actively manage the recruitment and offer process throughout ensuring that client and candidate needs are met.

Credit risk

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

Attracting and retaining key personnel

The Group is reliant on its ability to recruit, train and retain its staff to deliver its growth plans. In the aftermath of the pandemic there is a reduction in staff available in some areas, for example, hospitality and we are seeing increased competition on remuneration packages in other sectors. We continue to ensure that overall packages are competitive and include performance related incentives for staff. We have an Agile Working Policy which provides staff an opportunity for a good work-life balance, and we are a proactively inclusive employer. Succession plans are regularly reviewed.

Compliance risks

Increased employment law and regulations specific to certain business sectors and for temporary workers necessitate pre-employment checks and ongoing management of compliance. To mitigate these risks, all staff receive relevant training on the operating standards and regulations applicable to their role. Within each Group business independent teams check compliance. Compliance processes are tailored to specialisms, for example, ensuring the health and safety of temporary labour supplied into the rail industry and eligibility to work.

Legislative risks

Constantly changing employment and tax legislation around intermediary staff presents an area of uncertainty and therefore risk. To mitigate these risks, in conjunction with our professional advisers, we monitor all changes in legislation and keep our documentation and procedures under review and work closely with our clients to discuss the implications of IR35 and guide them to compliant solutions whereby we can still provide them with flexible resources. The Group also works closely with its financial and legal advisers, and accredited recruitment bodies to ensure that the business is up to date on these issues.

Risk management

For the year ended 31 December 2022

Reliance on technology

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

Cyber security and general data protection

The Group holds certain data observing strict compliance obligations although a successful cyber-attack could interrupt the business, threaten confidentiality and lead to loss of client and candidate confidence. The Group continues to respond to this threat in several ways including system security measures and reminding our staff to be vigilant. We have an ongoing programme of cyber security awareness training whereby staff complete a short video training session each month, followed by the IT department sending out dummy malicious emails to test how effective the training has been. The Group has responsibilities to protect data under the General Data Protection Regulation and continually works to ensure full compliance. The Group has ISO27001 accreditation for both the Ganymede and ATA processes.

Climate change

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. Initiatives designed to minimise the Group's impact on the environment include the reducing our carbon emissions through fleet technology; the use of electric vehicles where possible and a cycle to work scheme.

S L Dye

S L Dye
Secretary

26 March 2023

Finance Director's report

For the year ended 31 December 2022

Financial highlights

The Group overall delivered revenues of £71.9m (2021: £77.7m) and overall gross profit was £11.8m (2021: £11.8m). The loss from operations of £0.2m (2021: profit of £0.3m) reflects a mixed year that saw good performance across all areas of the Group other than rail which experienced a perfect storm of increased costs to supply and lower than anticipated volumes (see more detail in the UK Recruitment section below).

UK Recruitment

The division's white collar recruitment divisions, serviced by our ATA and Ganymede recruitment brands both performed well throughout the year, despite the well-publicised candidate shortages, with strong client demand across both permanent and contract recruitment. In 2022 these divisions delivered a combined 25% growth in permanent fees and 38% growth in contract GP compared to 2021.

Ganymede Energy continued its growth trajectory, supporting the Government's smart meter roll out programme, delivering 50% growth at GP level compared to 2021. Additionally, 2022 saw the development of training and assessment facilities at the Ganymede Energy premises in Milton Keynes to support workforce upskilling.

Ganymede Rail had a challenging year, severely impacted by ongoing industrial action, escalating fuel prices and wage inflation fuelled by candidate shortages. Year on year volumes reduced by 35% in comparison to 2021 reflecting the changes in geographical regions of supply to Network Rail under the revised contract which commenced in Q4 of 2021, combined with the lost revenue impact of the rail strikes between June and December.

Additionally, the company continued to grow its minor projects capability; developed a signalling labour supply business and delivered ongoing improvement in safety performance throughout the year.

Overall, UK Recruitment delivered slightly reduced revenues of £64.8m (2021: £66.8m) which were converted to profit from operations of £1.5m (2021: £2.7m). The reduction in profit from operations reflecting strike action and the increased cost of supply, particularly fuel prices in the Rail division and increased administrative expenses largely due to higher commissions on very strong performances in energy and recruitment.

International

Whilst revenue reduced significantly to £5.2m (2021: £9.6m) following the withdrawal of NATO from Afghanistan, gross profit reduced only slightly to £0.8m (2021: £0.9m) with gross margin increasing to 15% (2021: 10%) as much of the revenue relating to Afghanistan related to services (e.g., contractor travel) that were provided at cost. The division has been successful in securing work under new framework agreements in addition to existing arrangements delivering profit from operations of £0.5m (2021: £0.5m) on a par with 2021 despite the withdrawal from Afghanistan.

Central Services

Within Central Services, the Derby Conference Centre has seen good levels of activity relating to conferences, events and bedroom sales for the majority of 2022 with a particularly strong finish on festive activities. Revenue generated by the segment was £2.0m (2021: £1.3m) and gross profit increased to £1.1m (2021: £0.7m).

Taxation

The tax credit for the year was £0.1m (2021: charge of £0.1m). The variance between this and the expected charge if a 19% corporation tax rate was applied to the result for the year is explained in note 9.

Dividends

No dividends were paid during the year (2021: Nil). No final dividend for the year ended 31 December 2022 has been proposed (2021: Nil).

Own shares held

The cost of the Group's own shares purchased through the Employee Benefit Trust (EBT) is shown as a deduction from equity. No options were exercised during the year. The balance of £235,918 (2021: £235,918) in the own shares held reserve within equity reflects 337,027 (2021: 337,027) shares remaining in the EBT that will be used to satisfy future exercises.

Statement of financial position and cash flows

The Group's net working capital reduced slightly to £4.6m (2021: £5.0m). The ratio of current assets to current liabilities was slightly reduced at 1.4 (2021: 1.5). The Group's gearing ratio, which is calculated as total borrowings over net assets, increased to 0.5 (2021: 0.4).

Finance Director's report

For the year ended 31 December 2022

The Group generated £2.4m more cash in 2022 compared to 2021. This improvement versus 2021 reflects increased activity across the majority of the business.

The Group has no term debt and is financed using its invoice discounting and overdraft facilities with HSBC. At 31 December 2022 the Group's had available funds to draw down of £5.1m (2021: £4.3m)

Financing and going concern

The Group's current bank facilities include a net overdraft facility across the Group of £50,000 and an invoice discounting facility with HSBC providing of up to £12.0m, based on a percentage of good book debts, at a 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 support the growth of the business.

Given the uncertainty and mixed opinion about short and medium-term prospects for the UK economy influenced by the cost-of-living crisis, widespread strike action, the looming threat of a recession and other geo-political events, in addition to the established budgeting and forecasting processes, which considers a range of plausible events and circumstances, a reverse stress test has been undertaken. This shows that, assuming a continuation of the current facilities, the Group has access to sufficient cash and facilities to withstand a 20% reduction against the 2022 revenues without any significant restructuring or other cost reduction measures.

In assessing the risks related to the continued availability of the current facilities, the Board have taken into consideration the existing relationship with HSBC and the strength of the security provided, also taking into account the quality of the Group's customer base. Based on their enquiries, the Board have concluded that sufficient facilities will continue to remain available to the Group and therefore the going concern basis of preparation remains appropriate and no material uncertainty exists.

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 through a net overdraft facility of £50,000 and an invoicing discounting facility, providing up to £12m based on a percentage of good book debts. The invoice discounting facility is the Group's core funding line and is classed as evergreen in that it has no fixed expiry date (although it is reviewed annually).

The strategic report was approved by the Board on 26 March 2023 and signed on its behalf by:

S L Dye

S L Dye
Group Finance Director

26 March 2023

Section 172 statement

For the year ended 31 December 2022

The directors set out their statement of compliance with s172 (1) of the Companies Act 2006 which should be read in conjunction with the rest of the annual report. The directors preside over the Group for the benefit of all stakeholders. Decisions taken by the Board are always cognisant of the impact on each stakeholder group. Fundamentally the goal is the long-term sustainable growth of the business which will see returns to shareholders increasing, enable employees to realise their ambitions and support customers in achieving their goals.

Key decisions

Board and committee activities are organised throughout the year to address the matters reserved for the Board. An overview of the Board's principal decisions during the year, including how the Board has considered the factors set out in Section 172 of the Companies Act 2006 ("the Act"), is set out below. Key operational decisions are explained in Chief Executive's operational and strategic review.

Decision	Actions	Stakeholder Groups considered
Setting the annual Group budget and sensitivity modelling for going concern and impairment considerations	Reviewed and approved Group budgets for 2023 and high-level profit and cash forecasts for the next 15 months, all of which were updated for the impact of strike action and other potential events and circumstances. Approval of the going concern assumption and that no impairment of Group assets was required.	In reviewing the budget and its sensitivities, the Board considered the impact on all stakeholders. Setting the budget identified key areas of focus for the Group, providing development opportunities for employees. In setting the budget the Board also considered customers and identified opportunities to develop customer relationships and improve service delivery and efficiency. Consideration was given to suppliers around payments ensuring that there was clarity around when payments would be made to allow suppliers to effectively manage working capital.
Reviewing minor (fixed price) project work in addition to existing work revenue types to determine ability and suitability to scale this type of income stream	Reviewed minor (fixed price) project works activity management and processes, profitability, ability to scale and volume opportunities.	In reviewing minor (fixed price) project works the Board has considered the impact on all stakeholders. The development and progression opportunities for employees. The Board considered customers and identified opportunities to develop customer relationships and improve service delivery and efficiency. Consideration was given to customer and supplier payment terms ensuring that there was clarity around when payments would be made to allow the Group and suppliers to effectively manage working capital.

Section 172 statement

For the year ended 31 December 2022

Stakeholders and stakeholder communication

The directors consider the key stakeholders of the Group fall into two categories: its employees and its shareholders, customers, suppliers, and other business-related parties.

Employees as stakeholders

The directors are committed to providing a working environment that promotes employee wellbeing whilst facilitating their performance. The ways in which the directors communicate with and support employees are set out in the Directors' report under the headings Equality, Diversity and Inclusion, Employee Engagement and Involvement.

Shareholders as stakeholders

The directors provide information for the shareholders through the annual report, the interim report and public announcements made through RNS https://www.londonstockexchange.com/stock/RTC/rtc-group-plc/company-page. Shareholders are invited to contact the Chairman at any time and the directors make themselves available for face-to-face discussion with shareholders at the AGM.

Customers and other stakeholders

The directors ensure that stakeholder management plans are in place for key customers and that appropriate levels of management time is afforded to meet with customers and understand their needs. Directors provide mentoring to management and the Group invests in personal development for its managers to enable them to fulfil their roles in shaping the business, for example, all senior managers have attended mini-MBA courses.

Impact on the community and the environment

The directors take very seriously their corporate social responsibility. The Group has a corporate social responsibility strategy. The key strands of the strategy are set out in the Director's report.

Maintaining a reputation for high standards of business conduct

The directors ensure that recruitment industry standards of best practice are maintained through membership of the relevant professional bodies, for example the Recruitment and Employment Confederation. Internally the Group has ethical standards and code of conduct policies which all staff sign up to.

W J C Douie

W J C Douie
Chairman

26 March 2023

Directors' report

For the year ended 31 December 2022

The directors submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2022.

Principal activity

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

Results and review of the business

Group revenue for the year was £71.9m (2021: £77.7m). The Group recorded a loss from operations for the year of £0.2m (2021: profit of £0.3m).

