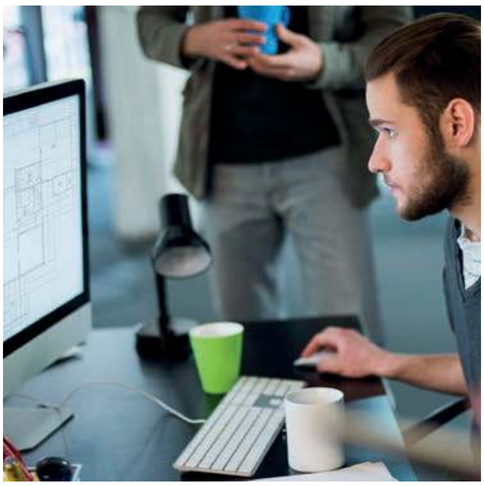
2016

Connecting business and career ambitions



RTC GROUP

Annual Report

for the year ended 31 December 2016

www.rtcgroupplc.co.uk
Stock Code: RTC

Welcome to the RTC Group Annual Report 2016

RTC Group Plc is an AIM listed engineering and technical 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** containing a wide range of information of interest including:

- Latest news and press releases
- Company reports and presentations

Group Financial Highlights

RTC GROUP

Group revenue
£67.9m
(2015: £64.9m)

Gross profit
£12.1m
(2015: £12.7m)

Profit before tax
£1.1m
(2015: £1.3m)

Basic EPS
5.80p
(2015: 7.85p)

Cash inflow from operations
£1.7m
(2015: £0.5m)

Operational highlights

ata

- ATA delivered a solid performance in 2016. Permanent placement activity was particularly strong in the fourth quarter and ATA has seen a very promising start to 2017.

ganymede safety first, safety always

- Ganymede continued to successfully service its core Network Rail contract resulting in an outstanding performance for the year with its contribution to Group up 50% on 2015. The Energy division delivered a solid result and has positioned itself to increase support to Energy companies rolling out smart-metering.

GSS Global Staffing Solutions

- Global Staffing Solutions successfully rebid its core contract with KBR, securing a base level of contract margin for 2017 and beyond.

Contents

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 supplies recruitment solutions to the engineering and technical sectors, Ganymede is focused on the supply of labour into safety critical environments, predominantly in the rail and energy sectors, and GSS provides managed service solutions for international clients. The Group headquarters are located at the Derby Conference Centre which also provides office accommodation for ATA and Ganymede in addition to generating rental and conferencing income from space not utilised by the Group.

ATA

ATA supplies recruitment solutions to the engineering and technical sectors. It has two core operating units - projects and branches.

Projects supply to major infrastructure and transport projects whilst the regional branches are focused on supporting UK manufacturing. ATA is uniquely positioned in the sector to provide both permanent and contract solutions to a wide range of clients from SME regional manufacturers to the very largest transport and infrastructure project management organisations. ATA's main operating sectors within the projects business are civil engineering, rolling stock, highways, rail infrastructure and facilities management and maintenance. Within the manufacturing business ATA works with a range of clients typically operating within specialist equipment, technology, process and FMCG industries.

→ See more information at **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**

Global Staffing Solutions (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 its clients and supported by ATA India, GSS provides contract and permanent staffing solutions on an international basis, providing key personnel into new projects and supporting ongoing large scale project staffing needs. GSS typically recruit across a range of disciplines and skills from operators and supervisors, through to senior management level.

Chairman's statement

For the year ended 31 December 2016

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

Group

2016 has seen continued expansion of Group revenues at £67.9m (2015: £64.9m) but has been marked by some important changes, both internal and external. This has resulted in a setback in Group gross profits at £12.1m (2015: £12.7m) and Group pre-tax profits at £1.1m (2015: £1.3m). Basic earnings per share at 5.80p (2015: 7.85p) have been further affected by a higher tax charge in 2016 (refer note 7).

The international division, Global Staffing Solutions, has enjoyed a better than expected year as operations in Afghanistan stabilised and other sources of revenue emerged. We have, however, decided to discontinue our venture in Qatar.

ATA had a largely satisfactory year but was affected by some delays in decisions concerning infrastructure projects during the third quarter. The year ended on a strong note.

The UK labour supply division, Ganymede, continued to prosper with demand in the Railway industry for blue collar workers exceeding expectations leading to a busy year end and an extremely pleasing performance for the year.

2016 was a year of major change at the Derby Conference Centre, which is contained within the Central Services segment, as new lease arrangements bedded in and space vacated by an outgoing tenant was successfully re-let by the year end. Major changes in the utilisation of the buildings were completed and the entire premises are now available for revenue earning purposes including the re-siting of our head office functions. These changes and associated costs resulted in an operating loss which is not expected to be repeated.

Cash inflow from operations of £1.7m (2015: £0.5m) was strong and has been both invested in the Derby site in line with Group strategy and paid out in dividends to shareholders.

Capital investment

Our strong trading performance has enabled us to continue carefully focused increases in capital expenditure for systems improvement and the investment of £1.1m to re-structure the Derby site.

