

2015

Connecting  
business and  
career ambitions



 **RTC GROUP**

**Annual Report**

for the year ended 31 December 2015

[www.rtcgroupplc.co.uk](http://www.rtcgroupplc.co.uk)  
Stock Code: RTC



# Welcome to the RTC Group Annual Report 2015

RTC Group plc is an AIM listed recruitment business. We focus on white and blue collar recruitment, providing temporary, permanent and contingent staff to a broad range of industries and clients in both domestic and international markets.

RTC has three principal trading subsidiaries engaged in the recruitment of human capital resources and the provision of managed services.



**ATA** is one of the UK's leading engineering and technical recruitment consultancies.



**Ganymede's** focus is in the provision of contingent labour within Rail, Energy, Civils, Highways, Engineering and Construction.



**GSS** is a leading staffing solutions and resource provider.

## Learn More

We maintain a corporate website at [www.rtcgroupplc.co.uk](http://www.rtcgroupplc.co.uk) containing a wide range of information of interest including:

- Latest news and press releases
- Company reports and presentations



## Group Financial Highlights



### Group Revenue

**£65m**

(2014: £51.0m)

### Profit before tax

**£1.3m**

(2014: £1.0m)

### Gross Profit

**£13m**

(2014: £10.0m)

### Basic EPS

**7.85p**

(2014: 5.92p)

## Operational Highlights



- ATA delivered a very strong performance with efficiency continuing to improve through consultant training and ongoing process improvement.



- Ganymede successfully mobilised the new five year Network Rail contract entered into in April. Revenues built to target levels and all costs of mobilisation were fully charged in the year.



- GSS provided continual, albeit reduced revenues with new long term international opportunities yet to be crystallised.



- The DCC exceeded management expectations in a highly competitive local market.

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## Group at a Glance

RTC Group Plc is an AIM listed recruitment business that focuses on white and blue collar recruitment, providing temporary, permanent and contingent staff to a broad range of industries and clients in both domestic and international markets through its subsidiary companies.

ATA is a UK based recruitment business, Ganymede is focused on the supply of labour into safety critical environments and GSS provides managed service solutions for international clients. The Group headquarters are located at the Derby Conference Centre (DCC), which also provides office accommodation for ATA and Ganymede in addition to being a successful hotel and conferencing business in its own right.

### ATA

**With over 50 years' accumulated knowledge and experience, ATA is one of the UK's leading engineering and technical recruitment consultancies.**

To best meet the needs of its clients ATA has two distinct business units, one focused on the needs of their clients within vertical market sectors and the other comprising regional hub locations, with teams of dedicated recruitment experts concentrating on permanent and contract opportunities within the engineering and manufacturing marketplace.

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

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

Industry sectors covered include:

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

→ See more information at [www.ata-recruitment.co.uk](http://www.ata-recruitment.co.uk)



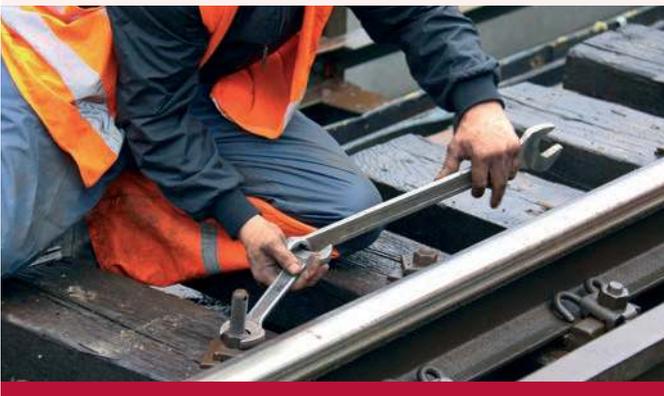
## Ganymede

**Ganymede supplies labour into safety critical environments. Its core business is the supply and operation of contingent labour within the rail industry.**

As a RISQS approved supplier, Ganymede is a leading provider of blue and white collar skilled and semi-skilled labour, safety critical personnel and technical staff on call-off and temporary term contracts. Additionally Ganymede Energy is a UVDB accredited specialist engineering recruiter focused on providing domestic and commercial gas and electrical engineers.

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

→ See more information at [www.ganymedesolutions.co.uk](http://www.ganymedesolutions.co.uk)



## GSS

**GSS is a staffing solutions and resource provider with a track record of delivery in some of the world's most hostile locations.**

GSS works with clients across the globe that are focused on delivering successful projects into sectors such as aerospace and defence, ports, mining, oil & gas, infrastructure and civil engineering.

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

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

→ See more information at [www.ata-gss.com](http://www.ata-gss.com) and [www.ata-india.net](http://www.ata-india.net)



# Chairman's Statement

For the year ended 31 December 2015



I am pleased to present the final report for the year to 31st December 2015.

## Group

2015 has again been a year of growth with revenue up 27% and profit before tax up 26%, a clear indication of volume growth in addition to further increases in efficiency. The figures are after a full year of amortisation charges arising from our acquisition for cash of RIG Energy in November 2014.

ATA exceeded our expectations and Ganymede mobilised and delivered the new Network Rail contract as planned. Following the termination of NATO military action in Afghanistan, the expected reductions in personnel supplied to that country, which have now stabilised at lower levels, have reduced revenue at GSS but this has been more than offset by growth in all our other businesses.

Cash generated from operations has been used to reduce the debt arising from the acquisition of RIG Energy, infrastructure and establishment costs necessary in the build-up of Ganymede fixed and variable costs in preparation for the commencement of activity arising from the Network Rail contract and in our return to dividends.

## Capital investment

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

## Dividends

As stated in my report for the year to December 2013, we have established a policy of paying dividends to shareholders. In pursuance of this policy, an interim dividend of 1.0p has been paid, (2014: 0.5p). Your Directors are now proposing a final dividend for the 2015 year of 2.0p per share, (2014: 1.0p), subject to approval at the Annual General Meeting on 20 April 2016.

## The Group Board

During the year, Tim Jackson, who joined us as a non-executive director, decided to focus more time on his charity interests and left the Board. We are conscious of the value provided to boards of smaller listed companies by non-executive directors but are keen to invite only those who have particular qualities to add to our type of business. I am happy to announce that we have secured the services of Brian May, Chief Executive of Renew Holdings plc, who has an impressive record of steering and driving his company during a period of development and growth.

## Staff

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

## Outlook

As previously announced, Ganymede has been successful in achieving a further and significantly enhanced contract with Network Rail for the provision of on track labour over the next five years and is now their largest supplier of contingent labour. This contract commenced operation in May and has now stabilised at monthly activity figures at the top end of the expected range. The contract is running smoothly and we look forward to a full year's contribution in 2016. ATA is well placed to continue to grow throughout 2016 following continued investment in systems and people. GSS is continuing as a supplier of personnel into Afghanistan at reduced but stable levels and the outlook there is for greater and longer than expected involvement. Promising negotiations are taking place to provide similar services in other geographical locations. The DCC continues to provide our prestigious head office location and is making steady profits from conferencing and other business activities. Having completed our review of the Derby site, we have concluded a new fifteen year lease on the property and have embarked on a largely self-financing programme of improvements to the buildings at the completion of which we will have premises which are completely in use and of a quality to our and our clients' demanding requirements.

The UK economy continues to perform surprisingly well and we are confident that 2016 will see further growth.

*Bill Douie*

**Bill Douie**

Chairman

28 February 2016



Overview

Strategic Report



Governance

Financials



Shareholder Information

# Chief Executive's Operational and Strategic Review

For the year ended 31 December 2015



## Overview

In the 2014 annual accounts I outlined the key findings and recommendations of the strategic review I carried out upon appointment to office. This review resulted in a wide ranging reshaping of the Group to create the necessary platform and environment to ensure the long term viability and future prosperity of the Group.

Our strategy centred on building and investing in independent subsidiary businesses with strong management, motivated employees and clearly definable brands capable of competing in a broad range of highly competitive industry sectors. Additionally by leveraging the combined and complementary capabilities of the individual businesses, the Group would establish a firm footing in a range of markets capturing significant value for shareholders through providing a highly competitive and unique range of solutions to a broad range of clients seeking a single point recruitment solution.

I am delighted to be able to report that in 2015 we continued to make significant progress with the strategic direction we set for the Group culminating in another year of impressive results. Our strategy has enabled us to dilute our exposure to competitive market conditions enabling our financial performance to continue to accelerate at pace with revenue up 27%, gross profit up 25% and gross profit conversion unchanged, profit before tax up 26% and earnings per share up 33%. These results have contributed to a further strengthening of the Group's balance sheet enabling the Board to recommend a 2p final dividend representing a 100% increase on 2014 whilst at the same time providing valuable investment capital for the Board to pursue its ambitious growth plans. Furthermore, our results provide valuable reassurance to the Board and its shareholders that the strategic path being followed is underpinned by sound commercial, operational and financial management.

## Subsidiary company review

### ATA

ATA has had another excellent year of growth. The investments made in headcount and management/consultant development has continued to expand the depth and breadth of experience in the business resulting in increased sales, gross profit, and gross profit conversion. The business comprises two distinctly separate yet complementary income streams. Key accounts typically supports large corporate clients with a range of individually tailored solutions to support their unique needs and the ATA branch network which services a broad range of SME businesses predominately focused around the engineering and manufacturing sectors.