A review of the Group's business and developments during the year and its strategic aims are set out in the overview and strategic report sections of this report.

No dividends were paid during the year (2021: Nil). No final dividend for the year ended 31 December 2022 has been proposed (2021: Nil).

Share capital

Details of share capital are shown in note 19.

Directors

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

W J C Douie

A M Pendlebury

S L Dye

Significant shareholders

Interests exceeding 3% of the issued ordinary share capital of the Company notified at 1 March 2023 were as follows:

	Number of shares	% Issued share capital
W J C Douie	2,409,113	16.45%
Chelverton Asset Management	1,465,000	10.00%
G A Mason	1,178,735	8.05%
A Chapman	1,012,380	6.91%
A M Pendlebury	696,871	4.76%
V V Shah	700,000	4.78%
G J Chivers	525,809	3.59%
J Kent	454,500	3.10%

The share interests of the directors who served during the year and up to the date of approval of this report, in the ordinary shares of the Company at the start and end of the year, were as follows:

	2022	2022
W J C Douie	**2,409,113**	2,409,113
A M Pendlebury	**696,871**	696,871
S L Dye	**43,000**	43,000

Directors' interests in share options are set out in note 7.

S L Dye retires by rotation and offers herself for re-election.

The market price of the Company's shares on 31 December 2022 was 17.0p (2021: 42.5p) and the highest and the lowest share prices during the year were 42.5p (2021: 65.0p) and 17.0p (2021: 35.5p) respectively.

Employees' shareholdings

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

Equality diversity and inclusion (EDI)

We embrace equality, diversity and inclusion which helps to ensure we provide a supportive, open, and honest workplace where EDI is valued, encouraged, and promoted. Our Group wide EDI Steering Group meets on a quarterly basis to identify actions to improve EDI, promote its benefits, raise awareness of different cultures and backgrounds, and highlight the importance of inclusivity. We continue to undertake workforce EDI surveys to understand the make-up of our workforce, identify underrepresented groups, plan improvement actions, and monitor the success of those actions.

Employment of disabled persons

We recruit and promote staff based on aptitude and ability without discrimination and provide support through reasonable adjustments and training to ensure that an employee's career is not negatively impacted by their disability or perceptions of it. Where an employee becomes disabled whilst employed by the Group, we provide support relevant to their needs, this could include retraining, reviewing working hours, adjustments to the office environment and/or providing additional support.

Directors' report

For the year ended 31 December 2022

Employee engagement and involvement

Employee engagement and involvement continues to be a key element in the success of the Group, and we have various initiatives in place to improve this. In 2022 we undertook a health and wellbeing survey which saw nearly three quarters of respondents confirming that they felt the company looked after their health and wellbeing and over 80% stating that we promoted a supportive culture. Notwithstanding these results, the Health and Wellbeing Steering Group are putting initiatives in place where employee feedback indicates improvements can be made, for example, the introduction of a Health and Wellbeing Hub on the HR system where employees can go 24 hours a day, 7 days a week to obtain support on a variety of topics, including mental health, stress, mindfulness etc. The hub also has details of our Mental Health First Aiders and Employee Assistance Programme which provides professional support and counselling. We intend to repeat the health and wellbeing survey in 2023 to understand the impact that the initiatives are having on health and wellbeing and to identify additional activities which will help further support our employees.

In 2022 we introduced Mental Health First Aider Support Network meetings to ensure that our Mental Health First Aiders feel supported and have a safe place to discuss the challenges they have faced, all discussions being undertaken in a confidential manner. The meetings allow time for general discussion along with training on agreed topics, from this awareness emails are produced and cascaded to Group employees.

We continue to utilise the HR system to communicate with our employees and this also provides a central location to access personal information along with Group policies and procedures via a workspace. These workspaces also allow employees to communicate electronically with their teams. The use of workspaces is something we will seek to develop further in 2023.

In addition, we continue to distribute regular newsletters which include company news and updates and messages from senior management.

Modern slavery

As a responsible employer we understand that combating the risk of modern slavery in our businesses and our supply chains requires ongoing efforts and as such we regularly review our processes and procedures and introduce new ways of working that respect human rights and help prevent slavery and human trafficking occurring in any of our corporate activities. Our Modern Slavery Steering Group and champions meet quarterly to identify ways of improving our approach and raising awareness. The Group's current Modern Slavery Act Statement can be found on our website www.rtcgroupplc.co.uk.

Anti-bribery and corruption

The Group takes seriously its responsibility to prevent corruption and bribery and as such we have an anti-bribery and corruption policy that all employees are briefed on at induction. Employees are required to acknowledge understanding and that they will conduct themselves in accordance with this policy. In addition, employees undertake regular training on anti-bribery and corruption to ensure they understand what it is and the signs to look out for.

Corporate social responsibility

The Group continues to work on its Corporate Social Responsibility strategy to achieve its aim of being a socially responsible business. To help create opportunities which benefit the communities within which we work we concentrate our attention on activities where we can use our expertise or make the greatest impact. We do this in numerous ways including:

- STEM Ambassadors going into schools and colleges to promote different professions, help with CV's and interview techniques and promote engineering and the Rail industry in general;
- Providing apprenticeships as a route into industry;
- Continuing to support the Samaritans as one of our charities of choice;
- Raising money for national and local charities, through our closed call initiative and organised events such as the Railway Children Sleepout, Samarathon, Macmillan Coffee Mornings, Mee and Dee charity events, other charity football matches and Rainbows Hospice for Children and Young People;
- Supporting our employees to enable them to help in their local community by providing paid leave through our Supported Volunteering Leave policy;
- Utilising Lightfoot telemetry in our fleet vehicles to monitor driving behaviour and fuel usage and cut CO2 emissions per vehicle;
- Where possible ordering electric vehicles in our commercial fleet as opposed to internal combustion engine vehicles;
- Continuing to support our Equality, Diversity and Inclusion, Modern Slavery and Health and Wellbeing Steering Groups and champions to ensure we make continuous improvements in these areas and raise employee awareness of these important issues through monthly email campaigns;
- Undertaking EDI surveys to help monitor the success of our EDI actions;
- Continuing with successful initiatives such as Agile Working in roles within the Group which allow for flexibility; and
- Recycling of PPE/workwear in our Rail offices.

We seek to add social value wherever possible and will continue to work towards our commitment of being "Socially Responsible", as such we will build-on and further develop the great work already in place and introduce new social value activities in 2023 and beyond to ensure we continue to improve.

Directors' report

For the year ended 31 December 2022

Carbon emissions

Most of the Group's carbon emissions are generated through the combustion of fuel used by the fleet of vans utilised in providing contingent labour to the rail industry.

The Group is cognisant of its responsibility to reduce its carbon emissions and is working to do this through fleet technology that provides in-cab driver feedback to influence behaviours and improve fuel consumption, reduce harmful emissions, wear, and tear, and promote safer driving; the use of electric vehicles where possible and a cycle to work scheme.

As well as the continued utilisation of Lightfoot telemetry in our commercial vehicles and a transition of all company cars to electric, there has been a great focus on improving vehicle utilisation and allocating local labour. This, together with a reduction in revenue, for example, has allowed us to greatly reduce our like for like carbon emissions in 2022. Although the absolute reduction in emissions figures has been influenced by a reduction in revenue in our rail division reflecting the changes in geographical regions of supply to Network Rail under the revised contract which commenced in Q4 of 2021, combined with the lost revenue impact of the rail strikes between June and December.

The Group's carbon emissions and energy usage were as follows:

		2022 t $C0_2$	**2021 t $C0_2$**	**2022 MWh**	2021 MWh
Direct emissions					
Combustion of gas and use of fuel for transport	Scope 1	**1,742**	**2,622**	**7,340**	11,317
Indirect emissions for own use					
Purchase of electricity	Scope 2	**0.1**	**0.1**	**547**	443

An intensity ratio relating to the combustion of gas and use of fuel for transport has not been included as the vans are only used for certain contracts and do not contribute to total revenues for the UK division.

Directors' indemnities

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

Post reporting date events

There have been no significant events to report since the reporting date.

Going concern

The Group has made a pre-tax loss of £455,000 (2021: profit of £114,000) from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation.

To assess the continued applicability of the going concern basis of preparation, the directors have prepared trading and cash flow forecasts for the Group for a period of 15 months from the date of approval of the financial statements.

Given the uncertainty and mixed opinion about short and medium-term prospects for the UK economy influenced by the cost-of-living crisis, widespread strike action, the looming threat of a recession and other geo-political events, in addition to the established budgeting and forecasting processes, which considers a range of plausible events and circumstances, a reverse stress test has been undertaken. This shows that, assuming a continuation of the current facilities, the Group has access to sufficient cash and facilities to withstand a 20% reduction against the 2022 revenues without any significant restructuring or other cost reduction measures.

In assessing the risks related to the continued availability of the current facilities, the Board have taken into consideration the existing relationship with HSBC, the strength of the security provided and the quality of the Group's customer base. Based on their enquiries, the Board have concluded that sufficient facilities will continue to remain available to the Group and that no material uncertainty exists.

The directors are satisfied that, taking account of the Group's net assets of £6,195,000 (2021: £6,546,000), its invoice finance facility, which is its core funding line and which is classed as evergreen in that it has no fixed expiry date (although it is reviewed annually), and the Group's trading and cash forecasts for a period of 15 months from the date of approval of the financial statements, that it remains appropriate to prepare these financial statements on a going concern basis.

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.

Directors' report

For the year ended 31 December 2022

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 use of an overdraft and an invoice discounting facility.

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The Group's approach to financial risks is set out in note 21.

Directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market (AIM).

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group accounts have been prepared in accordance with UK adopted international accounting standards, and the Parent Company accounts have been prepared under UK GAAP, 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 Group and the Company will continue in business.

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

Website publication

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

By order of the Board

S L Dye

S L Dye
Secretary

26 March 2023

Corporate governance statement

For the year ended 31 December 2022

Statement by the Chairman on corporate governance

As a Company listed on the AIM market of the London Stock Exchange, RTC Group Plc has chosen to comply with the Quoted Companies Alliance Corporate Governance Code "the Code". This report describes how the Group has complied with the Code and explains any departures from the principles within the Code.

The strategy and business model of the Group are set out in the Strategic Report. A description 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 a Chairman, the Chief Executive, the Group Finance Director and one independent non-executive Director. At the time of writing the Board is in the process of recruiting a new independent non-executive director. Further, it is intended that the Board will evolve as the Group grows to include at least two independent non-executive directors.

The Board met 10 times in 2022 and each existing Board member attended the following number of Board meetings: W J C Douie [10], A M Pendlebury [9] and S L Dye [10]. The Executive Chairman spends an average of 7 days per month occupied with Company matters and is available as required. The Chief Executive and the Group Finance Director are engaged full-time, and any independent non-executive Director is required to spend two days per month considering Company matters and attending the monthly Board meeting.

The Group believes that in the Board it has at its disposal, there is an appropriate range of skills and experience to ensure the interests of all stakeholders in the Group are fully accommodated, as demonstrated by the following biographies. The Board keep their skill sets up to date through a combination of membership of professional bodies and the associated continuing professional development that must be undertaken to maintain that; executive development training and extensive reading on economic and business matters. The relevant experience of each Board member is detailed below:

W J C Douie, Chairman

After two years in export sales, commencing in 1962, with British Oxygen, Bill 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 11 years in investment management, corporate finance and instalment credit 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 (a bank authorised by the Bank of England), 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 Selection business and remains Executive Chairman.