Dividends

In pursuance of our policy, an interim dividend of 1.1p has been paid, (2015: 1.0p). The Directors are now proposing a final dividend for the 2016 year of 2.0p per share, (2015: 2.0p), subject to approval by shareholders at the Annual General Meeting on 19 April 2017.

Outlook

RTC has started 2017 positively, building on the strong finish to 2016. ATA and Ganymede are well placed to take advantage of economic growth and any increases in infrastructure spending, particularly on our overstretched railway system. Global Staffing Solutions is now stable, has continuing flows of demand from its longstanding client in Afghanistan and is their preferred supplier for other operations internationally. The Derby Conference Centre has, with one exception, now completed expenditure on improvements and is experiencing solid demand for its services.

These are exciting times with many opportunities and although the global situation must continue to cause apprehension the UK economy continues to perform gratifyingly well and as a result we view the future with confidence.

Staff

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

W J C Douie

W J C Douie
Chairman

26 February 2017

Chief Executive's operational and stategic review

For the year ended 31 December 2016

Overview

2016 was another positive year for RTC. Ganymede continues to build its reputation as a leading supplier to Network Rail on its CP5 maintenance and renewals programmes. ATA's regional branch network delivered another solid year and the ATA project business, despite its third quarter difficulties, rebounded strongly in the last quarter of the year. Whilst overall Group revenue has only increased modestly from 2015 and gross margin and net profit were not as originally hoped, cash generation was strong and we are pleased to be able to propose a 2.0p per share final dividend.

We will continue to build value for shareholders through the further implementation of the Board's strategic plan of building and investing in complimentary subsidiary businesses. RTC will seek to develop new opportunities for growth through the delivery of both independent and integrated solutions for existing and new clients. Our success in capturing multi-subsidiary business opportunities is growing and as more clients are aggressively accelerating supply chain consolidation, we believe our strategic advantage will gather pace.

Over the past few years, I have outlined for our shareholders an honest and open assessment of the key challenges the Group has faced whilst changing its strategic direction. This began in 2014 with a detailed assessment of the range of strategic issues, many survival-based, which the Group faced, along with the actions taken and resulting outcomes to reposition the Group for future prosperity. A new Group structure and accompanying business model was presented and in 2015, following another year of significant growth, the Group Board reaffirmed both its belief in, and commitment to, this strategy. As Group Chief Executive, whilst I am disappointed that our plan was impacted negatively by post BREXIT uncertainties, I believe what we are building at RTC is extremely solid and capable of rebounding from this short-term disturbance.

As a part of this 2016 strategic review I have presented a detailed SWOT analysis of the Group and its subsidiary businesses. I believe this is important for the shareholders on two accounts. Firstly, in deciding to invest in RTC we want our shareholders to understand the congruence between our Group and subsidiary strategic aims and the associated risk/reward that the target markets bring both individually and collectively. Secondly, it is important that shareholders believe that management are not being complacent and are identifying the range of constant threats each business and the Group faces. This SWOT analysis forms the basis of our internal action plans for measuring the progress of each of our businesses and a framework for evaluating the suitability of our individual business and Group strategies.

Subsidiary company review

ATA

2016 was a year of mixed fortunes for our ATA business. Having started the year very positively across both divisions of projects and branch network, our projects business was impacted significantly due to delays on a number infrastructure projects supported by the business. This affected the permanent revenue stream of ATA in the third quarter and was the driver behind the Group trading update issued in October 2016. ATA was not the only recruitment business to be broadsided by these economic events with many businesses highlighting potential trading concerns. I am pleased to say that the projects business rebounded solidly in the last quarter of the year and regained much of the ground lost.

Our branch network, which has been supporting UK manufacturing companies for over 50 years, had another solid year during which we began the process of consolidating the number of branches to increase efficiencies and provide greater focus through a smaller number of larger branches. Continued investment in database technology across both parts of ATA is bringing greater knowledge sharing for candidate management and client development, and a range of social media interface tools are being explored to provide better connectivity with both clients and candidates.

Ganymede

2016 was an exceptionally strong year for Ganymede. A 17% increase in organic revenue generated a 27% uplift in gross profit which translated into a near 50% increase in contribution to the Group. Gross profit conversion, the measure of net contribution as a percentage of gross profit, rose by over 16% from 2015.

Over the past 18 months, incremental efficiencies implemented as part of the Network Rail CP5 programme have gradually surfaced and enabled the business to continue to invest heavily in its approach to safety critical management and enhance and increase the effectiveness of its management structure and processes whilst posting an impressive financial performance. Additionally, and of significant importance, is that the growth in rail revenue has come from a blend of new business from within the CP5 programme and associated Network Rail business through solid operational performance and new business from other rail infrastructure companies showing the business's ability to seek out and capture market share from its main competitors.

Ganymede Energy, acquired in 2014 to provide a diversification opportunity into the domestic energy and utility sector, had a very solid second year of growth and is making significant progress in pursuit of its ambitious growth plans in support of the Government's smart meter roll out programme. Ganymede's experience in mobilising high volumes of workers to multi-site locations in highly safety critical environments is a significant source of competitive advantage to the Ganymede Energy business and is already attracting impressive attention from many of the smart meter roll out companies.