Whilst both divisions have their own uniquely successful business models they share common systems, procedures and training and development strategies enabling ATA to share industry knowledge and the business to leverage shared capabilities and opportunities. This offers a significant source of competitive advantage to ATA as many of its clients, especially multi-national and subsidiary based groups are able to access corporately tailored solutions with regionally managed relationships through a single point relationship with ATA. This provides the opportunity for ATA to offer attractive commercial terms for clients whilst maintaining its solid margin performance through reducing transaction time and associated overhead costs.

### Ganymede

2015 was a hugely important year for Ganymede. Having been awarded the highest possible volume for contingent labour by Network Rail in its five year £30bn CP5 Rail Enhancement Programme, the business was under significant pressure to integrate the additional personnel the increased volume had demanded. I am delighted to report that Ganymede successfully achieved all regional integration plans and manpower deployment expectations and it is operating at the top end of the estimated five year £100m run rate. Furthermore all additional and exceptional investment costs to facilitate the enlarged contract value were successfully absorbed in the initial ramp up period. Ganymede's 2015 financial performance reflects this huge achievement with the business doubling its 2014 revenue, delivering significantly enhanced contribution to the Group and becoming the biggest of RTC's subsidiary businesses having grown revenue 60 fold since the implementation of the Group's strategic change programme in 2008. A remarkable achievement which would qualify for recognition in all the major UK fast track award programmes.

In addition to the CP5 programme that Ganymede operates directly with Network Rail the business supports a range of other major rail clients working on infrastructure, electrification and maintenance enhancement programmes for Network Rail and the business is optimistic about its long term growth plans within the rail sector.

Towards the end of 2014 Ganymede acquired RIG Energy providing the opportunity to diversify into the energy sector with the specific long term objective of supporting the Government's smart meter roll out programme. I am delighted to say that the business has been successfully integrated into the core operation and has already proved value enhancing. Again we remain extremely optimistic about the long term prospects for Ganymede's Energy division and we believe the acquisition will deliver Ganymede the expected additional long term value ahead of expectations.

## GSS

Whilst GSS has seen reduced revenue through the anticipated decline in personnel deployed in Afghanistan, the extent of the decline has not been as severe as expected and the business continues to generate a positive contribution to the Group. Furthermore and given the rising tension in the region, we are becoming increasingly confident that the headcount and resultant revenue will be maintained for longer than was originally anticipated. In addition to the core business and clients that GSS supports, considerable investment has been made to explore wider international opportunities predominately centred around the Middle East and in particular Qatar where the Qatari government is under increasing pressure to implement more ethical recruitment solutions as it deploys hundreds of thousands of migrant workers to support its 2022 FIFA World Cup infrastructure programme and its broader 2030 national vision strategy. On this I am delighted to report that following a lengthy period of exploratory discussions GSS has recently formed Qatar based company, GSS Qatar LLC. Over the next six months we will be exploring the scale of the opportunity for GSS to provide large volume migrant workers on a variety of long term infrastructure projects in Qatar.

## DCC

As well as providing the corporate headquarters for the Group, its internal management services division and regional offices for ATA and Ganymede, the DCC had another very successful year competing in the highly populated conferencing, events and accommodation sector in the East Midlands. Many of the large national and international hotel chains are located in Derby providing a highly crowded market place with discounting a key feature of the competitive strategy of the DCC's prime competition. The DCC has focused its client strategy around service, exceptionally high product quality and a value for money proposition. This has proved highly successful with both repeat business and new business capture steadily increasing.

During 2015 DCC negotiated a new long term lease with its landlord which will guarantee the Group a further 15 years at the DCC and enable the DCC to invest in a range of new business services to capture a larger share of the region's growing entrepreneurial business community. A major refurbishment programme has recently commenced and the Board believe once completed the DCC will be one of the prime business locations in the region offering a broad range of business services providing long term sustainable revenue for the Group.

## Risk

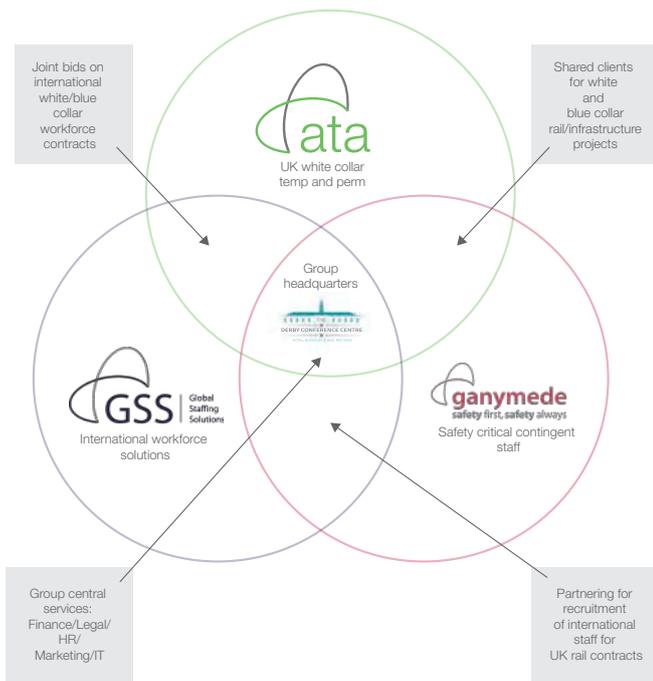
The Board believe the Group has a sensible balance of risk across its client portfolio with the majority of revenue generated through long term contracts with blue chip businesses. This classification of client is seen as low risk by the Board and represents a substantial part of future long term income generation. In addition to providing business services to blue chip organisations our subsidiary businesses support many national SME companies across a broad range of sectors. Whilst this client grouping exposes the Group to a higher risk profile this is mitigated by a range of pre-business assessment criteria including company and bank searches and attracts both higher margins and shorter payment terms. Our final client category relates to international business. This client base represents the highest level of risk to the Group and is therefore subject to the highest level of internal approval. Approval to accept international business includes minimal margin requirement, a down payment deposit for recruitment activity and given the speed and value of debt acceleration on large volume contracts up-front payment of contractor salaries, only risking our profit against performance management. Finally regular debt management meetings are held with all subsidiary businesses on a monthly basis to discuss individual client debt management.

# Chief Executive's Operational and Strategic Review

For the year ended 31 December 2015

## Our business model

Our business model centres around establishing each of our core recruitment businesses as strong independent market leaders in their respective sectors. In addition, the businesses leverage their collective capabilities by collaborating on a range of domestic and international projects with clients looking to reduce transaction costs and minimise supply complexity. Our business model is attracting a significant amount of interest and we are currently exploring a range of opportunities with potential clients seeking to establish single-source solutions on large scale contracts. The subsidiary businesses are provided with central service support across all aspects of financial accounts and management, marketing, legal/human resources and information technology and systems management, all centrally located at the DCC.



## Our people

I would like to thank everybody in our subsidiary businesses and Group headquarters for the contribution they have made both individually and collectively. We have grown substantially in recent years and this has brought many challenges to all corners of our Group. We have a team ethic which transcends all our businesses and departments and the collective belief in our Group is a major source of our competitive advantage which should not be undervalued. We are capable of growing far beyond our current position in the sectors and markets we operate in and the Board are extremely proud of everybody who has helped create this unique culture.

## Future growth strategy

The Board remains confident that its strategy of growing the Group through a combination of organic investment in existing subsidiary businesses coupled with strategic acquisition of complementary and value add businesses offers the most attractive long term opportunity to create value for its shareholders. Our subsidiary businesses are all well placed in growing markets and have demonstrated their ability to differentiate their core offering from other main stream competitors. This will become increasingly vital as markets tighten and pressures intensify in the battle for revenues and margin retention. We will not overpay for targeted acquisitions as synergy savings rarely deliver the levels of perceived benefit promoted by sellers' agents. Our track record on this is good and we will continue to patiently seek out targeted opportunities that provide immediate value enhancing returns to our shareholders.