A M Pendlebury, Chief Executive

Andy held several 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.

S L Dye, Group Finance Director

Sarah is a Chartered Accountant who has worked in both the public and private sectors in the UK and overseas. Sarah qualified with BDO LLP 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 as Finance and Planning Manager for Europe. In 2004 Sarah joined Nottingham Trent University where she held several senior finance positions. Sarah spent 5 years in New Zealand with the Office of the Auditor-General, working with central and local government entities and the tertiary sector. In 2011 Sarah joined Staffline Group Plc as Group Financial Controller. Sarah was appointed Group Finance Director of RTC Group in February 2013.

Independent Non-Executive Director

The Board is currently engaged in the search for a new independent non-executive director.

Board matters

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

Corporate governance statement

For the year ended 31 December 2022

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 Board. Operational control is delegated by the Board to the executive directors.

The Company Secretary acts as the conduit for all governance related matters and shareholder enquiries and passes them to the Chairman to respond.

Corporate culture

The Board is responsible for ensuring that the corporate culture is consistent with the Company's objectives, strategy and business model as set out in the strategic report. The Board achieves this by ensuring that appropriate policies on behaviour and ethics are in place and signed up to by all employees. Performance is appraised considering not just the achievement of objectives, but the behaviours demonstrated to do so. All managers and the Board lead by example in their behaviour and ethical values demonstrated. The managing directors of each subsidiary present to the Board at least annually on their subsidiary's performance and cultural matters. Periodically employee satisfaction surveys are undertaken to help inform management of the environment employees perceive they are working in.

Board performance

The performance of the Board is measured by the earnings per share. This measure is externally reported twice yearly on the publication of the interim statement and the annual report. The Executive Director's performance is also measured in relation to the achievement of specific operational and strategic objectives that support the key performance indicators which are presented in the annual report and the level of profit delivered. A significant proportion of Executive Director awards are in the form of profit related pay and performance related options.

Succession planning

The Board believes it is healthy to periodically refresh Board membership and that responsibilities within the Board should change from time to time. The Board has a succession plan in place which include the identification, training and mentoring of existing Board members to take on new responsibilities and for potential future Board members to step up. The Board also seeks the input of the independent non-executive Director.

Company secretary

All directors have access to the advice of the Company Secretary and the Independent Director and can take external independent advice on certain matters, if necessary, at the Company's expense.

Board Committees

The Board has established two specialist committees (the remuneration committee and the audit committee (refer to the separate audit committee report).

The remuneration committee is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance-related bonus schemes. Pending the appointment of an independent non-executive director, the committee comprises W J C Douie and A M Pendlebury. It is chaired by W J C Douie and meets as required. No meetings were held in 2022. No members of the remuneration committee are involved in determining their own remuneration. There are plans to evolve the Company's governance structure so that the remuneration committee has an independent chair.

The whole Board considers matters of nomination and succession and thus there is no requirement for a nomination committee currently.

Engagement with shareholders

The Board values the views of its shareholders. The directors hold a material interest in the Group which aligns their interests to shareholders. The split of shareholdings at the date of this report was:

Type of shareholder	% Of total issued share capital
Directors	21.21%
Employee Benefit Trust	2.30%
Institutional Investors	10.00%
Brokers, individuals and other	66.49%

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. Shareholders can also contact the Company Secretary or the Chairman via the Company's website. The Board takes full cognisance of the results of any poll or feedback from shareholders and the Chairman will respond as appropriate whether by email of by offering a chance to meet with the shareholder to explain the Board's position.

W J C Douie

W J C Douie
Chairman

26 March 2023

Audit committee report

For the year ended 31 December 2022

Audit committee responsibilities

The audit committee's primary responsibilities are to review the financial statements and any changes in accounting policies; to have assurance that there are suitable internal controls and risk management systems in place; to consider the appointment of the external auditors and their independence; and to review the audit effectiveness.

Audit committee membership

The audit committee comprises W J C Douie and A M Pendlebury. It is chaired by W J C Douie and meets twice a year. Both committee members attended each meeting in 2022. The audit committee meets as necessary to monitor the Group's internal control systems and major accounting and audit related issues. There are plans to evolve the Company's governance structure so that the audit committee has an independent chair.

Risk and internal control

Major risks to the business are explained within the strategic report along with steps taken to mitigate these risks.

The Group operates internal control systems which are designed to meet its needs and address the risks to which it is exposed, by their nature such systems can provide reasonable but not absolute assurance against material misstatement or loss. The Group's internal control systems are not predicated on physical controls and as such they have not been impacted by increased remote working since the pandemic.

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 decision by the Board.

- **Quality and integrity of personnel**

  The integrity and competence of personnel is ensured through high recruitment standards and subsequent training. High quality personnel are 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 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 authority limits for approval of expenditure are in place. For expenditure beyond specified levels, detailed written proposals are submitted to and approved by the Board. Once authorised, such expenditure is reviewed and monitored by the Board.

The Group does not have an internal audit function. The audit committee is focused on key risk areas and may request reviews to be carried out either by external specialists who are independent of the Group's management team, or it may request that certain areas are reviewed by management.

External audit

The audit committee has primary responsibility for the relationship between the Group and its external auditor. During the year the audit committee resolved to appoint Cooper Parry Group Limited as the Group's statutory auditor. Representatives from Cooper Parry Group Limited are invited to attend audit committee meetings and the Chairman of the committee is available to meet independently with the audit partner as necessary. The independence of the auditor is kept under review and is reported twice a year as part of the audit planning and audit findings reports presented to the committee by the auditor.

To safeguard the objectivity and independence of the external auditor, the audit committee monitors the external auditor's proposed scope of work and the value of fees paid. In the year to 31 December 2022, audit fees for the Group totalled £82,500 (2021: £74,928), with additional non-audit fees of £11,820 (2021: £15,215). The audit committee confirm that they are satisfied that Cooper Parry are independent.

This report was approved by the Audit Committee and the Board on 26 March 2023 and signed on its behalf by:

W J C Douie

W J C Douie
Chairman

Remuneration report

For the year ended 31 December 2022

Policy on executive directors' remuneration

The executive directors' remuneration packages are designed to attract, motivate, and retain high quality executives capable of achieving the Group's objectives. The Group's policy is to provide remuneration packages for executive directors recognising market levels for comparable jobs in the sector. The remuneration committee considers the provisions set out in the Quoted Companies Alliance Corporate Governance Code.

Executive directors' remuneration

The remuneration package for executive directors comprises:

- basic salary;
- other benefits;
- a performance related bonus; and
- share-based incentives.

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 account of independent research on comparable companies and general market conditions.

Other benefits

Other benefits include a company car, private medical insurance, critical illness, and life cover.

Performance related bonuses

Bonuses are paid at the discretion of the remuneration committee both as an incentive, and to reward performance during the financial year. Details are set out below and in note 7.

Share based incentives

Share options

The Group has formulated a policy for the granting of share options to executive directors and full-time employees under the Group's EMI share scheme, details of which are set out in note 7. The Group also has a share scheme for executive directors, the details of which are set out below.

RTC Group long-term incentive plan (LTIP)

In May 2015, the Board approved the introduction of an LTIP for executive directors. The remuneration committee has responsibility for supervising the scheme and making awards under its terms. The maximum value of shares that can be awarded is 100% of basic salary. The current policy is to review the annual results of the Group prior to agreeing if awards are to be made.

Awards under the LTIP

In 2022, no awards under the LTIP were made to executive directors (2021: No awards).

Vesting of awards is subject to the achievement of the performance criteria in the LTIP. Awards will vest and may be exercised on the third anniversary of the date of grant to the extent that the performance conditions detailed below are met:

Annual growth in fully diluted EPS above RPI	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
10% or more	100%

The achievement of the performance target and the timing of the vesting of the award will be determined by the remuneration committee. They may adjust performance targets where it is considered appropriate to do so. Further details are set out in note 7.

Service contracts

All executive directors have service agreements with the Company which are terminable upon 12 months' notice in writing by either party. Details of directors' remuneration can be found in note 7.

Non-executive directors' remuneration and terms of service

Non-executive directors serve under the terms of a Letter of Appointment "Letter". The Letter sets out the time commitment and duties expected of the individual. The Group's policy is to pay non-executive directors at a rate which is competitive with similar companies and reflects their experience and time commitment. As non-executive directors are not employees, they do not receive benefits or pension contributions and they are not entitled to participate in any of the Group's short-term bonus or long-term incentive plans. Non-executive director's letters of appointment are terminable on one month's notice in writing from either party. Details of non-executive directors' remuneration can be found in note 7.

This report was approved by the remuneration committee and the Board on 26 March 2023 and signed on its behalf by:

W J C Douie

W J C Douie
Chairman

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

For the year ended 31 December 2022

Opinion

We have audited the financial statements of RTC Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We adopted a risk-based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

In order to assess the risks identified, the engagement team performed an evaluation of identified components and to determine the planned audit responses based on a measure of materiality, calculated by considering the significance of components as a percentage of the group's total revenue and profit before taxation and the group's total assets.

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the Key audit matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, RTC Group plc, and one of the UK trading entities, Ganymede Solutions Limited. The operations that were subject to full-scope audit procedures made up 90% of consolidated revenues and £590,000 of consolidated loss after tax. Entities subject to review-scope audit procedures made up 10% of the consolidated revenue and profits of £256,000 of the total consolidated loss after tax. We applied analytical procedures to the Balance Sheets and Income Statements of the entities comprising the remaining operations of the group, focusing on applicable risks identified as above, and their significance to the group's balances.

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

For the year ended 31 December 2022

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk Description	Our response to the risk
Revenue recognition The group generates revenue from the provision of recruitment activities which consists of revenue from temporary and permanent placements as described in note 3.1. For temporary placements revenue is recognised over time as the service is provided and judgement is required in estimating the time worked by contractors but not approved by customers at the Statement of Financial Position date. This also involves judgements in estimating the costs accruing for these contractors which then determines the corresponding revenue which should be recognised. In view of the judgements involved, we consider this to be an area giving rise to a significant risk of material misstatement in the financial statements.	We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions. We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle. For a sample of revenue recognised in the financial year, we inspected a sample of timesheets, customer approvals, and contractor costs, confirming the costs and associated revenue have been recognised in the correct accounting period. Each timesheet selected for testing was agreed to supporting sales and purchase invoices. We tested a sample of timesheets received post year end and agreed these to supporting sales and purchase invoices to ensure revenue and costs have been recognised in the correct accounting year. We obtained a complete listing of journals posted to revenue nominal codes and reviewed the listing for any unexpected entries. These were then tested to supporting evidence. Our procedures did not identify any material misstatements in the revenue recognised during the year.
Valuation of assets The Group has a significant value of assets including the carrying value of intangibles assets, goodwill and the Derby Conference Centre property. The Group's assessment of carrying value requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions.	We challenged the assumptions and judgments used in the impairment model, which included: • We considered historical trading performance by comparing recent growth rates of both revenue and operating profit. • We assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations. • We performed sensitivity analysis to determine whether an impairment would be required if costs increase at a higher than forecast rate. We have not identified any matters which indicate that the assumptions and estimates made by management are unreasonable.

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

For the year ended 31 December 2022

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £700,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 1% of group revenue. Performance materiality has been set at 75% of group materiality.

The materiality for the parent company financial statements as a whole was set at £290,000 and performance materiality represents 75% of materiality. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 5% of net assets as presented on the face of the parent company's Statement of Financial Position.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;
- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets; and
- Reviewing management's disclosures in the financial statements.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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.