Global Staffing Solutions

During 2016 Global Staffing Solutions successfully bid for and won various follow-on contracts for its work supporting KBR in Afghanistan and Iraq. There was an element of margin sacrifice during the year to secure the contracts and a range of efficiency savings offset some of the impact. The reduction in contribution also reflected the investment committed to investigate and implement a pilot business in Qatar. Following a 12 month in country review of the scale and scope of the opportunity and a thorough assessment of the associated risk, the Board deemed the business too risky to pursue and the operation was folded. The focus of growth continues to centre around the strategic partnership with KBR and supporting their international bid programme with NATO and other direct government contracts.

Derby Conference Centre

A key component of the Central Services segment, the Derby Conference Centre, which is the headquarters for the RTC Group, underwent a significant enhancement and refurbishment programme in 2016. The facility is now unique in its heritage, being a grade II listed building with significant client history, a highly desirable headquarters for the Group, rental office accommodation site with full capacity rental from 1 January 2017, conferencing centre capable of hosting over 1,000 delegates, a business centre with first class networking facilities and hotel accommodation with over 50 bedrooms.

Whilst its current and forecast revenue and contribution are expected to be modest when compared with other Group subsidiaries, the business plays a pivotal role in assisting the Group to develop inter-subsidiary business. Through the Conference Centre, RTC has attracted a significant number of blue-chip clients to host events which has led to networking opportunities for other Group subsidiary businesses. A forthcoming Department for International Trade event to be held on 1 March 2017 is a good example of this. The event will host the Swiss rail inward investment mission where many rail companies from the Midlands will congregate in Derby to meet with two of Switzerland's most significant rail organisations; Stadler Rail and SBB. Ganymede and ATA will be in attendance and exploring new business opportunities in both white and blue collar recruitment.

This ability to leverage all aspects of Group subsidiary assets is a central plank of our strategic business model as outlined below and a clear competitive advantage on our competitors.

RTC Group/Subsidiary SWOT Analysis

Detailed on pages 6 to 8 is a SWOT analysis for our Group and subsidiary businesses. The analysis aims to briefly capture for shareholders the strategic aim of the Group and subsidiary businesses and share the range of strengths which help differentiate us from our key competitors along with the opportunities which we see as driving our strategic direction. In contrast to this we identify the areas of weakness which form the basis of our internal development plans and the threats to our overall Group health and individual company positioning with each sector. Each subsidiary business is chaired by the Group Chief Executive and the unique threats to each business are examined and reviewed on a regular basis. Whilst the headline comments detailed in the analysis are not exhaustive they cover general concerns captured by management.

Chief Executive's operational and stategic review

For the year ended 31 December 2016

RTC Strategic Review

		SWOT Analysis			
Business	**Strategic Aim**	**Strengths**	**Weaknesses**	**Opportunities**	**Threats**
RTC Group Plc	To build a diversified recruitment group providing white and blue collar staff to a broad range of clients in both domestic and international markets	▪ Experienced Board of directors ▪ Well established subsidiary brands ▪ Proven growth record ▪ Well positioned for organic growth ▪ Blue chip client base ▪ Public listing supports subsidiary development	▪ High concentration of revenue with small cluster of large clients ▪ Exposure to limited range of markets ▪ Narrow product offering ▪ Low Market capitalisation ▪ Acquisition record	▪ Growth through better subsidiary collaboration ▪ Diversification into new markets/sectors ▪ Acquisitions through Industry consolidation ▪ Extending Group product range through expansion into adjacent sectors	▪ Uncertain economic climate affecting growth ▪ Margin pressures through competitive landscape ▪ Impact of legislation on recruitment sector ▪ Pricing power of larger recruitment groups ▪ Cyclical nature of subsidiary sectors
ATA	To provide a diverse range of professional staffing solutions to engineering, technical and manufacturing sectors through its regional branch network and projects focused businesses	▪ National brand recognition with over 50-year heritage ▪ Branch network has established strong regional presence ▪ Projects business partnering blue chip client base ▪ Large and loyal candidate database ▪ Strong sales culture	▪ Difficulty in attracting and retaining consultants across both business units ▪ Insufficient large volume contracts ▪ Temp/perm fee split ▪ No substantial managed service/vendor neutral solution ▪ Ecommerce/ social media interface for candidates/ clients	▪ Low pound increasing export opportunities for manufacturing client base ▪ Government commitment to spend on infrastructure and transportation projects ▪ Employment expected to stay at record high ▪ All core sectors supported projecting growth in 2017 ▪ Extend regional footprint through targeted acquisition	▪ Low barrier to entry for new start ups ▪ Low margin strategies by larger suppliers ▪ Emergence/ growth of in-house recruitment ▪ Impact/ implications of Brexit to be fully digested by economy ▪ Impact of new legislation on sector: IR 35, apprentice levy, living wage ▪ Threat from ever more sophisticated IT