*Andy Pendlebury*

**Andy Pendlebury**  
Group Chief Executive  
28 February 2016

# Key Performance Indicators

For the year ended 31 December 2015

<p><b>Revenue (£m)</b></p> <p><b>£65m</b>    ↑27%</p> <table border="1"> <tr><td>2015</td><td>£65m</td></tr> <tr><td>2014</td><td>£51m</td></tr> <tr><td>2013</td><td>£49m</td></tr> </table> <p>The continued growth in revenue demonstrates both that we are in strong growth sectors and that we are able to deliver and take market share.</p>	2015	£65m	2014	£51m	2013	£49m	<p><b>Gross profit (£m)</b></p> <p><b>£13m</b>    ↑25%</p> <table border="1"> <tr><td>2015</td><td>£13m</td></tr> <tr><td>2014</td><td>£10.2m</td></tr> <tr><td>2013</td><td>£9.3m</td></tr> </table> <p>Record gross profit was delivered yielding an increase of 25% on 2014.</p>	2015	£13m	2014	£10.2m	2013	£9.3m	<p><b>Gross profit conversion rate %</b></p> <p><b>11%</b>    ↔</p> <table border="1"> <tr><td>2015</td><td>11%</td></tr> <tr><td>2014</td><td>11%</td></tr> <tr><td>2013</td><td>9</td></tr> </table> <p>We have maintained our overall conversion rate at 2014 levels.</p>	2015	11%	2014	11%	2013	9
2015	£65m																			
2014	£51m																			
2013	£49m																			
2015	£13m																			
2014	£10.2m																			
2013	£9.3m																			
2015	11%																			
2014	11%																			
2013	9																			
<p><b>Profit from operations (£m)</b></p> <p><b>£1.4m</b>    ↑27%</p> <table border="1"> <tr><td>2015</td><td>£1.4m</td></tr> <tr><td>2014</td><td>£1.1m</td></tr> <tr><td>2013</td><td>£0.9m</td></tr> </table> <p>The increase in gross profit has flowed through to our profit from operations which is up 27% on 2014.</p>	2015	£1.4m	2014	£1.1m	2013	£0.9m	<p><b>Profit before tax (£m)</b></p> <p><b>£1.3m</b>    ↑26%</p> <table border="1"> <tr><td>2015</td><td>£1.3m</td></tr> <tr><td>2014</td><td>£1.0m</td></tr> <tr><td>2013</td><td>£0.7m</td></tr> </table> <p>Proactive credit control and renegotiated borrowing rates have held total finance costs at 2014 levels despite increased levels of business.</p>	2015	£1.3m	2014	£1.0m	2013	£0.7m	<p><b>Basic earnings per share (p)</b></p> <p><b>7.85p</b>    ↑33%</p> <table border="1"> <tr><td>2015</td><td>7.85p</td></tr> <tr><td>2014</td><td>5.92p</td></tr> <tr><td>2013</td><td>3.79p</td></tr> </table> <p>The Group's basic earnings per share increased by 33% on 2014.</p>	2015	7.85p	2014	5.92p	2013	3.79p
2015	£1.4m																			
2014	£1.1m																			
2013	£0.9m																			
2015	£1.3m																			
2014	£1.0m																			
2013	£0.7m																			
2015	7.85p																			
2014	5.92p																			
2013	3.79p																			
<p><b>Operating cash conversion %</b></p> <p><b>17%</b></p> <table border="1"> <tr><td>2015</td><td>17%</td></tr> <tr><td>2014</td><td>198%</td></tr> <tr><td>2013</td><td>28%</td></tr> </table> <p>Free cash generated from operations has reduced as anticipated due to planned investment to support the growth of our business.</p>	2015	17%	2014	198%	2013	28%	<p><b>Dividend paid (during year) per share (p)</b></p> <p><b>2.0p</b></p> <table border="1"> <tr><td>2015</td><td>2.0p</td></tr> <tr><td>2014</td><td>0.5p</td></tr> <tr><td>2013</td><td>Nil</td></tr> </table> <p>Profitability, free cash flow and shareholder equity are now sufficiently robust to permit a modest return to dividends.</p>	2015	2.0p	2014	0.5p	2013	Nil	<p><b>Gearing ratio</b></p> <p><b>1.4</b></p> <table border="1"> <tr><td>2015</td><td>1.4</td></tr> <tr><td>2014</td><td>1.3</td></tr> <tr><td>2013</td><td>2.3</td></tr> </table> <p>The Group's gearing ratio has slightly risen in 2015 due to increased borrowings related to the new contract in Ganymede, but the Group's financial position has remained sound.</p>	2015	1.4	2014	1.3	2013	2.3
2015	17%																			
2014	198%																			
2013	28%																			
2015	2.0p																			
2014	0.5p																			
2013	Nil																			
2015	1.4																			
2014	1.3																			
2013	2.3																			

# Risks and Uncertainties

For the year ended 31 December 2015



## Cyclical nature of our business

The on-going impact of the cycle of demand for permanent recruitment amongst our clients continues to be an uncertainty facing the Group. Strategies are in place to address this, which include building a focus around retained fee permanent placements and a targeted expansion of our client base. The Group's cost base is carefully managed to align with business activity. The Group is continually focused on cash generation and keeping net debt at prudent levels. This risk is further mitigated by the new Network rail contract within Ganymede, which is not cyclical.



## Business model risk

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



## Talent

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



## Compliance risks

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



## Legislative risks

Constantly changing employment and tax legislation around intermediary staff presents an area of uncertainty and therefore risk. To mitigate this risk, in conjunction with our professional advisers, we monitor all changes in legislation and keep our documentation and procedures under review.



## Credit risk

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



## Loss of key customers

Loss of a key customer or large contract is a significant risk. To minimise this risk the strategy across all of our businesses is to 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.



### Reliance on technology

Failure of our IT systems would cause significant disruption to the business. The Group's technology systems are housed in various data centres and the Group has the capacity to cope with a data centre's loss through the operation of disaster recover sites based in physical separate locations to 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.



### Overseas operations

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

The strategic report was approved by the Board on 28 February 2016 and signed on its behalf by:

*Sarah Dye*

**Sarah Dye**

Secretary

28 February 2016

# Finance Director's Statement

For the year ended 31 December 2015

## Financial highlights

In the year ended 31 December 2015, Group revenue increased by 27% to £65m (2014: £51m) reflecting good performances in all Group businesses.

Revenue growth has flowed directly through to profit from operations of £1.4m also an increase of 27% on 2014. Gross margin was maintained at 20% (2014: 20%). Overall administrative expenses increased in line with revenue.

## Acquisitions

The Group continues to monitor and research good acquisition opportunities that meet our strategic requirements.

## Taxation

The total tax charge for the year was £0.2m (2014: £0.2m). The small variance between this and the expected charge if a 20.25% corporation tax rate was applied to the profit for the year is explained in note 7.

## Earnings per share

The basic earnings per share figure is 7.85p (2014: 5.92p) an increase of 33% on 2014.

## Dividends

During the year the company paid an interim dividend of £136,631 (2014: £67,558) to its equity shareholders. This represents a payment of 1.0p (2014: 0.5p) per share.

## Purchase of own shares and formation of EBT

During the period the Company purchased 675,581 ordinary shares at 70p to implement a long term strategic reward programme to incentivise key employees as the Group enters the next phase of its exciting growth plan. The Company established an EBT to hold the shares. The EBT is considered an extension of the Company's activities and therefore assets (except investments in the Company's shares) and liabilities which are the subject of the trust 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 named 'own shares held'.

## Lease of the Derby site

A new 15 year lease was entered into in respect of the Group's Derby site. Thus securing the future headquarters for the Group and enabling us to implement our growth strategy for The Derby Conference Centre.

## Statement of financial position, cash generation and financing

The Group balance sheet has strengthened during the year. Net working capital has increased to £1.8m (2014: £1.2m) largely reflecting the increased activity relating to the new Network Rail contract in Ganymede. The ratio of current assets to current liabilities has been maintained at 1.2 (2014: 1.2). The Group's gearing ratio, which is calculated as total borrowings over net assets, has increased slightly to 1.4 (2014: 1.3) and interest cover has increased to 14.1 (2014: 12.1) which is further evidence of improvement in the Group's financial position and effective cash control and proactive management of the Group's cost of borrowing.

Cash generated from operations was £0.5m (2014: £2.3m) with operating cash conversion 17% (2014: 198%). As promised in our 2014 annual report, we invested in our continued growth through supporting infrastructure during 2015 and the purchase of own shares.

The Group's current bank facilities include an overdraft of £50,000 and a confidential invoice discounting facility of up to £7.0m with HSBC. Both are renewable annually. The next review is due in February 2017. The Group is currently operating well within its facility.

The Board closely monitors the level of facility utilisation and availability, to ensure that there is sufficient headroom to manage current operations and support the growth of the business. The Group continues to be focused on cash generation and building a robust balance sheet.

*Sarah Dye*

**Sarah Dye**

Group Finance Director

28 February 2016

# Directors' Report

For the year ended 31 December 2015

The directors submit their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2015.

## Principal activity

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

## Results and review of the business

Group revenue for the year was up 27% at £65m. The Group recorded profit from operations for the year of £1.4m (2014: £1.1m).

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

During the year the company paid an interim dividend of £136,631 (2014: £67,558) to its equity shareholders. This represents a payment of 1.0p (2014: 0.5p) per share. The Directors have proposed a final dividend of £273,262 (2.0p per share) (2014: £135,116) to be paid on 1 July 2016 to shareholders registered on 3 June 2016. This has not been accrued within these financial statements, as it was not formally approved before the year end.

## Share capital

Details of share capital are shown in note 17.

## Directors

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

W J C Douie  
A M Pendlebury  
S Dye  
T Jackson (resigned 31 March 2015)  
B May (appointed 10 September 2015)

Directors' interests in the 1p ordinary shares of the Company and their share options are set out in note 5. S Dye retires by rotation and offers herself for re-election. B May offers himself for election.