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

For the year ended 31 December 2022

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cooper Parry Group Limited

Melanie Hopwell (Senior Statutory Auditor)
For and on behalf of Cooper Parry Group Limited
Chartered Accountants and Statutory Auditor

26 March 2023

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	3.1, 4, 5	**71,907**	77,715
Cost of sales		**(60,132)**	(65,928)
Gross profit		**11,775**	11,787
Other operating income	3.1a, 4	**6**	351
Administrative expenses		**(12,024)**	(11,864)
(Loss)/profit from operations	6	**(243)**	274
Finance expense	8	**(212)**	(160)
(Loss)/profit before tax		**(455)**	114
Tax expense	9	**104**	(109)
Total (loss)/profit and other comprehensive (expense)/income for the year attributable to owners of the Parent		**(351)**	5
Earnings per ordinary share			
Basic	10	**(2.45p)**	0.04p
Fully diluted	10	**(2.45p)**	0.03p

The following notes 1 to 25 form an integral part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2022	**146**	**120**	**(236)**	**50**	**146**	**6,320**	**6,546**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(351)**	**(351)**
Transactions with owners:							
Share options cancelled	**–**	**–**	**–**	**–**	**(24)**	**24**	**–**
Total transactions with owners	**–**	**–**	**–**	**–**	**(24)**	**24**	**–**
At 31 December 2022	**146**	**120**	**(236)**	**50**	**122**	**5,993**	**6,195**

The consolidated statement of changes in equity for the prior year was as follows:

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	146	120	(236)	50	718	6,278	7,076
Total comprehensive income for the year	–	–	–	–	–	5	5
Transactions with owners:							
Share options cancelled	–	–	–	–	(782)	37	(745)
Share based payment charge	–	–	–	–	210	–	210
Total transactions with owners	–	–	–	–	(572)	37	(535)
At 31 December 2021	146	120	(236)	50	146	6,320	6,546

Share capital is the nominal value of share capital subscribed for.

Share premium account represents the amount subscribed for share capital over and above the nominal value of the shares.

Capital redemption reserve is an amount of money that a company in the UK must keep when it buys back shares, and which it cannot pay to shareholders as dividends.

Own shares held are the cost of company's own shares held through the Employee Benefit Trust and shown as a deduction from equity.

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

Retained earnings are all net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

The following notes 1 to 25 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December 2022

	Note	2022 £'000	2021 £'000
Assets			
Non-current			
Goodwill	11	**132**	132
Other intangible assets	12	**28**	74
Property, plant, and equipment	13	**1,544**	1,554
Right-of-use assets	22	**2,491**	2,779
Deferred tax asset	14	**210**	40
		4,405	4,579
Current			
Inventories	15	**15**	21
Trade and other receivables	16	**15,388**	13,481
Cash and cash equivalents	20	**467**	946
		15,870	14,448
Total assets		**20,275**	19,027
Liabilities			
Current			
Trade and other payables	17	**(7,875)**	(6,430)
Lease liabilities	22	**(303)**	(294)
Current borrowings	17	**(3,132)**	(2,828)
		(11,310)	(9,552)
Non-current liabilities			
Lease liabilities	22	**(2,576)**	(2,801)
Deferred tax liabilities	18	**(194)**	(128)
Total liabilities		**(14,080)**	(12,481)
Net assets		**6,195**	6,546
Equity			
Share capital	19	**146**	146
Share premium		**120**	120
Own shares held		**(236)**	(236)
Capital redemption reserve		**50**	50
Share based payment reserve		**122**	146
Retained earnings		**5,993**	6,320
Total equity		**6,195**	**6,546**

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 March 2023 by:

A M Pendlebury

A M Pendlebury
Director

S L Dye

S L Dye
Director

The following notes 1 to 25 form an integral part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
(Loss)/profit before tax		**(455)**	114
Adjustments for:			
Depreciation, loss on disposal and amortisation		**857**	816
Finance expense	8	**212**	160
Employee equity settled share options charge		**–**	210
Change in inventories		**6**	(14)
Change in trade and other receivables		**(1,907)**	(77)
Change in trade and other payables		**1,445**	(3,271)
Cash inflow/(outflow) from operations		**158**	(2,062)
Income tax paid		**–**	(217)
Interest paid		**(212)**	(160)
Net cash outflow from operating activities		**(54)**	(2,439)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		**(417)**	(279)
Net cash outflow from investing activities		**(417)**	(279)
Cash flows from financing activities			
Movement on invoice discounting facility		**872**	2,231
Movement on perpetual bank overdrafts		**(568)**	(370)
Amounts paid to cancel share options		**–**	(745)
Payment of lease liabilities		**(312)**	(279)
Net cash (outflow)/inflow from financing activities		**(8)**	837
Net decrease in cash and cash equivalents	20	**(479)**	(1,881)
Cash and cash equivalents at beginning of year		**946**	2,827
Cash and cash equivalents at end of year	20	**467**	946

The following notes 1 to 25 form an integral part of these financial statements.

Notes to the Group financial statements

For the year ended 31 December 2022

1. Basis of preparation

The principal accounting policies applied in the preparation of the Group and Company financial statements are set out in note 3. These policies have been applied consistently to all the years presented, unless otherwise stated.

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

The financial statements have been prepared under the historical cost convention, as modified by measurement of share-based payments at fair value at date of grant, and in accordance with UK adopted international accounting standards ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are set out in note 2.

Going concern

The Group has made a pre-tax loss of £455,000 (2021: profit of £114,000) from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation.

To assess the continued applicability of the going concern basis of preparation, the directors have prepared trading and cash flow forecasts for the Group for a period of 15 months from the date of approval of the financial statements.

Given the uncertainty and mixed opinion about short and medium-term prospects for the UK economy influenced by the cost-of-living crisis, widespread strike action, the looming threat of a recession and other geo-political events, in addition to the established budgeting and forecasting processes, which considers a range of plausible events and circumstances, a reverse stress test has been undertaken. This shows that, assuming a continuation of the current facilities, the Group has access to sufficient cash and facilities to withstand a 20% reduction against the 2022 revenues without any significant restructuring or other cost reduction measures.

In assessing the risks related to the continued availability of the current facilities, the Board have taken into consideration the existing relationship with HSBC and the strength of the security provided, also taking into account the quality of the Group's customer base. Based on their enquiries, the Board have concluded that it remains appropriate to conclude that sufficient facilities will continue to remain available to the Group and that no material uncertainty exists.

The directors are satisfied that, taking account of the Group's net assets of £6,195,000 (2021: £6,546,000), its invoice finance facility, which is its core funding line and which is classed as evergreen in that it has no fixed expiry date, and the Group's trading and cash forecasts for 15 months from the date of approval of the financial statements, that it remains appropriate to prepare these financial statements on a going concern basis.

New accounting standards and interpretations

The Group has not adopted any new standards or interpretations in these financial statements. The Board does not expect any other standards issued, but not yet effective, to have a material impact on the Group.

Notes to the Group financial statements

For the year ended 31 December 2022

2. Critical accounting estimates and judgements

The Group makes certain judgements, estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Temporary placements

Revenue from temporary placements is calculated by reference to hours worked and pay rates and is based on weekly timesheets submitted by operatives and there can be delays in the submission and approval of timesheets. An estimate is therefore made of the value of the liabilities in respect of timesheets that are yet to complete the submission and approval process and the associated revenue earned at 31 December 2022. Further details of the related contract assets are included in note 5.

Estimates and judgements

Lease liability and right-of-use assets

The weighted average incremental borrowing rate used to measure the lease liability at initial application was 3.35% (land and buildings) and 5% (motor vehicles). These rates have been reviewed and assessed as remaining appropriate for new leases entered into during the financial year being representative of current open market borrowing rates for each type of asset respectively.

The Group sometimes negotiates break clauses in its property leases. At 31 December 2022 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because it is considered reasonably certain that the Group will not exercise its right to break any lease and there are no material break clauses.

Impairment of non-current assets

The carrying values of these assets are tested for impairment when there is an indication that the value of the assets might be impaired, either at an individual cash generating unit level (“CGU”) or, where assets cannot be allocated to individual CGU’s, for the Group as a whole.

When carrying out impairment tests, these are based upon risk adjusted future cashflow forecasts and these forecasts include management estimates for revenues which are informed by external market forecasts and experience. Direct costs to deliver and attributable overhead will also include management estimates based on recent experience and expected adjustments for management actions. In calculating the discount rate to be applied, management estimates are required in assessing the appropriate rate for the Group. The assessment of the discount rate and forecasting future cash flows are inherently judgemental and future events could have an adverse effect on these and results of future impairment assessments.

Notes to the Group financial statements

For the year ended 31 December 2022

3. Accounting policies

The principal accounting policies, which are identical to the policies applied in the previous year, are listed below:

3.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable as performance obligations are satisfied and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT, and other sales-related taxes. The Group, as principal, controls the specified service that is promised to the customer before it is transferred to them therefore revenue is recognised on a gross basis which corresponds to the consideration to which the entity expects to be entitled.

Performance obligations and timing of revenue recognition

Most of the Group's revenue is derived from recruitment activities (permanent and temporary placements).

The Group has several arrangements or contracts with its customers under which services are provided. Permanent and temporary staff are provided both under the auspices of a "preferred supplier" and under framework agreements. Neither of these arrangements confer any minimum volume commitments, rather individual orders are placed as resources are required with both parties working to the terms set out within the preferred supplier or framework agreement.

Revenue is recognised when the benefit of the service has passed to the customer. Largely, there is no significant judgement involved in identifying the point at which the benefit is transferred, or the transaction price as explained below:

Revenue from permanent placements

Contractual obligations may vary from client to client, however, performance obligations arising from the placement of permanent candidates are satisfied and revenue is recognised at the time the candidate commences employment. The transaction price is agreed with the customer prior to the service being delivered and is fixed at that point. The incidence of clawbacks of revenue related to employees leaving employment are not significant and therefore no amounts are treated as variable consideration and deferred.

Revenue from temporary placements

Performance obligations are satisfied over time consistent with the delivery of the service, with the quantum of revenue generated only varying with the provision of the service. Customers are generally invoiced weekly with any amounts not invoiced at the end of the period recognised within contract assets, with the corresponding amounts due to contractors being included within accruals. The Group invoices customers based on the hours worked derived from approved timesheets. The transaction price is calculated by reference to hours worked and agreed pay rates for the skill level of the operative and the type of shift worked. There are no significant terms within customer contracts which give rise to variable revenues. The Group also considers the impact of longer-term contractual supply agreements in the determination of the transaction price and the satisfaction of performance obligations.

Other revenue

Performance obligations are satisfied as the service is provided and represent the sales value of conferencing facilities provided and rental income received from subletting areas of the Derby site. Rental income is recognised on a straight-line basis over the lease term. Revenue arising from bar and restaurant sales and from the provision of hotel accommodation and conferencing within the Group's Derby site are recognised when the goods or services are provided, with any amounts received in advance being included within contract liabilities. Costs incurred in fulfilling contracts with customers are expensed as incurred.

3.1a Other operating income

Other operating income represents Government Grants in respect of the Coronavirus Job Retention Scheme (CJRS) and grant income and the Local Government Business Support Grant. The CJRS payments are made for the employment of staff and are recognised in the month they are received. Amounts paid to staff are recognised as staff wages as usual but the receipt from the Government is recognised as other operating income when the Group is entitled to the cash i.e., the wage expense and receipt from the Government are 'grossed up' and not 'netted off'. The Local Government Business Support Grant was received and recognised in the year.