RTC Strategic Review

Business	Strategic Aim	SWOT Analysis: Strengths	Weaknesses	Opportunities	Threats
Ganymede	To be the leading supplier of safety critical labour to the UKRail, engineering infrastructure and energy sectors.	▪ Delivery Reputation (successful rollout of 5 year £100m Network Rail CP5 programme) ▪ Experienced industry management team ▪ Strong safety culture and record ▪ High barriers to entry for industry newcomers ▪ Acquired energy business fully integrated and growing strongly	▪ Limited brand recognition outside core customer base ▪ Reliance on large frameworks with key customers ▪ Aging business management software / systems ▪ Growth limited by external resource pool	▪ Significant government spend predicted in core markets with high profile projects such as HS2, Smart Meter Programme, NR CP5/6 generating huge growth opportunities ▪ Diversification into engineering infrastructure sector ▪ Potential expansion of revenue levels with existing customer base	▪ Potential changes to Network Rail structure impacting on revenue ▪ Inflationary pressures on direct costs & wages ▪ Delays to infrastructure spending programme ▪ Changes to employment/ taxation legislation ▪ Pricing strategy of new entrants to capture market share
Global Staffing Solutions	To recruit international personnel to work for a range of commercial and defence based companies in overseas locations.	▪ Proven track record of recruiting large volumes of personnel for international contracts ▪ Largest provider of staff to NATO through KBR in Afghanistan and Iraq ▪ Over 2,000 workers recruited from 30 countries ▪ Access to large international database of personnel	▪ Business is centred around one key client ▪ Personnel employed exposed to hostile environment ▪ Dependent on key clients' ability to retain and win business ▪ Potentially limited scope for growth ▪ Significant financial risk if contracting direct with international client base	▪ Identify new UK based internationally focused clients to replicate large deployment model/ methodology ▪ Establish closer strategic partnership with key client to capture new business in challenging environments ▪ Diversify capability into other international clients with defence based focus ▪ Leverage value of international database by offering low cost candidates search to clients	▪ Key client loses prime contract with NATO ▪ Key client awards contract to lower priced competitor ▪ Incident at hostile location causing reputational damage to subsidiary/ Group ▪ Workers consider region too dangerous an environment to work in shrinking candidate base ▪ In-country competitor poaching local management team

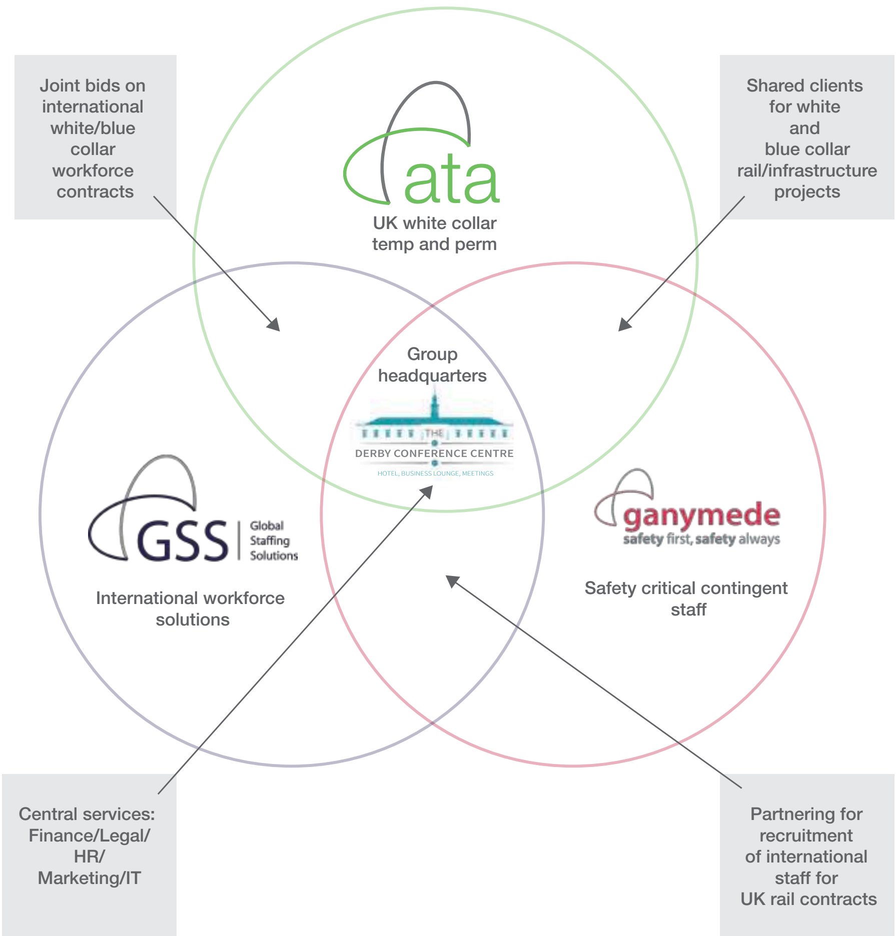
Chief Executive's operational and stategic review