## Significant shareholders

The interests in excess of 3% of the issued ordinary share capital of the Company which have been notified at 1 February 2016 were as follows:

	Number of shares	% issued share capital
W J C Douie	2,280,541	15.90%
Alison Chapman	1,420,340	9.91%
A M Pendlebury	1,351,163	9.42%
Bespoke Venture Capital LLP	763,735	5.33%
RTC Group plc EBT	675,581	4.71%
Mr David Stredder	665,000	4.64%
Graham J Chivers	573,428	4.00%
Chelverton Asset Management	525,000	3.66%

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

	2015	2014
W J C Douie	2,280,541	2,280,541
A M Pendlebury	1,351,163	1,351,163
S Dye	43,000	43,000
B May	30,000	—

The market price of the Company's shares on 31 December 2015 was 73.5p and the highest and the lowest share prices during the year were 84p and 38p respectively.

The total expense recognised in the statement of comprehensive income in respect of share based payment was £40,000 (2014: £8,000).

## Employees' shareholdings

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

## Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

# Directors' Report

For the year ended 31 December 2015

The company's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the company. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

## Employee engagement and involvement

The Group sees employee engagement and involvement as an essential element of a successful organisation, therefore ensuring two way communication between management and employees is a must. To facilitate this we maintain an intranet site that provides employees with information relating to their employment along with any Group news or matters of concern. Employees are encouraged to give feedback through this medium along with a number of other lines of communication. The company also plans to undertake an annual staff survey to canvas views on significant matters in order to improve employee engagement and involvement.

## Creditor payment policy

It is the Group's payment policy for the year ending 31 December 2015, in respect of suppliers, to settle agreed outstanding accounts in accordance with the terms and conditions agreed with suppliers when placing orders. The Group will abide by these terms of payment.

## Directors' indemnities

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

## Post balance sheet events

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

## Provision of information to auditor

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

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

## Going concern

The Group has made a pre-tax profit of £1,282,000 from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation. The directors are satisfied that taking account of the Group's net assets of £2,920,000, its bank facilities which have been agreed until 28 February 2017 and the Group's trading and cash forecasts for the next 12 months, that the going concern basis of preparation is appropriate and the directors have reasonable expectation that the Group will continue in operational existence for the foreseeable future.

## Financial risk management objectives and policies

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

The Group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The Group's approach to financial risks is set out in note 19.

## Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework' ("FRS 101") and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- state with regard to the parent company financial statements whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## Website publication

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

By order of the Board

*Sarah Dye*

**Sarah Dye**  
Secretary

28 February 2016

# Corporate Governance Statement

For the year ended 31 December 2015



## Statement by the Directors on compliance with the UK Corporate Governance Code (the “code”)

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

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

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

### The Board

The Board comprises the Group Chairman, the Group Chief Executive, the Group Finance Director and one Non-Executive Director.

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

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

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

### Board committees

The Board has a remuneration committee and an audit committee.

During the year audit committee comprised W J C Douie and A Pendlebury, was chaired by W J C Douie. The committee meets as necessary to monitor the Group’s internal control systems and major accounting and audit related issues. On 23 February 2016 B May was appointed to the audit committee and A Pendlebury stepped down.

The remuneration committee is responsible for determining the contract terms, remuneration and other benefits for executive directors, including performance-related bonus schemes. The committee comprises W J C Douie, B May and S Dye. It is chaired by W J C Douie. However, no members of the remuneration committee are involved in determining their own remuneration.

### William Douie, Group Chairman

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

### Andy Pendlebury, Group Chief Executive Officer

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

### Sarah Dye, Group Finance Director

Sarah is a Chartered Accountant who has worked in both the public and private sectors in the UK and overseas. Sarah qualified with BDO 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 a number of senior finance positions. Sarah spent five years in New Zealand with the Office of the Auditor-General, working with central and local government entities and the tertiary sector. In March 2011 Sarah joined Staffline Group Plc as Group Financial Controller. Sarah was appointed as Group Finance Director of RTC Group Plc in February 2013.

### Brian May, Non-Executive Director

Brian is a Chartered Civil Engineer and progressed his career in Tarmac Construction Ltd, subsequently holding a number of senior positions in Mowlem plc over the course of 15 years. In 2000, Brian became Chief Executive of Laing Construction plc, followed by HBG Construction Ltd in 2001. Brian was appointed Chief Executive Officer of Renew Holdings in June 2005.

### Relations with shareholders

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

### Internal control

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

#### ■ Management structure

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

#### ■ Quality and integrity of personnel

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

#### ■ Identification of business risks

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

#### ■ Budgetary process

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

#### ■ Authorisation procedures

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

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

# Remuneration Report

For the year ended 31 December 2015

## 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 (the committee) continues to give full consideration to provisions set out in section D (remuneration) of the UK Corporate Governance Code in determining remuneration packages.

## Executive directors' remuneration

The remuneration package for executive directors is made up of:

- 1) basic salary;
- 2) benefits, including a company car or car allowance, a contribution towards a Group-sponsored defined contribution pension arrangement which meets the requirements for auto-enrolment, private medical insurance, critical illness and life cover;
- 3) a discretionary bonus; and
- 4) long term, share based incentives which are subject to performance conditions linked to the financial performance of the Group over a number of years.

The individual components of the remuneration package are discussed below.

### Basic salary

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

### Pensions

For the year ended 31 December 2015, the Company contributed an amount equal to the following % of directors' basic salaries to money purchase pension schemes: A M Pendlebury, 15% and S Dye, 10%.

### Performance related bonuses

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

### Long term share based incentives

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

### RTC Group long term incentive plan (LTIP)

In May 2015 the Board approved the introduction of an LTIP for Executive Directors and senior executives within the business. The committee has responsibility for supervising the scheme and making awards under its terms. The maximum

value of shares that could be awarded is 100% of basic salary. The current policy is to review the final audited results of the Company prior to agreeing if awards are to be made.

## Awards under the LTIP

In 2015 three awards have been made, each award representing 50% of basic salary. 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 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 committee. They may adjust the performance target where it is considered appropriate to do so.

Details of the awards are set out in note 5.

## Service contracts

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

Details of Directors' remuneration can be found in note 5.

## Non-Executive Directors' remuneration and terms of service

Non-Executive Directors serve under the terms of a Letter of Appointment. The standard form letter expects directors to serve for a period of one year, which may be extended by mutual consent. The Letter sets out the time commitment and duties expected of each 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.

Details of Non-Executive Directors' remuneration can be found in note 5.

On behalf of the Board

*Bill Douie*

**Bill Douie**

Chairman

28 February 2016

# Independent Auditor's Report to the members of RTC Group PLC

For the year ended 31 December 2015

We have audited the financial statements of RTC Group plc for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated and company statements of financial position, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

## Respective responsibilities of directors and auditors

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

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matters prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Richard Wilson*

**Richard Wilson** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Nottingham  
28 February 2016

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

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Revenue</b>	2,3	<b>64,899</b>	50,932
Cost of sales		<b>(52,198)</b>	(40,756)
<b>Gross profit</b>		<b>12,701</b>	10,176
Administrative expenses		<b>(11,321)</b>	(9,067)
<b>Profit from operations</b>	4	<b>1,380</b>	1,109
Finance expense	6	<b>(98)</b>	(91)
<b>Profit before tax</b>		<b>1,282</b>	1,018
Tax expense	7	<b>(172)</b>	(218)
<b>Profit and total comprehensive income for the year</b>		<b>1,110</b>	800
<b>Earnings per ordinary share</b>			
Basic	8	<b>7.85p</b>	5.92p
Fully diluted	8	<b>7.49p</b>	5.42p

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Profit and loss £'000	Total equity £'000
At 1 January 2015	135	—	—	50	26	2,230	2,441
Profit and total comprehensive income for the period	—	—	—	—	—	1,110	1,110
Dividends	—	—	—	—	—	(272)	(272)
Own shares purchased	—	—	(473)	—	—	—	(473)
Share options exercised	8	66	—	—	(12)	12	74
Share based payment reserve	—	—	—	—	40	—	40
<b>At 31 December 2015</b>	<b>143</b>	<b>66</b>	<b>(473)</b>	<b>50</b>	<b>54</b>	<b>3,080</b>	<b>2,920</b>

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

The following describes the nature and purpose of each reserve within equity:

## Reserve description and purpose

### Share capital

Nominal value of share capital subscribed for.

### Share premium account

Amount subscribed for share capital in excess of nominal value.

### Capital redemption reserve

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

Cost of company's own shares purchased through the EBT Trust shown as a deduction from equity.