Notes to the Group financial statements

For the year ended 31 December 2022

3.2 Basis of consolidation

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

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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

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

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

3.3 Goodwill

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

3.4 Own shares held

The Group has an Employee Benefit Trust (EBT). The EBT is considered an extension of the Group's activities and therefore the assets (except investments in the Group's shares) and liabilities are included in the consolidated accounts on a line-by-line basis. The cost of shares held by the EBT is presented as a separate debit reserve within equity entitled 'own shares held' and is carried at the amount paid to acquire the shares.

3.5 Intangible assets

Assets acquired as part of a business combination

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group based on its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. A valuation exercise is undertaken to assess the fair value of intangible assets acquired in a business combination. Where the cost of intangible assets acquired as part of business combinations is not separately identifiable or does not represent the fair value, the valuation is undertaken based upon value in use which requires the use of a discount rate in order to calculate the present value of cash flows. The use of this method requires the estimation of future cash flows and the choice of a discount rate to calculate the present value of the cash flows.

The fair value is then amortised over the economic life of the asset as detailed below. Where an intangible asset might be separable, but only together with a related tangible or intangible asset and the individual fair values are not reliably measurable, the group of assets is recognised as a single asset separately from goodwill. Where the individual fair values of the complementary assets can be reliably measured, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Customer lists

The fair value of acquired customer lists is capitalised and, subject to impairment reviews, amortised over the estimated life of the customer list acquired. The amortisation is calculated to write off the fair value of the customer lists over their estimated lives on a straight-line basis. There are two more years left in the life of the customer list asset. An impairment review of customer lists is undertaken when events or circumstances indicate the carrying amount may not be recoverable.

Software

Acquired software, inclusive of lifetime licenses, are capitalised based on the costs incurred to acquire and bring into use the specific software. Costs are amortised over the estimated useful lives of four to six years on a straight-line basis from the date of commissioning.

Notes to the Group financial statements

For the year ended 31 December 2022

3.6 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 to write off the cost, less residual value, of each asset over its estimated useful life as follows:

Short leasehold improvements	33.3% equally per annum or equally over the lease term
Fixtures and office equipment	10% – 33.3% per annum straight line
Motor vehicles	25% – 33.3% per annum straight line

Residual values and remaining useful economic lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal are included in the (loss)/profit and other comprehensive (expense)/income for the year.

Capital work in progress predominantly relates to assets under construction and not yet available for use and as such no depreciation is charged.

The accounting policy for right-of-use assets is set out alongside the accounting treatment for lease liabilities in note 3.9.

3.7 Impairment of assets

Goodwill, other intangible assets, right-of-use assets and property, plant and equipment are subject to impairment testing.

To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units). As a result, some assets are tested individually for impairment, and some are tested at Cash-Generating Unit level ("CGUs") . Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

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

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

An impairment loss is recognised for the amount by which the asset or CGUs carrying amount exceeds its recoverable amount. The recoverable is the higher of fair value, reflecting market conditions less cost to sell and value in use. Impairment losses recognised for CGUs to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment losses are recognised in the statement of comprehensive income for the period.

3.8 Inventories

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

3.9 Leases and Right of Use assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a lease is identified in a contract the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Notes to the Group financial statements

For the year ended 31 December 2022

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.10 Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Income tax is charged or credited to the (loss)/profit and other comprehensive (expense)/income for the year 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.

Where there are transactions and calculations for which the ultimate tax determination is uncertain the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the Group's belief that its tax return positions are supportable, the Group believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience.

3.11 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on: the initial recognition of goodwill; and the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and investments in subsidiaries and where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either: the same taxable Group Company, or different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.12 Retirement benefit

Contributions to money purchase pension schemes are charged to the (loss)/profit and other comprehensive (expense)/income for the year as they become payable in accordance with the rules of the scheme.

3.13 Share-based payments

The Group provides equity settled share-based payment schemes to certain employees. Equity settled share-based payments are measured at fair value 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 7. Fair value is measured by use of the Black-Scholes model.

Notes to the Group financial statements

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3.14 Trade payables

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

3.15 Trade receivables

Trade receivables and contract assets are recognised at amortised cost. However, where the effect of discounting is not significant, they are carried at invoiced value. They are recognised on the trade date of the related transactions. The Group has an invoice financing facility with full recourse. This is recognised as a financial liability secured over the trade receivables of the Group.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed, having regard to the historical losses and the current and future performance of the counterparties. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and contract assets.

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

3.16 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 comprise cash deposits with maturities of three months or less from inception, net of qualifying overdrafts. Qualifying overdrafts are those which are an integral part of the Group’s cash management and are therefore included as cash and cash equivalents in the consolidated statement of cash flows. Overdrafts which represent core financing components are presented within financing in the consolidated statement of cash flows.

3.17 Borrowings

Interest bearing borrowings are initially recognised at fair value and subsequently stated at amortised cost under the effective interest method. Where borrowings are due on demand, they are carried at the amount expected to be required to settle them.

Financial liabilities

Where the Group has arrangements with financial institutions to provide advances secured on trade receivables. The Group considers the terms of the arrangements. Where the responsibility for collection of the receivables remains with the Group and the financial counterparty has full recourse these amounts are presented within current borrowings.

3.18 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 statement of financial position date are translated into sterling using the rate of exchange ruling at that date and any gains or losses on translation are included in the (loss)/profit and other comprehensive (expense)/income for the year.

3.19 Share capital and dividends

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability. The Group’s ordinary shares are classified as equity instruments. Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders at the AGM. Dividends on shares classified as equity are accounted for as a deduction from equity.

Notes to the Group financial statements

For the year ended 31 December 2022

4. Segment reporting

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 the Derby site including rental of excess space and hotel and conferencing facilities.

Revenue, gross profit, and operating profit delivery by geography:

	2022				2021			
	UK Recruitment £'000	**UK Central Services £'000**	**International Recruitment £'000**	**Total Group £'000**	UK Recruitment £'000	UK Central Services £'000	International Recruitment £'000	Total Group £'000
Revenue	**64,764**	**1,979**	**5,164**	**71,907**	66,842	1,279	9,594	77,715
Cost of sales	**(54,878)**	**(912)**	**(4,342)**	**(60,132)**	(56,703)	(622)	(8,603)	(65,928)
Gross profit	**9,886**	**1,067**	**822**	**11,775**	10,139	657	991	11,787
Other operating income*	**–**	**6**	**–**	**6**	213	138	–	351
Administrative expenses	**(7,948)**	**(2,883)**	**(341)**	**(11,172)**	(7,240)	(3,293)	(519)	(11,052)
Amortisation of intangibles	**(46)**	**–**	**–**	**(46)**	(100)	–	–	(100)
Depreciation of right-of-use assets	**(144)**	**(240)**	**–**	**(384)**	(129)	(239)	–	(368)
Depreciation	**(261)**	**(157)**	**(4)**	**(422)**	(175)	(165)	(4)	(344)
Total administrative expenses	**(8,399)**	**(3,280)**	**(345)**	**(12,024)**	(7,644)	(3,697)	(523)	(11,864)
Profit from operations	**1,487**	**(2,207)**	**477**	**(243)**	2,708	(2,902)	468	274

* Other operating income represents Government Grants in respect of the Coronavirus Job Retention Scheme and a Local Government Business Support Grant (none of which are required to be repaid).

Notes to the Group financial statements

For the year ended 31 December 2022

	2022 £'000	2021 £'000
Coronavirus Job Retention Scheme Grant relating to:		
– Contractors paid under PAYE	**–**	192
– Own staff	**–**	131
		323
Local Government Business Support Grant	**6**	28
	6	351

The wages costs associated with the Coronavirus Job Retention Scheme Grant are included in the financial statements as follows:

	2022 £'000	2021 £'000
Cost of sales	**–**	286
Administrative expenses	**–**	37
	–	323

The revenue reported above is generated from continuing operations with external customers. There were no sales The revenue reported above is generated from continuing operations with external customers. There were no sales between segments in the year (2021: Nil). For segment reporting purposes in this note, revenue is analysed by the geographical location in which the services are delivered. Revenue is further analysed by point of invoicing in note 5.

The accounting policies of the operating segments are the same as the Group's accounting policies described in notes 1 to 3 of this report. Segment profit represents the profit earned by each segment, without allocation of Group administration costs or finance costs.

During 2022, one customer in the UK segment contributed 10% or more of total revenue being £18.0m (2021: £28.0m) and one customer in the International segment also contributed 10% or more of total revenue being £5.1m (2021: £9.1m).

Recruitment revenues are generated from permanent and temporary recruitment and long-term agreements for labour supply. Within Central Services revenues are generated from the rental of excess space and hotel and conference facilities at the Derby site, described as Other below.

Revenue and gross profit by service classification for management purposes:

	Revenue		**Gross profit**	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Permanent placements	**2,706**	2,098	**2,706**	2,098
Temporary placements	**67,222**	74,338	**8,002**	9,032
Others	**1,979**	1,279	**1,067**	657
	71,907	77,715	**11,775**	11,787

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

Notes to the Group financial statements

For the year ended 31 December 2022

5. Revenue from contracts with customers

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following tables which is intended to:

- depict how the nature, amount, timing, and uncertainty are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in note 4.

Whilst services in the International segment are delivered outside of the UK, the point of invoicing for the major customer in this segment is the UK.

	2022				2021			
	UK Recruitment £'000	**UK Central Services £'000**	**International recruitment £'000**	**Total £'000**	UK Recruitment £'000	UK Central Services £'000	International Recruitment £'000	Total £'000
Geographic point of invoicing:								
UK	**64,764**	**1,979**	**2,648**	**69,391**	66,842	1,279	9,594	77,715
USA	**–**	**–**	**789**	**789**	–	–	–	–
Middle East	**–**	**–**	**1,727**	**1,727**	–	–	–	–
	64,764	**1,979**	**5,164**	**71,907**	66,842	1,279	9,594	77,715
Permanent placements	**2,661**	**–**	**45**	**2,706**	2,098	–	–	2,098
Temporary placements	**62,103**	**–**	**5,119**	**67,222**	64,744	–	9,594	74,338
Others	**–**	**1,979**	**–**	**1,979**	–	1,279	–	1,279
	64,764	**1,979**	**5,164**	**71,907**	66,842	1,279	9,594	77,715
Contract counterparties B2B	**64,764**	**1,979**	**5,164**	**71,907**	66,842	1,279	9,594	77,715
Timing of transfer of services:								
Point in time (start date for permanent placements)	**2,661**	**–**	**45**	**2,706**	2,098	–	–	2,098
Over time (with invoices raised periodically over the term of the contract placement)	**62,103**	**–**	**5,119**	**67,222**	64,744	–	9,594	74,338
Point in time (having provided the service)	**–**	**1,979**	**–**	**1,979**	–	1,279	–	1,279
	64,764	**1,979**	**5,119**	**71,907**	66,842	1,279	9,594	77,715

Notes to the Group financial statements

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Contract balances

	Contract assets 2022 £'000	Contract assets 2021 £'000	**Contract liabilities 2022 £'000**	Contract liabilities 2021 £'000
At 1 January	**2,850**	2,226	**(119)**	(89)
Transfers in the year from contract assets to trade receivables	**(2,850)**	(2,226)	**–**	–
Excess of revenue recognised over amounts invoiced (or rights to cash) being recognised during the year	**3,138**	2,850	**–**	–
Movement in amounts included in contract liabilities that were invoiced but not recognised as revenue during the year	**–**	–	**(34)**	(30)
At 31 December	**3,138**	2,850	**(153)**	(119)

Contract assets and contract liabilities are included within 'trade and other receivables' and 'trade and other payables' respectively on the face of the statement of financial position. They primarily arise from the Group's recruitment division and relate to temporary placements whereby performance obligations have been met but there is still some conditionality to be resolved. Invoices are usually raised in the week following the date of the statement of financial position.