For the year ended 31 December 2016

RTC Strategic Review

		SWOT Analysis			
Business	**Strategic Aim**	**Strengths**	**Weaknesses**	**Opportunities**	**Threats**
Derby Conference Centre (part of Central Services)	To be a market leader in the provision of conferencing, office and bedroom accommodation facilities within the East Midlands.	▪ Unique facility with 80 years of heritage ▪ Central location with easy road and rail access ▪ First class headquarters for RTC and subsidiary businesses ▪ Good mix of complimentary service offerings ▪ Significant upgrade programme undertaken	▪ Grade II listed site expensive to maintain ▪ Loss of high value office rental client difficult to replace ▪ Planning approval for completion of site upgrade lengthy due to listing status ▪ Competitive challenge of major hotel chains purchasing power ▪ Cost implications of minimum/living wage	▪ Newly refurbished site generating significant interest for office rental, conferencing and networking ▪ Exhibition hosting generating Group subsidiary business development opportunities ▪ Opportunity for fully utilised DCC to provide rent free accommodation for Group ▪ East Midlands projecting strong regional growth	▪ Aggressive larger hotel chains entering the region and undercutting pricing ▪ Major local conferencing clients, Rolls Royce, Bombardier etc. taking business in-house ▪ Cost increase absorption eroding profitability ▪ Increasing employment costs due to legislation ▪ Delayed Brexit referendum impact reducing discretionary spend for leisure stays

Strategic Report



Group business model

As I have mentioned previously your Group Board believe the business model we have been following since 2014 is still key to the continued organic growth of the Group. We have now captured several blue-chip clients where a range of recruitment services encompassing the joint capabilities of the subsidiary businesses are being provided. We see this gathering further momentum in 2017 as transaction and supply chain costs put pressure on organisations to streamline operations and transact more business with fewer suppliers.

Our people

The biggest determinant of our achievements are our people and our company has survived incredible change, endured extreme competition in all our markets and despite these challenges created a business with enormous opportunities because of the quality of people we employ across the whole Group. We have achieved some fantastic things together and many more lie ahead for us. Our work ethic, culture and ethos set us apart and are a great source of our competitive advantage. Therefore, on behalf of the Board of directors of RTC, I would like to say a huge thank you to everybody employed in our businesses.

A M Pendlebury

A M Pendlebury
Group Chief Executive

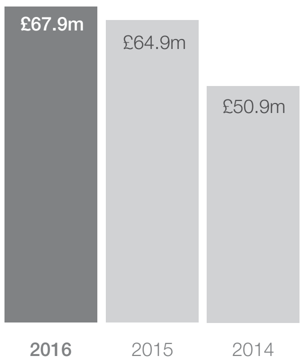
26 February 2017

Key performance indicators

For the year ended 31 December 2016

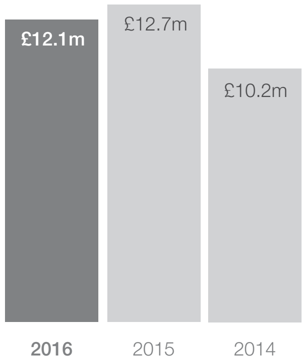
Revenue (£m)

£67.9m



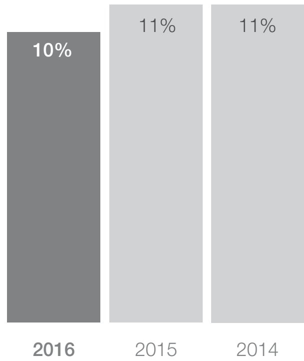
Gross profit (£m)

£12.1m



Gross profit conversion rate %

10%



Profit from operations (£m)

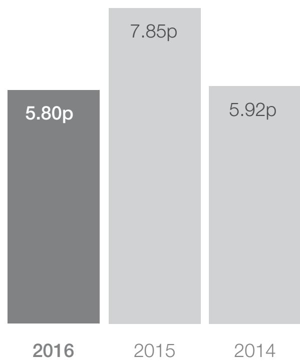
£1.2m

Profit before Tax (£m)

£1.1m

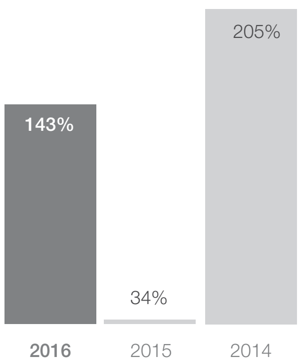
Basic earnings per share (p)

5.80p



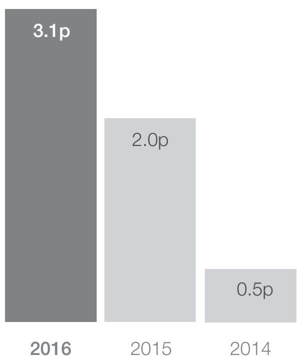
Operating cash conversion%

143%



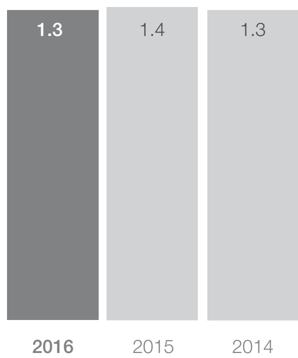
Dividend paid (during year) per share (p)

3.1p



Gearing ratio

1.3



Effective risk management

For the year ended 31 December 2016

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

The economic cycle and economic conditions

The Board takes account of the on-going economic conditions and cycles. 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. The Group also maintains a regular dialogue with its bank to ensure that we have our bank's backing.