### Share based payment reserve

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

### Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

# Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	9	132	132
Other intangible assets	10	736	662
Property, plant and equipment	11	345	466
Deferred tax asset	12	40	62
		<b>1,253</b>	<b>1,322</b>
<b>Current</b>			
Cash and cash equivalents		58	41
Inventories	13	13	19
Trade and other receivables	14	11,743	9,267
		<b>11,814</b>	<b>9,327</b>
<b>Total assets</b>		<b>13,067</b>	<b>10,649</b>
<b>Liabilities</b>			
<b>Current</b>			
Trade and other payables	15	(5,925)	(4,713)
Corporation tax		(132)	(186)
Current borrowings	15	(3,982)	(3,166)
		<b>(10,039)</b>	<b>(8,065)</b>
<b>Non-current liabilities</b>			
Creditors falling due after one year – finance leases	15	–	(11)
Deferred tax liabilities	16	(108)	(132)
<b>Net assets</b>		<b>2,920</b>	<b>2,441</b>
<b>Equity</b>			
Share capital	17	143	135
Share premium		66	–
Capital redemption reserve		50	50
Own shares held		(473)	–
Share based payment reserve		54	26
Retained earnings		3,080	2,230
<b>Total equity</b>		<b>2,920</b>	<b>2,441</b>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 February 2016 by:

*Andy Pendlebury*

Andy Pendlebury  
Director

*Sarah Dye*

Sarah Dye  
Director

# Consolidated Statement of Cash Flows

For the year ended 31 December 2015

Notes	2015 £'000	2014 £'000
<b>Cash flows from operating activities</b>		
Profit from operations	1,380	1,109
Adjustments for:		
Depreciation, loss on disposal and amortisation	305	217
Employee equity settled share options	40	8
Change in inventories	6	(4)
Change in trade and other receivables	(2,476)	734
Change in trade and other payables	1,212	207
<b>Cash inflow from operations</b>	467	2,271
Income tax paid	(226)	(80)
<b>Net cash inflow from operating activities</b>	241	2,191
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(260)	(245)
Acquisition of business – cash paid	–	(875)
<b>Net cash used in investing activities</b>	(260)	(1,120)
<b>Cash flows from financing activities</b>		
Interest payments	(98)	(91)
Lease purchase payments	(11)	(11)
Dividends paid	(272)	(68)
Debt acquired on acquisition	–	(391)
Proceeds from exercise of share options	74	–
Purchase of own shares	(473)	–
<b>Net cash outflow from financing activities</b>	(780)	(561)
<b>Net (decrease)/increase in cash and cash equivalents from operations</b>	(799)	510
Total net (decrease)/increase in cash and cash equivalents	(799)	510
Cash and cash equivalents at beginning of period	(3,125)	(3,635)
Cash and cash equivalents at end of period	18	(3,125)

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 1. Statement of accounting policies

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

### a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by the European Union issued and effective at 1 January 2015 and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

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

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

The company's accounting reference date is 31 December. These financial statements are for the period 29 December 2014 to 27 December 2015. The comparative figures are for the period 30 December 2013 to 28 December 2014.

The Group has made a pre-tax profit of £1,282,000 (2014: £1,018,000) from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation. The directors are satisfied that taking account of the Group's net assets of £2,920,000, its bank facilities which have been agreed until March 2017 and the Group's trading and cash forecasts for the next 12 months, that the going concern basis of preparation is appropriate.

### Adoption of standards

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

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective. With the exception of IFRS 15 'Revenue from contracts with customers (effective 1 January 2018)', the directors anticipate that the adoption of these standards will not result in significant changes to the Group's accounting policies. The Group has commenced its assessment of the impact of these standards but is not yet in a position to state whether these standards would have a material impact on its results of operations and financial position.

Annual Improvements to IFRSs 2012-2014 Cycle	(effective 1 January 2016*)
Amendments to IAS 38 and IAS 36: Clarification of acceptable methods of depreciation and amortisation	(effective 1 January 2016*)
Disclosure initiative: Amendments to IAS 1	(effective 1 January 2016*)
Accounting for acquisitions of interests in joint operations: Amendments to IFRS 11	(effective 1 January 2016†)
IFRS 9 Financial instruments	(effective 1 January 2018*)
IFRS 16 Leases	(effective 1 January 2019*)

\* Not yet endorsed in EU.

† Effective date in EU.

## 1. Statement of accounting policies

### b) Basis of consolidation

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

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

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

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

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

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

The accounts of Accurate Recruitment and Training Services PBT Limited and Global Staffing Solutions LLC (Qatar) have not been consolidated with those of the Company as the directors consider that the amounts involved are not material.

### c) Revenue

#### Recruitment

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

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

- revenue arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment;
- revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff, is recognised when the service has been provided; and
- revenue from amounts billed to clients for expenses incurred on their behalf (principally contractor expenses) is recognised when the expense is incurred.

#### Cost of sales

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

#### Gross profit

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

#### Conferencing

Revenue is recognised as the service is provided and represents

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

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

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 1. Statement of accounting policies

### d) Business combinations

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

### e) Goodwill

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

### f) Own shares held

During the year the company set up an Employee Benefit Trust (EBT). The EBT is considered an extension of the company's activities and therefore assets (except investments in the company's shares) and liabilities which are the subject of the trust 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'.

### g) Intangible assets

#### Assets acquired as part of a business combination

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

#### Customer lists

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

#### Software

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

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

## 1. Statement of accounting policies

### h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis in order to write off the cost, less residual value of each asset over its estimated useful life as follows:

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

Residual values and remaining useful economic lives are reviewed annually and adjusted if appropriate. Gains and losses on disposal are included in the profit or loss for the period.

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

### i) Impairment of assets

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

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

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

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

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

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

### j) Inventories

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

### k) Leasing

#### Operating leases

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

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 1. Statement of accounting policies

### Finance leases

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

### l) Income taxes

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

### m) Deferred tax

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

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

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

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

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

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

### n) Retirement benefit

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

### o) Share based payments

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

## 1. Statement of accounting policies

### p) Trade payables

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

### q) Trade receivables

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

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

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

### r) Cash and cash equivalents

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

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

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

### s) Borrowings

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

### t) Foreign currencies

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

### u) Share capital and dividends

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

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

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

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

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 2. Segment analysis

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

Segment information is provided below in respect of ATA, Ganymede, GSS and the DCC which, as well as being the head office for the Group, provides hotel and conferencing facilities.

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

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

During 2015, one customer in GSS contributed 10% or more of that segment's revenues being £9.6m (2014: £12.2m) and one customer in Ganymede also contributed 10% or more of that segment's revenues being £15.5m (2014: £6.1m).

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

	Recruitment		Conferencing		Total Group £'000
	ATA £'000	GSS £'000	Ganymede £'000	DCC £'000	
External sales revenue	26,676	9,693	26,682	1,848	64,899
Cost of sales	(20,591)	(8,205)	(22,621)	(781)	(52,198)
Gross profit	6,085	1,488	4,061	1,067	12,701
Administrative expenses	(4,446)	(1,016)	(2,448)	(826)	(8,736)
Depreciation	(113)	(1)	(8)	(52)	(174)
Segment profit from operations	1,526	471	1,605	189	3,791
Amortisation of intangibles					(132)
Group costs					(2,279)
Profit from operations per statement of comprehensive income					1,380

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

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

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

### 3. Revenue

Revenue is analysed by origin of customer/point of invoicing. All goods and services are supplied in the United Kingdom (2014: United Kingdom).

### 4. Profit on Group operations

	2015 £'000	2014 £'000
Profit on Group operations for the year is stated after charging:		
Depreciation of owned property, plant and equipment	174	186
Depreciation of assets held under finance leases	—	20
Amortisation of intangibles – customer relationships	132	11
Fees payable to the company's auditor for the audit of the company's annual accounts	15	14
Fees payable to the company's auditor for other services:		
– the audit of the company's subsidiaries pursuant to legislation	33	33
– tax compliance	5	7
– other non-audit services	49	2
Operating lease expense in respect of:		
– land and buildings	449	396
Exchange differences	(5)	(1)

### 5. Directors' and employees' remuneration

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

	2015 £'000	2014 £'000
Wages and salaries	6,664	5,593
Social security costs	657	562
Other pension costs	225	155
	<b>7,546</b>	<b>6,310</b>

As at 31 December 2015 there were pension contributions of £33,297 (2014: £28,983) outstanding.

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

	2015 Number	2014 Number
Sales and administration staff	172	132
Conference support staff	55	55
Direct labour	69	83
	<b>296</b>	<b>270</b>

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 5. Directors' and employees' remuneration

### Directors' remuneration

The remuneration of the directors was as follows:

2015	Salary £'000	Bonus £'000	Benefits in kind £'000	Sub-total £'000	Pension contributions £'000	Total 2014 £'000
W J C Douie	40	48	5	93	—	93
A M Pendlebury	180	161	14	355	27	382
S Dye	102	45	2	149	10	159
B May (appointed 10 September 2015)	8	—	—	8	—	8
T Jackson (resigned 31 March 2015)	13	—	—	13	—	13
<b>Total</b>	<b>343</b>	<b>254</b>	<b>21</b>	<b>618</b>	<b>37</b>	<b>655</b>

Share based payments of £19k charged in the year in respect of options granted to directors.

The information for the prior reporting period is as follows:

2014	Fees £'000	Salary £'000	Bonus £'000	Benefits in kind £'000	Sub-total £'000	Pension contributions £'000	Total 2014 £'000
W J C Douie	—	35	37	5	77	—	77
A M Pendlebury	—	174	113	13	300	28	328
S Dye	—	90	30	1	121	9	130
J T White (resigned 23 April 2014)	9	4	—	—	13	—	13
T Jackson (appointed 23 April 2014)	—	20	—	—	20	—	20
<b>Total</b>	<b>9</b>	<b>323</b>	<b>180</b>	<b>19</b>	<b>532</b>	<b>37</b>	<b>568</b>

Share-based payments of £1k charged in the year in respect of options granted to directors.