Remaining performance obligations

The Group's contracts with customers are for the delivery of services within the next 12 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies (i.e., remaining performance obligations are not required to be disclosed). In addition, services are principally supplied under framework or preferred supplier agreements such that the amount of future revenue cannot be quantified.

The nature of the Group's contracts with customers do not give rise to material judgements related to variable consideration or contract modifications.

6. Loss/profit from operations

	2022 £'000	2021 £'000
Loss/profit from operations for the year is stated after charging:		
Loss on asset disposals	**4**	4
Depreciation of owned property, plant, and equipment	**422**	344
Amortisation of intangibles	**46**	100
Depreciation of right-of-use assets	**384**	368
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**48**	43
Fees payable to the Company's auditor for other services:		
– the audit of the Company's subsidiaries pursuant to legislation	**35**	32
– tax compliance	**12**	6
– other non-audit services	**–**	7
Rental relating to short-term leases	**345**	256

Notes to the Group financial statements

For the year ended 31 December 2022

7. Directors' and employees' remuneration

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

	2022 £'000	2021 £'000
Wages and salaries	7,630	7,217
Social security costs	849	776
Other pension costs	424	421
	8,903	8,414

As at 31 December 2022 there were pension contributions of £129,872 (2021: £96,231) outstanding.

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

	2022 Number	2021 Number
Sales and administration staff	144	144
Conference support staff	42	32
	186	176

Directors' remuneration

The remuneration of the directors was as follows:

	2022				2021			
£'000	Salary	Bonus	Benefits in kind	Total	Salary	Bonus	Benefits in kind	Total
W J C Douie	65	–	8	73	65	14	7	86
A M Pendlebury	280	–	14	294	280	148	11	439
S L Dye	194	–	21	215	194	118	20	332
B W May	–	–	–	–	11	–	–	11
Total	539	–	43	582	550	280	38	868

Employers NI of £85,684 was paid in respect of remuneration above (2021: £119,784).

No pension contributions were paid on behalf of the directors.

Notes to the Group financial statements

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Share based employee remuneration

Total share-based payment charges in the year were £Nil (2021: £210,000) of which £Nil (2021: £196,489) was charged in respect of options granted to directors.

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

	Number	**Weighted average exercise price (pence) 2022**	Number	Weighted average exercise price (pence) 2021
Outstanding at start of year	**493,597**	**18**	2,096,605	5
Cash cancelled	**–**	**–**	1,603,008	–
Lapsed	**50,000**	**53**	–	–
Outstanding at end of year	**443,597**	**15**	493,597	18

The Company operates two share option plans: the EMI 2001 Share Option Scheme and the Long-Term Incentive Plan 2015 ("LTIP"). No options were exercised during the year (2021: Nil). No options were issued during the year (2021: Nil).

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

Date exercisable (from and to)	**Number**	**Weighted average exercise price (pence) 2022**	**Weighted average fair value at date of grant (pence) 2022**	**Weighted average contractual life (months) 2022**	Number	Weighted average exercise price (pence) 2021	Weighted average fair value at date of grant (pence) 2021	Weighted average contractual life (months) 2021
2017 to 2024	**220,000**	**29**	**6**	**15**	220,000	29	6	27
2018 to 2025	**29,982**	**–**	**53**	**30**	29,982	–	53	41
2019 to 2026	**50,000**	**–**	**60**	**39**	50,000	–	60	51
2020 to 2027	**28,571**	**–**	**42**	**51**	28,571	–	42	63
2021 to 2028	**115,044**	**–**	**44**	**63**	165,044	16	43	77

The exercise prices of options range from nil to 25.5p and 38.0p. At the end of the period all 443,597 options remaining were exercisable (2021: 493,597).

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

	At 1 January 2022	**At 31 December 2022**	Date of last grant	Exercise price
EMI Options				
S L Dye	70,000	**70,000**	6 June 2014	38p
LTIP Options				
W J C Douie	193,615	**193,615**	23 March 2018	Nil

The market value and number of directors' share options vesting in the period was £Nil (Nil shares) (2021: £485,000 (858,407 shares)). The aggregate gains made by directors on exercising share options was £Nil (2021: £Nil). The market value and number of the highest paid director's share options vesting in the period was £Nil (Nil shares) (2021: £301,876 (460,177 shares)). The aggregate gains made by the highest paid director on exercising share options was £Nil (2021: £Nil).

Notes to the Group financial statements

For the year ended 31 December 2022

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

	At 1 January 2021	Granted	Cash cancelled	At 31 December 2021	Date of last grant	Exercise price
EMI Options						
S L Dye	110,000	–	(40,000)	70,000	6 June 2014	38p
LTIP Options						
W J C Douie	193,615	–	–	193,615	23 March 2018	Nil
A M Pendlebury	933,749	–	(933,749)	–	–	–
S L Dye	569,259	–	(569,259)	–	–	–

Cash cancellation of share options in 2021

On 24 May 2021, the Group announced an offer to all employees 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 £745,399 with employers NI of £102,865. Included within these totals, the number of options cash cancelled in respect of directors was 1,543,008 and the remuneration payments made to directors was £717,499 with employers NI of £99,014 being paid.

Awards under EMI 2001 Share Option Scheme

The options currently granted under the EMI Scheme vest on a straight-line basis over a three-year period, the ability to exercise certain options is subject to non-market related performance criteria. All options that are outstanding at 31 December 2022 have vested.

Awards under the LTIP

There were no awards under the LTIP in 2022. Vesting of the awards is subject to the achievement of the performance criteria of the LTIP. Awards will vest and may be exercised on the third anniversary of the date of grant to the extent that the performance conditions detailed in the following table are met:

Annual growth in fully diluted EPS above RPI	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
10% or more	100%

The achievement of the performance target and the timing of the vesting of the award will be determined by the Remuneration Committee. They may adjust the performance target where it is considered appropriate to do so. All options that are outstanding at 31 December have vested.

Notes to the Group financial statements

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8. Finance expense

	2022 £'000	2021 £'000
Interest charge on invoice discounting arrangements and overdrafts	**109**	48
Interest expense on lease liabilities	**103**	112
	212	160

9. Tax expense

Continuing operations	2022 £'000	2021 £'000
Current tax		
UK corporation tax	**–**	(6)
Deferred tax		
Origination and reversal of temporary differences	**(104)**	115
Tax	**(104)**	109

Factors affecting the tax expense

The tax credit assessed for the year is lower than (2021: charge higher than) would be expected by multiplying the loss by the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Factors affecting tax expense	2022 £'000	2021 £'000
Result for the year before tax	**(455)**	114
(Loss)/profit multiplied by standard rate of tax of 19% (2021: 19%)	**(86)**	22
Non-deductible expenses	**50**	68
Tax charge on exercise of options	**–**	28
Effect of change in deferred tax rate	**13**	(9)
Adjustment in respect of previous periods	**(81)**	–
	(104)	109

The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. As a result of this deferred tax has been remeasured to the extent that it will unwind after this date.

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10. Basic and fully diluted earnings per share

The calculation of 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.

	Basic		**Fully diluted**	
	2022	2021	**2022**	2021
Earnings per share (pence)	**(2.45p)**	0.04p	**(2.45p)**	0.03p

Further details of share options can be found in note 7.

11. Goodwill

Gross carrying amount	**2022 £'000**	2021 £'000
At 1 January	**132**	132
At 31 December	**132**	132

Goodwill above relates to the following acquisition:

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

The directors have considered the carrying value of the goodwill and the related cash generating unit to which it belongs by looking at discounted future cash flows using a pre-tax discount rate of 10.4%. This has confirmed that no impairments are required.

Notes to the Group financial statements

For the year ended 31 December 2022

12. Other intangible assets

The Group's other intangible assets comprise:

- the customer lists obtained through the acquisition of RIG Energy Limited in 2014; and
- software and licences relating to recruitment business systems.

The carrying amounts for the financial year under review can be analysed as follows:

Gross carrying amount	Customer lists £'000	Software and licences £'000	**Total £'000**
At 1 January 2022	673	348	**1,021**
At 31 December 2022	673	348	**1,021**
Amortisation			
At 1 January 2022	618	329	**947**
Provided in year	27	19	**46**
At 31 December 2022	645	348	**993**
Net book amount at 31 December 2022	28	–	**28**
Net book amount at 31 December 2021	55	19	74

The carrying amounts for the prior period are as follows:

At 1 January 2021	673	323	996
Additions	–	25	25
At 31 December 2021	673	348	1,021
Amortisation			
At 1 January 2021	591	256	847
Provided in year	27	73	100
At 31 December 2021	618	329	947
Net book amount at 31 December 2021	55	19	74
Net book amount at 31 December 2020	82	67	149

Notes to the Group financial statements

For the year ended 31 December 2022

13. Property, plant, and equipment

The carrying amounts for the financial year under review can be analysed as follows:

	Short leasehold improvements £'000	Fixtures and office equipment £'000	Motor vehicles £'000	Capital work-in-progress £'000	**Total £'000**
Cost					
At 1 January 2022	1,564	2,379	8	61	**4,012**
Additions	–	371	–	46	**417**
Transfers from capital work in progress	–	58	–	(58)	**–**
Disposals	–	(27)	–	–	**(27)**
At 31 December 2022	1,564	2,781	8	49	**4,402**
Depreciation					
At 1 January 2022	927	1,523	8	–	**2,458**
Charge for the year	102	320	–	–	**422**
Disposals	–	(22)	–	–	**(22)**
At 31 December 2022	1,029	1,821	8	–	**2,858**
Net book amount:					
At 31 December 2022	535	960	–	49	**1,544**
At 31 December 2021	637	856	–	61	1,554

The carrying amounts for the prior period are as follows:

	Short leasehold improvements £'000	Fixtures and office equipment £'000	Motor vehicles £'000	Capital work-in-progress £'000	Total £'000
Cost					
At 1 January 2021	1,564	2,157	8	61	3,790
Additions	–	223	–	31	254
Transfers from capital work in progress	–	31	–	(31)	–
Disposals	–	(32)	–	–	(32)
At 31 December 2021	1,564	2,379	8	61	4,012
Depreciation					
At 1 January 2021	815	1,319	8	–	2,142
Charge for the year	112	232	–	–	344
Disposals	–	(28)	–	–	(28)
At 31 December 2021	927	1,523	8	–	2,458
Net book amount:					
At 31 December 2021	637	856	–	61	1,554
At 31 December 2020	749	838	–	61	1,648

There is a charge over Group's fixed assets in respect of the Group's net overdraft facility. There were no contractual capital commitments for the acquisition of property, plant, and equipment at 31 December 2022 (2021: Nil).

Taking the Group as a whole, there are no reasonably foreseeable changes in the forecast future trading performance or pre-tax discount rate of 10.6% that would result in the value in use being less than the recoverable amount of the Group's aggregate goodwill, other intangible assets, property plant and equipment and right-of-use assets. In considering the level of available headroom, modelling demonstrates that no impairment would be triggered even if the Group's aggregate forecast trading cash flows fell to 20% of the level achieved in 2022, with no recovery assumed for the full five-year forecast period and into perpetuity.