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.

Competition

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

Shortage of skilled candidates

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

Credit risk

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

Attracting and retaining key personnel

The Group is reliant on its ability to recruit, train and retain its staff to deliver its growth plans. We continue to ensure that overall packages are competitive and include performance related incentives for staff. Succession plans are regularly reviewed.

Effective risk management

For the year ended 31 December 2016

Compliance risks

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

Legislative risks

Constantly changing employment and tax legislation around intermediary staff presents an area of uncertainty and therefore risk. To mitigate this risk, in conjunction with our professional advisers, we monitor all changes in legislation and keep our documentation and procedures under review. The Group works closely with its financial and legal advisers and recruitment bodies such as the Recruitment and Employment Confederation (REC) and the Association of Professional Staffing Companies (APSCo) to ensure that the business is up to date on these issues.

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 recovery sites based in separate locations to ongoing operations. The Group is committed to having an IT infrastructure that is robust, future proof, fit for purpose and cost effective and as such ensures it receives the appropriate strategic and technical advice to do this.

Cyber security

We hold certain data observing strict compliance obligations and a cyber-attack could interrupt business, threaten confidentiality and lead to loss of client, investor and candidate confidence. We respond to this threat in a number of ways including system security measures, raising the awareness of our staff and training them to be vigilant.

The strategic report was approved by the Board on 26 February 2017 and signed on its behalf by:

S L Dye

S L Dye
Secretary

26 February 2017

Finance Director's statement

For the year ended 31 December 2016

Financial highlights

In the year ended 31 December 2016, Group delivered revenue of £67.9m (2015: £64.9m). Group gross margin reduced to 18% (2015: 20%) as a result of a change in business mix from permanent to contract revenue reflecting the short-term issues at ATA.

Acquisitions

The Group continues to look for acquisition opportunities that meet our strategic requirements.

Taxation

The total tax charge for the year was £0.3m (2015: £0.2m). The variance between this and the expected charge if a 20% corporation tax rate was applied to the profit for the year is explained in note 7.

Dividends

During the year, the Company paid an interim dividend of £152,549 (2015: £136,631) to its equity shareholders. This represents a payment of 1.1p (2015: 1.0p) per share.

The Derby site

Following the signing of a new 15-year lease in 2015, surplus space at the Derby site has now been re-let on 5-7 year leases in line with the Group's strategy for reducing central costs by maximising revenue from the site. The Derby Conference Centre within Central Services contributes further towards this aim by generating income from its business club, conferencing and corporate events.

Statement of financial position, cash generation and financing

Net working capital has decreased to £1.4m (2015: £1.8m) largely reflecting capital spend at the Derby site. The ratio of current assets to current liabilities is similar at 1.1 (2015: 1.2). The Group's gearing ratio, which is calculated as total borrowings over net assets, has decreased slightly to 1.3 (2015: 1.4) and interest cover is 11.3 (2014: 14.1) Cash inflow from operations was £1.7m (2015: £0.5m) with operating cash conversion 143% (2015: 34%).

The Group's current bank facilities include an overdraft of £50,000 and a confidential invoice discounting facility of up to £9.0m with HSBC. Both are renewable annually. The next review is due in February 2018. 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.

S L Dye

S L Dye
Group Finance Director

26 February 2017

Director's report

For the year ended 31 December 2016

The directors submit their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2016.

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 £67.9m. The Group recorded profit from operations for the year of £1.2m (2015: £1.4m).

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

During the year, the Company paid an interim dividend of £152,549 (2015: £136,631) to its equity shareholders. This represents a payment of 1.1p (2015: 1.0p) per share. The Directors have proposed a final dividend of £277,363 (2.0p per share) (2015: £277,363 2.0p per share) to be paid on 3 July 2017 to shareholders registered on 9 June 2017. 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 L Dye
B W May

Directors' interests in the 1p ordinary shares of the Company and their share options are set out in note 5. W J C Douie retires by rotation and offers himself for re-election.

Significant shareholders

The interests in excess of 3% of the issued ordinary share capital of the Company which have been notified at 7 February 2017 were as follows:

	Number of shares	% issued share capital
W J C Douie	2,305,541	15.85%
Gerard Anthony Mason	1,178,735	8.10%
Alison Chapman	1,155,340	7.94%
Oryx International Growth Fund	1,135,000	7.80%
A M Pendlebury	696,871	4.79%
RTC Group Employee Benefit Trust	675,581	4.65%
Chelverton Asset Management	700,000	4.81%
David Stredder	665,000	4.57%
Graham J Chivers	573,428	3.94%

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:

	2016	2015
W J C Douie	2,305,541	2,280,541
A M Pendlebury	696,871	1,351,163
S L Dye	43,000	43,000
B W May	30,000	30,000

The market price of the Company's shares on 31 December 2016 was 41.5p and the highest and the lowest share prices during the year were 88p and 41.5p respectively.

The total expense recognised in the statement of comprehensive income in respect of share based payment was £46,000 (2015: £40,000).

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 staff during the year.