### Share based employee remuneration

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

	Number	Weighted average exercise price (pence) 2015	Number	Weighted average exercise price (pence) 2014
Outstanding at start of period	2,027,081	16	1,557,081	12
Granted	560,002	70	470,000	27
Lapsed	205,000	17	—	—
Exercised (refer note 17)	827,081	9	—	—
<b>Outstanding at end of period</b>	<b>1,555,002</b>	<b>39</b>	<b>2,027,081</b>	<b>16</b>

## 5. Directors' and employees' remuneration

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

Date exercisable (and option life)	Number 2015	Weighted average exercise price (pence) 2015	Weighted average contractual life (months) 2015	Number 2014	Weighted average exercise price (pence) 2014	Weighted average contractual life (months) 2014
2015 (up to 2022)	75,000	9	73	902,081	9	85
2016 (up to 2023)	455,000	16	89	655,000	16	101
2017 (up to 2024)	470,000	27	99	470,000	27	111
2018 (up to 2025)	555,002	70	113	—	—	—

At the end of the period 75,000 options were exercisable (2014: Nil)

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

	At 1 January 2015	Granted	Lapsed	At 31 December 2015	Date of grant	Exercise price
<b>EMI Options</b>						
W J C Douie	75,000	—	—	75,000	27 Jan 2012	9p
A M Pendlebury	780,581	—	675,581	105,000	30 May 2013	16p
S Dye	170,000	40,000	—	210,000	22 May 2015	Nil
<b>LTIP Options</b>						
W J C Douie	—	28,572	—	28,572	22 May 2015	Nil
A M Pendlebury	—	128,572	—	128,572	22 May 2015	Nil
S Dye	—	72,858	—	72,858	22 May 2015	Nil

The value of directors' share options vesting in the period was £67,552 (2014: Nil). The aggregate gains made by directors on exercising share options was £412,104 (2014: Nil).

## 6. Finance expense

	2015 £'000	2014 £'000
Interest charge on invoice discounting arrangements and overdrafts	96	89
Interest charge on finance leases	2	2
	98	91

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 7. Tax expense

	2015 £'000	2014 £'000
<b>Continuing operations</b>		
Analysis of tax:		
<b>Current tax</b>		
UK corporation tax	172	185
Adjustment in respect of previous period	2	(15)
	174	170
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(2)	48
Tax	172	218

### Factors affecting the tax expense

The tax assessed for the year is less than (2014: greater than) would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 20.25% (2014: 21%). The differences are explained below:

	2015 £'000	2014 £'000
<b>Factors affecting tax expense</b>		
Result for the year before tax	1,282	1,018
Profit multiplied by standard rate of tax of 20.25% (2014: 21%)	260	214
Non-deductible expenses	11	23
Tax credit on exercise of options	(101)	—
Utilisation of losses	—	(29)
Adjustment in respect of previous period	2	10
Tax charge for the year	172	218

### Factors that may affect future tax charges

Estimated losses available to offset against future taxable profits on continuing operations in the UK amount to approximately £379,000 (2014: £397,000).

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Chancellor of the Exchequer has announced that the rate of corporation tax will be reduced from 20% to 19% from 1 April 2017 and then to 18% from 1 April 2018.

## 8. Basic and fully diluted earnings per share

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

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

Earnings	Basic		Diluted	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Earnings £'000	1,110	800	1,110	800
Basic weighted average number of shares	14,136,688	13,511,626	14,136,688	13,511,626
Dilutive effect of share options			688,491	1,235,832
Fully diluted weighted average number of shares			14,825,178	14,747,458
Earnings per share (pence)	7.85p	5.92p	7.49p	5.42p

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

### Dividends

During the year the company paid an interim dividend of £136,631 (2014: £67,558) to its equity shareholders. This represents a payment of 1p (2014: 0.5p) per share. A final dividend of £273,263 (2014: £135,116) has been proposed but has not been accrued within these financial statements. This represents a payment of 2.0p (2014: 1.0p) per share.

## 9. Goodwill

Gross carrying amount	£'000
At 1 January 2015	132
Movement in year	—
<b>At 31 December 2015</b>	<b>132</b>

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 by looking at discounted future cash flows at a discount rate of 13%.

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 10. Other intangible assets

The Group's other intangible assets comprise the customer lists obtained through the acquisition of RIG Energy Limited in 2014. The expected remaining useful life of these assets is four years. The carrying amounts for the financial year under review can be analysed as follows:

	Customer lists £'000	Software and licences £'000	Total £'000
<b>Gross carrying amount</b>			
At 1 January 2015	673	—	673
Transfers	—	206	206
<b>At 31 December 2015</b>	<b>673</b>	<b>206</b>	<b>879</b>
<b>Amortisation</b>			
At 1 January 2015	11	—	11
Provided in year	132	—	132
<b>At 31 December 2015</b>	<b>143</b>	<b>—</b>	<b>143</b>
<b>Net book amount at 31 December 2015</b>	<b>530</b>	<b>206</b>	<b>736</b>
Net book amount at 31 December 2014	662	—	662

## 11. Property, plant and equipment

	Short leasehold improvements £'000	Fixtures & equipment £'000	Motor vehicles £'000	Capital work-in-progress £'000	Total £'000
<b>Cost</b>					
At 1 January 2015	427	727	5	179	1,338
Additions	—	180	—	80	260
Transfer to intangible assets	—	—	—	(206)	(206)
Disposals	—	(3)	—	—	(3)
<b>At 31 December 2015</b>	<b>427</b>	<b>904</b>	<b>5</b>	<b>53</b>	<b>1,389</b>
<b>Depreciation</b>					
At 1 January 2015	427	445	—	—	872
Charge for the year	—	174	—	—	174
Disposals	—	(2)	—	—	(2)
<b>At 31 December 2015</b>	<b>427</b>	<b>617</b>	<b>—</b>	<b>—</b>	<b>1,044</b>
<b>Net book amount</b>					
<b>At 31 December 2015</b>	<b>—</b>	<b>287</b>	<b>5</b>	<b>53</b>	<b>345</b>
At 31 December 2014	—	282	5	179	466

## 11. Property, plant and equipment

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

Final analysis of capital work-in-progress will be undertaken in 2016 when the project is fully commissioned.

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

There were no contractual capital commitments for the acquisition of property, plant and equipment at 31 December 2015 (2014: Nil).

The net book value of assets held under finance leases at 31 December 2015 was £Nil (2014: £14,000) all relating to fixtures and equipment.

## 12. Deferred tax asset

	2015 £'000	2014 £'000
At 1 January 2015	62	110
Charge to the profit for the year	(22)	(48)
At 31 December 2015	40	62

The deferred tax asset is analysed as:

	2015 £'000	2014 £'000
<b>Recognised</b>		
Provision in respect of tax losses carried forward	40	—
Depreciation in excess of capital allowances	—	62
	40	62
<b>Unrecognised</b>		
Tax losses carried forward	40	83

Of the tax losses carried forward of £397,000 (2014: £397,000), £212,000, calculated at 19%, have not been recognised due to uncertainty over the availability of future taxable income in the related trading subsidiary against which the asset can be utilised.

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 13. Inventories

	2015 £'000	2014 £'000
Food, drink and goods for resale	13	19

## 14. Trade and other receivables

	2015 £'000	2014 £'000
<b>Amounts falling due within one year:</b>		
Gross trade receivables	10,511	7,937
Allowance for credit losses	—	(45)
Net trade receivables	10,511	7,892
Other receivables	63	50
Prepayments	640	426
Accrued income	529	899
	<b>11,743</b>	<b>9,267</b>

Allowances for credit losses on trade receivables for doubtful debts:

	2015 £'000	2014 £'000
Allowances at 1 January	45	21
Additions – charged to statement of comprehensive income	—	45
Allowances used	(45)	(21)
Allowances reversed	—	—
Allowances as at 31 December	—	45

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

	Total £'000	Current £'000	Past due by 30 days or less £'000	Past due between 31 to 60 days £'000	Past due over 61 days £'000
<b>2015 Trade receivables</b>	<b>10,511</b>	<b>6,749</b>	<b>2,581</b>	<b>1,036</b>	<b>145</b>
2014 Trade receivables	7,892	5,222	2,149	453	68

The Group does not hold any collateral in respect of the above balances. The carrying value of trade receivables approximates to the fair value.

## 15. Liabilities

	2015 £'000	2014 £'000
<b>Trade and other payables</b>		
Trade payables	1,553	982
Other taxes and social security costs	1,687	1,363
Finance leases	11	11
Other payables	582	286
Accruals and deferred income	2,092	2,071
	<b>5,925</b>	<b>4,713</b>

Maturity of trade payables is between one and three months. The carrying value of trade payables approximates to the fair value.

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

	2015 £'000	2014 £'000
<b>Creditors falling due after one year</b>		
Two to five years	—	11

	2015 £'000	2014 £'000
<b>Borrowings</b>		
Bank overdraft and cash in transit	—	142
Invoice discounting arrangements	3,982	3,024
Allowances as at 31 December	3,982	3,166

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

## 16. Deferred tax liability

	2015 £'000	2014 £'000
At 1 January 2015	132	—
Charge to the profit for the year	(24)	132
At 31 December 2015	<b>108</b>	<b>132</b>

The deferred tax liability consists of:

	2015 £'000	2014 £'000
Business combinations	108	132

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 17. Share capital

Allotted, issued and fully paid – ordinary shares of 1p each:	2015 £'000	2014 £'000
As at 1 January 2015 13,511,626 shares (2014: 13,511,626 shares)	135	135
New shares issued 827,081 (2014: Nil) (refer note 5)	8	—
As at 31 December 2015 14,338,707 shares (2014: 13,511,626 shares)	143	135

Of the total issued share capital of 14,338,707, there are 675,581 own shares held in the RTC Group Employee Benefit Trust.