Notes to the Group financial statements

For the year ended 31 December 2022

14. Deferred tax asset

	2022 £'000	2021 £'000
At 1 January	**40**	149
Credit/(charge) to the profit for the year	**170**	(109)
At 31 December	**210**	40

The deferred tax asset is analysed as:

Recognised	2022 £'000	2021 £'000
Short-term temporary timing differences relating to share-based payments	**31**	40
Tax losses carried forward	**179**	–

With the rate of corporation tax increasing from 19% to 25% in April 2023, the deferred tax has been based on the extent to which it will unwind pre and post this date using the appropriate rate.

15. Inventories

	2022 £'000	2021 £'000
Food, drink, and goods for resale	**15**	21

Stock recognised in cost of sales during the year as an expense was £201,574 (2021: £104,873

16. Trade and other receivables

Trade and other receivables falling due within one year are as follows:

	2022 £'000	2021 £'000
Gross trade receivables	**11,065**	9,533
Less: provision for impairment of trade receivables	**–**	–
Net trade receivables	**11,065**	9,533
Contract assets	**3,138**	2,850
Sub-total trade receivables and contract assets	**14,203**	12,383
Other receivables	**37**	57
Total financial assets other than cash and cash equivalents classified at amortised cost	**14,240**	12,440
Prepayments	**1,142**	1,041
Accrued income	**6**	–
	15,388	13,481

There was no impairment allowance for trade receivables at 31 December 2022 or 31 December 2021.

No other classes of financial assets contain any impaired assets. The Group does not hold any collateral in respect of the above balances. They relate to customers with no default history. The value of trade receivables and contract assets which are carried at amortised cost, approximates fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information affecting the Group's customers.

At 31 December 2022 and 31 December 2021, the lifetime expected credit loss provision for trade receivables and contract assets was considered immaterial and therefore not provided.

Notes to the Group financial statements

For the year ended 31 December 2022

17. Current liabilities

Trade and other payables	2022 £'000	2021 £'000
Trade payables	**1,637**	1,267
Contract liabilities	**153**	119
Other taxes and social security costs	**2,820**	2,025
Other payables	**1,275**	1,212
Accruals	**1,990**	1,807
	7,875	6,430

At 31 December 2022 other payables included pension contributions amounting to £129,872 (2021: £96,231). The maturity of trade payables is between one and three months. The carrying value of trade payables approximates to the fair value. The classification of contract liabilities at 31 December 2022 has been represented as explained in note 5.

Current borrowings	2022 £'000	2021 £'000
Bank overdrafts	**29**	597
Invoice discounting arrangements	**3,103**	2,231
	3,132	2,828

The Group's bank overdrafts are secured by cross guarantees and debentures (fixed and floating charges over the assets of all the Group companies). The Group's bankers have a formal right of set-off and provides a net overdraft facility across the Group of £50,000 (2021: £50,000).

The Group also uses its invoice financing facility, which is secured over the Group's trade receivables of £11.1m. There have been no defaults of interest payable or unauthorised breaches of financing agreement terms during the current or prior year.

18. Deferred tax liabilities

	2022 £'000	2021 £'000
At 1 January	**128**	122
Charge to the profit for the year	**66**	6
At 31 December	**194**	128
The deferred tax liability comprise		
Other timing differences	**190**	119
Business combinations	**4**	9

With the rate of corporation tax increasing from 19% to 25% in April 2023, the deferred tax has been based on the extent to which it will unwind pre and post this date using the appropriate rate.

Notes to the Group financial statements

For the year ended 31 December 2022

19. Share capital

Allotted, issued, and fully paid – ordinary shares of 1p each:	**2022 £'000**	2021 £'000
As at 1 January 2022 14,643,707 shares (2021: 14,643,707 shares)	**146**	146
As at 31 December 2022 14,643,707 shares (2021: 14,643,707 shares)	**146**	146

Of the total issued shares of 14,643,707, there are 337,027 (2021: 337,027) own shares held in the RTC Group Employee Benefit Trust. No options were exercised during the year (2021: 40,000 and own shares held in the EBT were used to satisfy this demand).

20. Reconciliation of cash and cash equivalents in cash flow to cash balances in the statement of financial position

	At 1 January 2022 £'000	**Cash Flows £'000**	**At 31 December 2022 £'000**
Cash and cash equivalents	**946**	**(479)**	**467**

The amounts presented as cash and cash equivalents within the consolidated statement of cash flows comprise cash and cash equivalents of £467,000 (2021: £946,000). Overdrafts of £29,000 (2021: £597,000), which do not fluctuate significantly, are considered to represent part of the core financing structure of the group and are included within financing cash flows.

21. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's risk management is coordinated by the Group Treasury function, in close co-operation with the Board. Treasury activities take place under procedures and policies approved and monitored by the Board and 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 or utilise any derivative financial instruments. 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 Group 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.

	2022 £'000	**2022 %**	2021 £'000	2021 %
Increase /(decrease) in net result and equity	**+1%**	**–1%**	+1%	–1%
£'000	**62**	**(62)**	66	(66)

The interest rate on the invoice discounting facility is 1.6% above base rate. The average usage of the facility across the year was £2,986,596, this gives an estimated annual interest charge for 2023 of £152,316.

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 through net overdraft facility of £50,000 and an invoicing discounting facility, providing up to £12m based on a percentage of good book debts. The invoice discounting facility revolves on an average maturity of 120 days and is repayable on the giving of 3 months' notice by either party.

Notes to the Group financial statements

For the year ended 31 December 2022

Credit risk

The Group extends credit to recognised creditworthy third parties. Trade receivable balances (note 16) 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, considering 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 exceeded set credit limits and management does not expect any losses from non-performance by these counterparties. Further, the Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing.

It should be noted that there is a concentration of credit in respect of two customers whose revenues respectively make up 18% of the UK division and 51% of the International division. Debtor balances for these customers were £2m (2021: £3.3m) and £0.2m (2021: £0.5m) respectively at the end of the year. Both are blue chip clients that have never defaulted on any debts. Further the UK division customer is Government backed.

As at 31 December 2022	Current	Past due 30 days or more	Past due 60 days or more	Past due 120 days or more
Gross carrying amount, £'000	**6,304**	**3,011**	**1,171**	**579**

Foreign exchange risk

The Group is exposed to foreign exchange rate risk as it makes payments to contractors and invoices some customers in currencies other than GBP. To mitigate the risks associated with this, where possible the same currency is used to receive and make payments so that there is some natural hedge over translation risk. Surplus cash balances in currencies other than GBP are kept to a minimum. Consequently, any sensitivity to be applied to the foreign exchange rate exposure is low.

The Group has the financial assets as set out in notes 16 and 20. The Group's financial liabilities are as follows:

	2022 £'000	2021 £'000
Trade payables	**1,637**	1,267
Accruals	**1,990**	1,368
Bank overdrafts	**29**	597
Invoice discounting	**3,103**	2,231
	6,759	5,463

All the Group's financial liabilities mature in less than one year. The Group's financial assets and liabilities are carried at amortised cost (which equates to fair value). Under the "SPPI" test these meet the requirement of being solely payments of principal and interest. Further because of their nature they do not include a significant financing element. In addition to meeting the SPPI test the business model is to collect the contractual cash flows.

Notes to the Group financial statements

For the year ended 31 December 2022

22. Leases and right of use assets

Information about leases for which the Group is a lessee

The Group leases assets comprising land and buildings and motor vehicles that are shown as right-of-use assets on the statement of financial position.

Right-of-use assets

Carrying amounts of right-of-use assets for the financial year under review:

Net book value of right of use assets	Land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	**Total £'000**
As at 1 January 2022	2,582	–	197	**2,779**
Additions	–	26	70	**96**
Disposal	–	–	(39)	**(39)**
Depreciation on disposals	–	–	39	**39**
Depreciation charge	(259)	(4)	(121)	**(384)**
As at 31 December 2022	2,323	22	146	**2,491**

The Board have considered the cash generating unit that is most sensitive to a potential impairment, being the Derby Conference Centre (which sits within Central Services) and concluded that there is no impairment of the carrying value of assets.

Carrying amounts of right of use assets for the prior financial year:

Net book value of right of use assets	Land and buildings £'000	Motor vehicles £'000	Total £'000
As at 1 January 2021	2,705	288	2,993
Additions	132	22	154
Disposal	(15)	(4)	(19)
Depreciation on disposals	15	4	19
Depreciation charge	(255)	(113)	(368)
As at 31 December 2021	2,582	197	2,779

Lease liabilities

Carrying amounts of lease liabilities relating to right-of-use assets for the financial year under review:

Net book value of lease liabilities	Land and buildings £'000	Fixtures and fittings £'000	Motor vehicles £'000	**Total £'000**
As at 1 January 2022	2,896	–	199	**3,095**
Additions	–	26	70	**96**
Interest expense	90	1	12	**103**
Lease payments	(278)	(6)	(131)	**(415)**
As at 31 December 2022	2,708	21	150	**2,879**

Notes to the Group financial statements

For the year ended 31 December 2022

Carrying amounts of lease liabilities relating to right-of-use assets for the prior financial year:

Net book value of lease liabilities	Land and buildings £'000	Motor vehicles £'000	Total £'000
As at 1 January 2021	2,922	298	3,220
Additions	132	22	154
Interest expense	95	17	112
Lease payments	(253)	(138)	(391)
As at 31 December 2021	2,896	199	3,095

Lease liabilities included in the statement of financial position	**2022 £'000**	2021 £'000
Current	**303**	294
Non-current	**2,576**	2,801
Total	**2,879**	3,095

Amounts recognised in the consolidated statement of comprehensive income	**2022 £'000**	2021 £'000
Interest on lease liabilities	**103**	112
Expenses relating to short-term leases	**345**	256
Total	**448**	368

Maturity analysis – contractual undiscounted cashflows	**2022 £'000**	2021 £'000
Within 1 year	**416**	393
Between 2 and 5 years	**1,431**	1,317
Over 5 years	**1,400**	1,917
Total	**3,247**	3,627

Amounts recognised in the consolidated statement of cash flows	**2022 £'000**	2021 £'000
Interest payments	**103**	112
Payment of lease liabilities	**312**	279
Total cash outflow for leases	**415**	391

Notes to the Group financial statements

For the year ended 31 December 2022

Sensitivity

It is customary for land and buildings lease contracts to be periodically uplifted to market value, although some leases have future increases fixed at the outset. Contracts for the lease of a vehicle comprise only fixed payments over the lease term. All land and building lease contracts held by the Group also have fixed payments. The leasing arrangements are for the Derby Conference Centre and office space for the Group Head Office in Derby and a network of regional offices.

Information about leases for which the Group is the lessor

As at the statement of financial position date the following amounts are expected to be received under non-cancellable operating sub-leases, split as follows:

	2022 £'000	2021 £'000
Within 1 year	**202**	263
Between 2 and 5 years	**230**	347
Total	**432**	610

The sub-lease arrangements relate to two buildings on the Derby site.

23. Related party transactions

There were no amounts owed by or to related parties at 31 December 2022 (31 December 2021: £Nil). There were no transactions with related parties during 2022 (2021: £Nil). The directors consider the key management personnel are the Group directors as listed in note 7.

24. Capital management

The Group's objectives when managing capital are:

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

The Group uses its overdraft and invoice discounting facilities to manage its short-term working capital requirements. The Group manages the capital structure and ratio of debt to equity and adjusts it in the light of changes in economic conditions.