Equality diversity and inclusion (EDI)

We are committed to developing, maintaining and supporting a culture of equality, diversity and inclusion in our workforce, creating a working environment in which there is no unlawful discrimination and where decisions are based on merit. The Group Board have demonstrated their commitment to EDI through top down engagement and directors and senior managers are championing EDI across the Group.

An EDI training programme is being rolled out to ensure that everyone is aware of the Group's commitment to EDI, to highlight the benefits of a diverse workforce and to ensure that everyone is aware of their rights and obligations.

2017 will see the training programme completed along with the collation and analysis of EDI data for employees along with operatives and workers. This information will give a baseline against which we can measure our EDI progress as well as giving our clients the information they require to monitor theirs.

Employment of disabled persons

The Group 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.

The Group'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 Group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the Group 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 Group also plans to undertake an annual staff survey to canvas views on significant matters in order to improve employee engagement and involvement. All staff are invited to attend the Group's annual awards dinner at which both individual and subsidiary company success is celebrated and staff are apprised of the Group's overall performance by the Chief Executive.

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 £1,073,000 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 £3,368,000, its bank facilities which have been agreed until February 2018 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.

Director's report

For the year ended 31 December 2016

Directors' responsibilities

The directors are responsible for preparing the director's 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)". 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 Alternative Investment 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 they 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; and
- 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

S L Dye

S L Dye
Secretary

26 February 2017

Corporate governance statement

For the year ended 31 December 2016

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 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 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.

The audit committee comprises W J C Douie and B W May. It is chaired by W J C Douie. The committee meets as necessary to monitor the Group's internal control systems and major accounting and audit related issues.

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

W J C 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.

A M 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.

Corporate governance statement

For the year ended 31 December 2016

S L Dye, Group Finance Director

Sarah is a Chartered Accountant who has worked in both the public and private sectors in the UK and overseas. Sarah qualified with BDO 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 2011 Sarah joined Staffline Group Plc as Group Financial Controller. Sarah was appointed as Group Finance Director of RTC Group Plc in February 2013.

B W 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 held the position of Chief Executive Officer of Renew Holdings for 11 years until his retirement in 2016.

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 and ensure mitigating controls are in place.
- **Budgetary process**
  Each year the Board approves the annual budget. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from the budget and preparation of updated forecasts for the year together with information on the key risk areas.
- **Authorisation procedures**
  Capital and revenue expenditure is regulated by a budgetary process and authority limits for sign off of expenditure are in place. For expenditure beyond specified levels, detailed written proposals are submitted to and approved by the Board. Once authorised, such expenditure is reviewed and monitored by the Board.

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 2016

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 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, a contribution towards a 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) 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 remuneration committee. The Committee takes into account independent research on comparable companies and general market conditions.

Pensions

For the year ended 31 December 2016, the Company contributed an amount equal to the following % of directors' basic salaries either to defined contribution pension schemes or as salary in lieu of pension: A M Pendlebury, 15% and S L Dye, 15%.

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.

Share based incentives

The Group has formulated a policy for the granting of share options to executive directors and full-time employees. Details of the plan for executive directors 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. The Remuneration 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.

Remuneration report

For the year ended 31 December 2016

Awards under the LTIP

In 2016 awards were made to three executive directors based on the financial results for the year ended 31 December 2015, each award representing 100% of basic salary as at 31 December 2015. 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 Remuneration 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 L 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 "Letter". 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

W J C Douie

W J C Douie
Chairman

26 February 2017

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

For the year ended 31 December 2016

We have audited the financial statements of RTC Group PLC for the year ended 31 December 2016 which comprise 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).

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.

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 2016 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, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's report.

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

26 February 2017

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 2016

	Notes	**2016 £'000**	2015 £'000
Revenue	2,3	**67,900**	64,899
Cost of sales		**(55,794)**	(52,198)
Gross profit		**12,106**	12,701
Administrative expenses		**(10,929)**	(11,321)
Profit from operations	4	**1,177**	1,380
Finance expense	6	**(104)**	(98)
Profit before tax		**1,073**	1,282
Tax expense	7	**(273)**	(172)
Total comprehensive income for the year		**800**	1,110
Earnings per ordinary share			
Basic	8	**5.80p**	7.85p
Fully diluted	8	**5.44p**	7.49p

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	**143**	**66**	**(473)**	**50**	**54**	**3,080**	**2,920**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**800**	**800**
Dividends	**–**	**–**	**–**	**–**	**–**	**(430)**	**(430)**
Share options exercised	**2**	**30**	**–**	**–**	**(5)**	**5**	**32**
Share based payment charge	**–**	**–**	**–**	**–**	**46**	**–**	**46**
At 31 December 2016	**145**	**96**	**(473)**	**50**	**95**	**3,455**	**3,368**

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	135	–	–	50	26	2,230	2,441
Total comprehensive income for the year	–	–	–	–	–	1,110	1,110
Dividends	–	–	–	–	–	(272)	(272)
Own shares purchased	–	–	(473)	–	–	–	(473)
Share options exercised	8	66	–	–	(12)	12	74
Share based payment charge	–	–	–	–	40	–	40
At 31 December 2015	143	66	(473)	50	54	3,080	2,920