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

	At 1 January 2015 £'000	Cash Flows £'000	At 31 December 2015 £'000
Overdraft and invoice discounting arrangements	(3,166)	(816)	(3,982)
Cash	41	17	58
Cash and cash equivalents	(3,125)	(799)	(3,924)

Included in the net cash figure pooled above are cash and cash equivalents of £1,700,000 (2014: £1,009,000) and overdraft of £1,643,000 (2014: £1,108,000).

## 19. Risk management objectives and policies

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

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

### Interest rate risk

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

	2015	2015	2014	2014
Increase/(decrease) in net result and equity £'000	+1% 29	-1% (29)	+1% 22	-1% (22)

### Liquidity risk

The Group seeks to mitigate liquidity risk by effective cash management. The Group's policy throughout the year has been to ensure the continuity of funding by the use of an overdraft facility of £50,000 and an invoicing discount facility up to £7.0m as required. The invoice discounting facility revolves on an average maturity of 120 days.

## 19. Risk management objectives and policies

### Credit risk

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

### Borrowing facilities

#### Financial assets and liabilities

The Group has the following financial assets:

- Trade receivables (see note 14)
- Other debtors excluding prepayments of £592,000 (2014: £949,000)

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

The Group's financial liabilities consist of trade and other payables and an invoice discounting facility (see note 15) and would be classified as financial liabilities at amortised cost under the relevant IAS 39 category. All the Group's financial liabilities mature in less than one year other than assets held under finance leases. Assets held under finance leases are not material.

## 20. Operating lease commitments

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

	2015 £'000	2014 £'000
Within one year	373	336
Between two and five years	777	428
Over five years	1,900	—
<b>Total</b>	<b>3,050</b>	<b>764</b>

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

As at the balance sheet date £Nil (2014: £450,000) was expected to be received under non-cancellable sub-leases. Split as follows:

	2015 £'000	2014 £'000
Within one year	—	360
Between two and five years	—	90
<b>Total</b>	<b>—</b>	<b>450</b>

The sub-lease arrangements relate to two buildings on the Group head office site in Derby.

# Notes to the Group Financial Statements

For the year ended 31 December 2015

## 21. Related party transactions

### Transactions with related parties not wholly owned or consolidated

The accounts of Accurate Recruitment and Training Services PBT Limited (ATA India), a 90% owned subsidiary of the Group, have not been consolidated as the Directors consider the amounts involved are not material.

Transactions with ATA India during the year:

	2015 £'000	2014 £'000
Purchases of goods from ATA India	56	68
Amounts owed by ATA India	8	2
Amounts owed to ATA India	3	6

At 31 December 2015 ATA was owed £364,363 (2014: £73,831) by Amalgamated Construction Limited (AMCO), a company of which B May is a director. ATA made sales to AMCO in the year of £2,004,715 (2014: £1,091,724).

At 31 December 2015 Ganymede was owed £127,156 (2014: £72,236) by Amalgamated Construction Limited (AMCO), a company of which B May is a director. Ganymede made sales to AMCO in the year of £655,442 (2014: £1,088,164).

The Directors consider that the key management personal are the Group Directors as listed in note 5.

## 22. Capital management

The Group's objectives when managing capital are:

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

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

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

## 23. Business combinations

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

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

	Book value on acquisition £'000	Fair value adjustment £'000	Value to Group £'000
Intangible assets – customer contracts	–	673	673
Fixtures and fittings	2	–	2
Trade and other receivables	841	–	841
Borrowings	(391)	–	(391)
Trade and other payables	(234)	–	(234)
Deferred tax liability	–	(132)	(132)
<b>Net assets at acquisition</b>	<b>218</b>	<b>541</b>	<b>759</b>
Goodwill			132
			891
Satisfied by:			
Cash			891

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

### Consideration transferred

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

### Identifiable net assets

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

### Contribution to the Group results

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



# RTC Group

## Report and Financial Statements

For the year ended 31 December 2015  
(Prepared under FRS 101)

**Company Number 2558971**

# Company Statement of Financial Position

As at 31 December 2015

Company Number 2558971

	Notes	2015 £'000	2014 £'000	1 January 2014 £'000
<b>Assets</b>				
<b>Non-current</b>				
Investments	26	966	950	59
		966	950	59
<b>Current</b>				
Cash and cash equivalents		1	794	—
Corporation tax		94	—	—
Trade and other receivables	27	2,923	1,077	2,056
		3,018	1,871	2,056
<b>Total assets</b>		<b>3,984</b>	<b>2,821</b>	<b>2,115</b>
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables	28	(885)	(270)	(136)
Corporation tax		—	(28)	—
Inter group treasury facility		(482)	—	(50)
		(1,367)	(298)	(186)
<b>Net assets</b>		<b>2,617</b>	<b>2,523</b>	<b>1,929</b>
<b>Equity</b>				
Share capital	30	143	135	135
Share premium		66	—	2,468
Capital redemption reserve		50	50	50
Share based payment reserve		54	26	18
Retained earnings		2,304	2,312	(742)
<b>Total equity</b>		<b>2,617</b>	<b>2,523</b>	<b>1,929</b>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 February 2016 by:

*Sarah Dye*

**Sarah Dye**  
Director

*Andy Pendlebury*

**Andy Pendlebury**  
Director

The notes on pages 47 to 52 form part of these financial statements.

# Company Statement of Changes in Equity

For the year ended 31 December 2015



	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	135	—	50	26	2,312	2,523
Profit and total comprehensive income for the period	—	—	—	—	796	796
Capital distribution on hive up of subsidiary	—	—	—	—	(544)	(544)
Dividends	—	—	—	—	(272)	(272)
Share options exercised	8	66	—	(12)	12	74
Share based payment reserve	—	—	—	40	—	40
<b>At 31 December 2015</b>	<b>143</b>	<b>66</b>	<b>50</b>	<b>54</b>	<b>2,304</b>	<b>2,617</b>

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	135	2,468	50	18	(742)	1,929
Profit and total comprehensive income for the year	—	—	—	—	654	654
Dividends	—	—	—	—	(68)	(68)
Share premium cancellation	—	(2,468)	—	—	2,468	—
Share based payment reserve	—	—	—	8	—	8
At 31 December 2014	135	—	50	26	2,312	2,523

The notes on pages 47 to 52 form part of these financial statements.

The following describes the nature and purpose of each reserve within equity:

## Reserve description and purpose

### Share capital

Nominal value of share capital subscribed for.

### Share premium account

Amount subscribed for share capital in excess of nominal value.

### Capital redemption reserve

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

Cost of company's own shares purchased through the EBT Trust shown as a deduction from equity.

### Share based payment reserve

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

### Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

### Capital distribution on hive up of subsidiary

On 22 January 2015 the trade and assets of ATA Management Services Limited were hived up into RTC Group Plc. This resulted in a charge to retained earnings of £544,000 which relates to a capital distribution on hive up of net liabilities of the subsidiary undertaking.

# Notes to the Company Financial Statements

For the year ended 31 December 2015

## 24. Accounting policies

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

The company's accounting reference date is 31 December. These financial statements are for the period 29 December 2014 to 27 December 2015. The comparative figures are for the period 30 December 2013 to 28 December 2014.

### (a) 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") which have both been applied.

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, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. 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 disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- these financial statements do not include certain disclosures in respect of share based payments.
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the RTC Group Limited group of companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's financial statements.

### (b) Accounting policies

#### First time application of FRS 100 and 101

In the current year the company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable UK accounting standards. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable UK accounting standards.

# Notes to the Company Financial Statements

For the year ended 31 December 2015

## 24. Accounting policies

### (c) Investments

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

### (d) Deferred taxation

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

- 1) The initial recognition of goodwill
- 2) The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and Investments in subsidiaries and where the 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 profit 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 on either:

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

### (e) Pension costs

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

### (f) 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.

### (g) Trade receivables

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

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

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

## 24. Accounting policies

### (h) 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.

### (i) 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 face value.

### (j) Financial instruments

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

### (k) 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 5. Fair value is measured by use of a Black Scholes model.

### (l) 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.

### (m) Own shares held

During the year the company set up an employee Benefit Trust (EBT). The EBT is considered an extension of the company's activities and therefore assets (except investments 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'.

### (n) Critical judgements and estimates

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 intercompany balances. An assessment of the recoverability of intercompany balances is made by the directors on the basis of future trading.

# Notes to the Company Financial Statements

For the year ended 31 December 2015

## 25. Company profit and loss account

The Company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The Company's profit after taxation for the year amounted to £796,000 (2014: profit of £654,000).