25. Post reporting date events

There have been no significant events to report since the reporting date.

RTC Group Plc

Company statutory financial statements

For the year ended 31 December 2022
(Prepared under FRS 101)

Company Number 02558971

Company statement of financial position

As at 31 December 2022

Company Number: 02558971

	Notes	2022 £'000	2021 £'000
Assets			
Non-current			
Right-of-use assets	30	**52**	56
Investments	31	**937**	937
Deferred tax asset	33	**210**	40
		1,199	1,033
Current			
Trade and other receivables	32	**5,155**	5,872
Cash and cash equivalents		**48**	511
		5,203	6,383
Total assets		**6,402**	7,416
Liabilities			
Current			
Trade and other payables	34	**(727)**	(939)
Lease liabilities	30	**(37)**	(37)
Corporation tax		**–**	37
		(764)	(939)
Non-current			
Lease liabilities	30	**(17)**	(21)
Total liabilities		**(781)**	(960)
Net assets		**5,621**	6,456
Equity			
Share capital	36	**146**	146
Share premium		**120**	120
Own shares held		**(236)**	(236)
Capital redemption reserve		**50**	50
Share based payment reserve		**122**	146
Retained earnings		**5,419**	6,230
Total equity		**5,621**	6,456

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's loss after taxation for the year amounted to £835,000, (2021: profit of £198,000).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 March 2023 by:

A M Pendlebury

A M Pendlebury
Director

S L Dye

S L Dye
Director

The following notes 26 to 38 form an integral part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022	**146**	**120**	**(236)**	**50**	**146**	**6,230**	**6,456**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(835)**	**(835)**
Transactions with owners:							
Share based payment charge	**–**	**–**	**–**	**–**	**(24)**	**24**	**–**
Total transactions with owners	**–**	**–**	**–**	**–**	**(24)**	**24**	**–**
At 31 December 2022	**146**	**120**	**(236)**	**50**	**122**	**5,419**	**5,621**

The carrying amounts for the prior financial period were as follows:

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	146	120	(236)	50	718	5,995	6,793
Total comprehensive income for the year	–	–	–	–	–	198	198
Transactions with owners:							
Share options cancelled	–	–	–	–	(782)	37	(745)
Share based payment charge	–	–	–	–	210	–	210
Total transactions with owners	–	–	–	–	(572)	37	(535)
At 31 December 2021	146	120	(236)	50	146	6,230	6,456

Share capital is the nominal value of share capital subscribed for.

Share premium account represents the amount subscribed for share capital over and above the nominal value of the shares.

Own shares held are the cost of company's own shares held through the Employee Benefit Trust and shown as a deduction from equity.

Capital redemption reserve is an amount of money that a company in the UK must keep when it buys back shares, and which it cannot pay to shareholders as dividends.

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

Retained earnings are all net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

The following notes 26 to 38 form an integral part of these financial statements.

Notes to the Company financial statements

For the year ended 31 December 2022

26. Accounting policies

RTC Group Plc ("the Company") was incorporated and is domiciled in England, 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 02558971. The principal activity of RTC Group Plc is that of a holding Company.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented.

The financial statements have been prepared on a historical cost basis as modified by measurement of share-based payments at fair value at date of grant. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted:

In preparing these financial statements the Company has taken advantage of all available disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- certain disclosures in respect of share-based payments; financial instruments and impairment of assets;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the RTC Group Plc group of companies.

New accounting standards and interpretations

The Company has not adopted any new standards or interpretations in these financial statements. The Board does not expect any other standards issued, but not yet effective, to have a material impact on the Company.

27. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Intercompany balances

The recoverability of intercompany balances is a key estimate. All intercompany balances are assessed as recoverable. Intercompany balances consist predominantly of the parent company management charges which are cleared down in each financial year as all relevant Group companies generate surplus cash.

Notes to the Company financial statements

For the year ended 31 December 2022

28 Accounting policies

The financial statements contain information about RTC Group Plc as an individual company and do not contain consolidated financial information as the parent of a group.

28.1 Investments

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

28.2 Taxation

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Income tax is charged or credited to the (loss)/profit and other comprehensive (expense)/income 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.

Where there are transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the Company's belief that its tax return positions are supportable, the Company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Company records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on: the initial recognition of goodwill; and the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and investments in subsidiaries and where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

28.3 Pension costs

Contributions to money purchase pension schemes are charged to the (loss)/profit and other comprehensive (expense)/income as they become payable in accordance with the rules of the scheme.

28.4 Trade and other payables

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

28.5 Trade and other receivables

There are no trade receivables in 2022 (2021: Nil). Amounts owed by Group companies are assessed for impairment based upon the current financial position and expected future performance of the subsidiary to which they relate.

Notes to the Company financial statements

For the year ended 31 December 2022

28.6 Cash and cash equivalents

Cash in the statement of financial position comprises cash at bank, cash and cash equivalents consist of cash deposits with maturities of three months or less from inception.

28.7 Inter Group treasury facilities

Interest bearing inter Group treasury facilities are initially recognised at fair value and subsequently stated at amortised cost under the effective interest method. Where facilities are due on demand then they are carried at the amounts expected to be required to settle them.

28.8 Financial instruments

The only financial instruments held by the Company are Sterling financial assets and liabilities.

Financial liabilities consist of trade and other payables and an inter Group treasury facility which is secured by a cross guarantee and debenture (fixed and floating charge over all assets) over all Group companies and are classified as financial liabilities at amortised cost.

Other than lease liabilities for motor vehicles (refer to notes 28.12 and 30), all the Company's financial liabilities mature in less than one year and are repayable on demand.

28.9 Shared-based payments

The Company issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value 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 7. Fair value is measured by use of the Black-Scholes model.

28.10 Share capital and dividends

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments. Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders at the AGM. Dividends on shares classified as equity are accounted for as a deduction from equity.

28.11 Own shares held

In 2015 the Company set up an Employee Benefit Trust (EBT). The EBT is considered an extension of the Company's activities and therefore the assets (except for the investment in the Company's shares) and liabilities which are the subject of the trust are included in the accounts on a line-by-line basis. The cost of shares held by the EBT is presented as a separate debit reserve within equity entitled 'own shares held'.

28.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a lease is identified the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Company financial statements

For the year ended 31 December 2022

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option.

The Company presents right-of-use assets and lease liabilities separately in the statement of financial position. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

28.13 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 to write off the cost, less residual value, of each asset over its estimated useful life as follows:

Motor vehicles 25%-33.3% per annum straight line

Residual values and remaining useful economic lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal are included in the profit or loss for the period. The accounting policy for right-of-use assets is set out alongside the accounting treatment for lease liabilities in note 28.12.

29. Staff costs

	2022 £'000	2021 £'000
Wages and salaries	**1,422**	1,658
Social security costs	**166**	192
Other pension costs	**87**	89
	1,675	1,939

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

	Number 2022	Number 2021
Sales and administration staff	**27**	28

Notes to the Company financial statements

For the year ended 31 December 2022

30. Leases and right-of-use assets

Information about leases for which the Group is a lessee

The Company leases motor vehicles that are presented within right-of-use assets and lease liabilities in the statement of financial position.

Net book value of right-of-use assets – motor vehicles	2022 £'000	2021 £'000
As at 1 January	56	102
Additions	36	–
Disposals	(39)	–
Depreciation on disposals	39	–
Depreciation charge	(40)	(46)
As at 31 December	52	56

Net book value of lease liabilities – motor vehicles	2022 £'000	2021 £'000
As at 1 January	58	103
Additions	36	–
Interest expense	6	7
Lease payments	(46)	(52)
As at 31 December	54	58

Lease liabilities for motor vehicles in the statement of financial position	2022 £'000	2021 £'000
Current	37	37
Non-current	17	21
Total	54	58

31. Investments

Shares in subsidiary undertakings – Company	2022 £'000	2021 £'000
Cost at 1 January and 31 December 2022	937	937
Net book value at 31 December 2022	937	937
Net book value at 31 December 2021	937	937

Having regard to the assessments undertaken for the Group, the directors are satisfied that no impairments are required in respect of the carrying value of the investments in subsidiaries.

Notes to the Company financial statements

For the year ended 31 December 2022

At 31 December 2021, the Company held the share capital of the following subsidiary undertakings:

Subsidiaries	Proportion of ordinary share capital held	Nature of business
The Derby Conference Centre Limited	100%	Hotel, conferencing, and provision of office space
Ganymede Solutions Limited	100%	Recruitment
ATA Global Staffing Solutions Limited	100%	Recruitment
ATA Global Staffing Solutions FZE	100%	Recruitment
ATA Recruitment Limited	100%	Dormant

Except for ATA Global Staffing Solutions FZE whose registered office is Sheik Rashid Tower, Dubai, UAE, the registered office of all the above subsidiaries is: The Derby Conference Centre, London Road, Derby DE24 8UX and they are incorporated in England and Wales.

For the purposes of The Derby Conference Centre Limited and ATA Global Staffing Solutions Limited, the Group has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing the entities to take audit exemptions and present unaudited statutory financial statements.

32. Trade and other receivables

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	**4,925**	5,726
Prepayments	**230**	146
	5,155	5,872

Amounts owed by Group undertakings are due on demand and interest free. They relate to management charges that are settled regularly. The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for intercompany balances. The expected loss rates are based on the company's historical credit losses experienced over the three-year period prior to the period end. There have been no credit losses incurred against intercompany balances in previous years. Further, there are no financial liquidity issues within subsidiaries thus management considers this amount is recoverable.

The carrying value of trade receivables approximates to the fair value.

33. Deferred tax asset

	2022 £'000	2021 £'000
At 1 January	**40**	149
Charge to the loss/profit for the year	**170**	(109)
At 31 December	**210**	40

The deferred tax asset is analysed as:

Recognised	**2022 £'000**	2021 £'000
Short-term temporary timing differences relating to share-based payments	**31**	40
Tax losses carried forward	**179**	–

With the rate of corporation tax increasing from 19% to 25% in April 2023, the deferred tax has been based on the extent to which it will unwind pre and post this date using the appropriate rate.

Notes to the Company financial statements

For the year ended 31 December 2022

34. Trade and other payables

	2022 £'000	2021 £'000
Trade creditors	**504**	561
Other taxes and social security costs	**93**	241
Other creditors	**14**	78
Accruals	**116**	59
	727	939

The carrying value of trade payables approximates to the fair value.

During the year, the Company has used its inter Group treasury facility which is secured by a cross guarantee and debenture (fixed and floating charge over all assets) over all Group companies.

35. Contingent liabilities

The Company has a cross guarantee and debenture (fixed and floating charge over all assets) with the Group's bankers in respect of overdrafts of £29,000 (2021: £597,000) within other group companies.

The Company acts as guarantor for future lease payments of £2,883,333 (2021: £3,083,333) in respect of the lease of the Derby site by its subsidiary company, the Derby Conference Centre Limited.

36. Share capital

Allotted, issued and fully paid – ordinary shares of 1p each:	**2022 £'000**	2021 £'000
As at 1 January 14,643,707 shares (2021: 14,643,707 shares)	**146**	146
As at 31 December 14,643,707 shares (2021: 14,643,707 shares)	**146**	146

Share options

Details of share options and the share-based payment charge calculation are set out in note 7.

37. Pension commitments

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. Included in other creditors were £7,263 (2021: £7,164) of outstanding contributions.

38. Post reporting date events

There have been no significant events to report since the reporting date.

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S L Dye

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S L Dye

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