## 26. Investments

<b>Shares in subsidiary undertakings – Company</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Cost at 1 January	2,496	1,605
Investment in subsidiary company	16	891
Cost at 31 December	2,512	2,496
Accumulated impairment losses at 1 January	1,546	1,546
Charge in year	—	—
<b>Provision for impairment at 31 December</b>	<b>1,546</b>	<b>1,546</b>
<b>Net book value at 31 December</b>	<b>966</b>	<b>950</b>

At 31 December 2015 the Company held the share capital of the following subsidiary undertakings:

<b>Subsidiaries</b>	<b>Proportion of ordinary share capital held</b>	<b>Country of incorporation</b>	<b>Nature of business</b>
ATA Recruitment Limited	100%	England and Wales	Recruitment
The Derby Conference Centre Limited	100%	England and Wales	Conferencing Services
Ganymede Solutions Limited	100%	England and Wales	Recruitment
ATA Global Staffing Solutions Limited	100%	England and Wales	Recruitment
Accurate Recruitment and Training Services PVT Limited	90%	India	Recruitment
Global Staffing Solutions LLC	49%	Qatar	General Contracting
Global Choice Recruitment Limited	100%	England and Wales	Dormant
ATA Selection Limited	100%	England and Wales	Dormant
ATA GMBH	100%	Switzerland	Dormant

The trade and assets of ATA Management Services Limited were hived up into RTC Group Plc on 1 January 2015 and ATA Management Services Limited has been struck off.

Global Staffing Solutions LLC deemed control lies with RTC Group Plc despite only 49% ownership because management decisions are with RTC Group Plc.

## 27. Trade and other receivables

	2015 £'000	2014 £'000
Amounts owed by group undertakings	2,733	1,065
Prepayments	190	12
	<b>2,923</b>	<b>1,077</b>

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

## 28. Trade and other payables

	2015 £'000	2014 £'000
Trade creditors	421	—
Other taxes and social security costs	50	25
Other creditors	79	18
Accruals and deferred income	335	227
	<b>885</b>	<b>270</b>

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

	2015 £'000	2014 £'000
<b>Inter Group treasury facility</b>		
Inter Group treasury facility	482	—

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.

## 29. Contingent liability

The Company has entered into a cross guarantee and debenture (fixed and floating charge over all assets) with the Group's bankers in respect of net £50,000 (2014: £50,000) group treasury facility extended to certain of the subsidiaries of the Company.

## 30. Share capital

	2015 £'000	2014 £'000
<b>Allotted, issued and fully paid — ordinary shares of 1p each:</b>		
As at 1 January 2015 13,511,626 shares (2014: 13,511,626 shares)	135	135
New shares issued 827,081 (2014: Nil) (refer note 5)	8	—
As at 31 December 2015 14,338,707 shares (2014: 13,511,626 shares)	<b>143</b>	<b>135</b>

### Share options

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

# Notes to the Company Financial Statements

For the year ended 31 December 2015



## 31. Transactions with related parties

### Transactions with Group companies not wholly owned

During the year the Company entered into the following transactions with fellow Group undertakings which are not wholly owned members of the Group:

Transactions with ATA India during the year	2015 £'000	2014 £'000
Purchases of goods from ATA India	56	68
Amounts owed by ATA India	8	2
Amounts owed to ATA India	3	6

## 32. 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 £10,866 (2014: £5,583) of outstanding contributions.

## 33. Post balance sheet events

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

# Notice of Annual General Meeting

Notice is hereby given that the 2016 Annual General Meeting of RTC Group Plc (the "Company") will be held at the offices of Wragge Lawrance Graham & Co LLP, 4 More London Riverside, London, SE1 2AU on 20 April 2016 at 12 noon (the "Meeting") for the following purpose:

To consider, and if thought fit, pass the following resolutions which will be proposed as to resolutions 1 to 6 as ordinary resolutions and as to resolutions 7 to 9 as special resolutions:

## Ordinary business

1. To receive and, if approved, to adopt the Directors' and Auditors' Report and the Financial Statements for the year ended 31 December 2015.
2. To receive and, if approved, to adopt the Remuneration Report for the year ended 31 December 2015.
3. To re-elect S Dye, a director of the Company, who retires by rotation, as a director of the Company.
4. To elect B May, as a director of the Company.
5. To re-appoint BDO LLP as auditors of the Company from the conclusion of the meeting in accordance with Section 489 of the Companies Act 2006 (the "Act"), until the conclusion of the next Annual General Meeting, and to authorise the Directors to fix their remuneration.
6. To declare a final dividend of two pence per share in respect of the year ended 31 December 2015.

## Special business

7. THAT in substitution of all previous authorities to the extent unused, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Act, to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £43,016, this authority to expire on 30 June 2017 or the conclusion of the Annual General Meeting to be held in 2017 (whichever is earlier) unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make an offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the directors may allot shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.
8. THAT, subject to the passing of Resolution 7 above, the Directors be and are hereby generally and unconditionally empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) and/or transfer equity securities held in treasury wholly for cash pursuant to the authority conferred by Resolution 7 above as if section 561 of the said Act did not apply to any such allotment or transfer of equity securities held in treasury, provided that this power shall be limited to the allotment and/or transfer of equity securities:
  - (a) in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares) but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems arising in, or pursuant to, the laws of any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
  - (b) otherwise than pursuant to paragraph 8 (a) above, up to an aggregate nominal amount of £43,016, provided that this power shall expire on 30 June 2017 or the conclusion of the Annual General Meeting of the Company to be held in 2017, (whichever is earlier) unless previously renewed, varied or revoked by the Company in general meeting, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted and/or transferred after such expiry and notwithstanding such expiry and the Directors may allot and/or transfer equity securities, in pursuance of such offer or agreement as if this power had not expired.

# Notice of Annual General Meeting



9. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (as defined in Section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company provided that:
- (a) the maximum number of ordinary shares of 1p each in the capital of the Company hereby authorised to be acquired is 1,433,871;
  - (b) the minimum price (exclusive of all expenses) which may be paid for such shares is 1p per share;
  - (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount equal to 105% of the average of the middle-market prices shown in the quotations for ordinary shares of the Company in the Daily Official List of the London Stock Exchange on the five business days immediately preceding the day on which the share is contracted to be purchased;
  - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting following the date upon which this resolution was passed or 30 June 2017 (whichever is earlier); and
  - (e) the Company may contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuant of any such contract.

By Order of the Board

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

28 February 2016

## Notes:

1. Only those members registered on the Company's register of members at:
  - 6.00 p.m. on 18 April 2016; or
  - if this meeting is adjourned, at 6.00 p.m. on the date which is 48 hours prior to the time of the adjourned meeting;
 shall be entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a show of hands or a poll, vote in his/her stead. A proxy need not be a member of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A member of the Company may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member is not entitled to appoint more than one proxy to exercise rights attached to any one share. Please contact the Company's Registrar at Computershare Services Plc, PO Box 82, The Pavilions, BS99 6ZY if you wish to appoint more than one proxy.
4. A proxy form for use in connection with the meeting accompanies this report and accounts. Additional copies may be obtained from the registered office. The proxy form and any power of attorney under which it is signed must be lodged at the address printed on the proxy form not less than 48 hours before the time appointed for holding the meeting. The fact that members may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
5. Alternatively if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service.

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

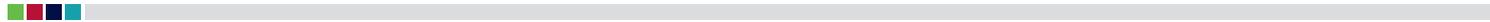
In order for a proxy appointment or instruction made using the CREST service to be valid the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ("Euroclear") specifications and must contain the information required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

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

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

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

# Notice of Annual General Meeting

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6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).
  7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.
  8. Copies of the Directors' service contracts, copies of letters of appointment between the Company and the Non-Executive Director and a copy of the existing Memorandum and Articles may be inspected during usual business hours on any weekday (public holidays excepted) at the registered office of the Company from the date of this Notice of Annual General Meeting until the date of the Meeting and at the place of the Meeting from 11.45 a.m. until the Meeting's conclusion.
  9. If shareholders approve the recommended final dividend proposed by resolution 6, this will be paid on 1 July 2016 to all holders of shares who are on the register of members at the close of business on 3 June 2016, with an ex-dividend date of 2 June 2016.
  10. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
    - (a) calling our shareholder helpline on 0370 889 3202You may not use any electronic address provided either:
    - (a) in this notice of annual general meeting; or
    - (b) any related documents (including the chairman's letter and proxy form),to communicate with the Company for any purposes other than those expressly stated.

# Directors and Advisers

## Directors

W J C Douie  
A M Pendlebury  
S Dye  
Brian May (appointed 10 September 2015)  
T Jackson (resigned 31 March 2015)

## Registered office

The Derby Conference Centre  
London Road  
Derby  
DE24 8UX

## Company Secretary

S Dye

## Nominated adviser and broker

WH Ireland  
24 Martin Lane  
London  
EC4R 0DR

## Solicitors

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

## Bankers

HSBC plc  
1 St Peters Street  
Derby  
DE1 2AE

## Registrars

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

## Auditor

BDO LLP  
Regent House  
Clinton Avenue  
Nottingham  
NG5 1AZ

**RTC Group Plc**

The Derby Conference Centre  
London Road  
Derby  
DE24 8UX

**T:** 01332 861844

**F:** 0870 890 0426

**E:** [info@rtcgroupplc.co.uk](mailto:info@rtcgroupplc.co.uk)

**[www.rtcgroupplc.co.uk](http://www.rtcgroupplc.co.uk)**