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

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

For the year ended 31 December 2016

	Note	**2016 £'000**	2015 £'000
Assets			
Non-current			
Goodwill	9	**132**	132
Other intangible assets	10	**642**	736
Property, plant and equipment	11	**1,260**	345
Deferred tax asset	12	**33**	40
		2,067	1,253
Current			
Cash and cash equivalents		**60**	58
Inventories	13	**12**	13
Trade and other receivables	14	**11,183**	11,743
		11,255	11,814
Total assets		**13,322**	13,067
Liabilities			
Current			
Trade and other payables	15	**(5,429)**	(5,925)
Corporation tax		**(132)**	(132)
Current borrowings	15	**(4,289)**	(3,982)
		(9,850)	(10,039)
Non-current liabilities			
Deferred tax liabilities	16	**(104)**	(108)
Net assets		**3,368**	2,920
Equity			
Share capital	17	**145**	143
Share premium		**96**	66
Capital redemption reserve		**50**	50
Own shares held		**(473)**	(473)
Share based payment reserve		**95**	54
Retained earnings		**3,455**	3,080
Total equity		**3,368**	2,920

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 February 2017 by:

A M Pendlebury

A M Pendlebury
Director

S L Dye

S L Dye
Director

Consolidated statement of cash flows

For the year ended 31 December 2016

	Note	**2016 £'000**	2015 £'000
Cash flows from operating activities			
Profit from operations		**1,177**	1,380
Adjustments for:			
Depreciation and amortisation		**382**	305
Loss on disposal		**5**	–
Employee equity settled share options charge		**46**	40
Change in inventories		**1**	6
Change in trade and other receivables		**560**	(2,476)
Change in trade and other payables		**(483)**	1,212
Cash inflow from operations		**1,688**	467
Income tax paid		**(270)**	(226)
Net cash inflow from operating activities		**1,418**	241
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,129)**	(54)
Purchase of intangible assets		**(79)**	(206)
Net cash used in investing activities		**(1,208)**	(260)
Cash flows from financing activities			
Interest payments		**(104)**	(98)
Lease purchase payments		**(11)**	(11)
Dividends paid		**(430)**	(272)
Proceeds from exercise of share options		**30**	74
Purchase of own shares		**–**	(473)
Net cash outflow from financing activities		**(515)**	(780)
Net decrease in cash and cash equivalents from operations		**(305)**	(799)
Total net decrease in cash and cash equivalents		**(305)**	(799)
Cash and cash equivalents at beginning of period		**(3,924)**	(3,125)
Cash and cash equivalents at end of period	18	**(4,229)**	(3,924)

Notes to the Group financial statements

For the year ended 31 December 2016

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 IFRC Interpretations as adopted by the European Union issued and effective at 28 December 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 (refer note 11);
- The estimation of the fair value of intangible assets arising on acquisition (refer point g and note 10); 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 (refer note 10).

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 28 December 2015 to 1 January 2017. The comparative figures are for the period 29 December 2014 to 27 December 2015.

The Group has made a pre-tax profit of £1,073,000 (2015: £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 £3,368,000, its bank facilities which have been agreed until February 2018 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

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective as outlined below. The directors anticipate that the adoption of these standards will or may have an effect on the Group's future financial statements. The Group has commenced its assessment of the impact of these standards but is not yet in a position to state whether these standards would have a material impact on its results of operations and financial position.

IFRS 9 Financial instruments	(effective 1 January 2018)
IFRS 15 Revenue from contracts with customers	(effective 1 January 2018)
IFRS 16 Leases	(effective 1 January 2019*)

* Not yet endorsed in EU.

Notes to the Group financial statements

For the year ended 31 December 2016

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.

The Group's accounting reference date is 31 December. These consolidated financial statements are for the period 28 December 2015 to 1 January 2017. The comparative figures are for the period 29 December 2014 to 27 December 2015.

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

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

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

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

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

The accounts of Accurate Recruitment and Training Services PBT Limited and Global Staffing Solution 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.

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

The Group has an employee Benefit Trust (EBT). The EBT is considered an extension of the Group's activities and therefore assets (except investments in the Group'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 can be reliably measured, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Customer lists

The fair value of acquired customer lists is capitalised and, subject to impairment reviews, amortised over the estimated life of the customer list acquired (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.

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 available for use and as

Notes to the Group financial statements

For the year ended 31 December 2016

such no depreciation has been charged.

1. Statement of accounting policies

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 (bar and restaurant stocks) 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 are 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 on a straight-line basis.

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.

1. Statement of accounting policies

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.

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.

Notes to the Group financial statements

For the year ended 31 December 2016

1. Statement of accounting policies

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.

2. Segment analysis

The Group is a provider of recruitment services that has its headquarters at the Derby Conference Centre which is contained within the Central Services segment. The recruitment business comprises three distinct business units – ATA predominantly servicing the UK engineering market; GSS servicing the international market and Ganymede supplying labour into safety critical environments.

Segment information is provided below in respect of ATA, Ganymede, GSS and the Central Services which, as well as being the head office and providing all central services for the Group, generates income from excess space at the Derby site including rental 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).

During 2016, one customer in GSS contributed 10% or more of total revenue being £9.6m (2015: £9.6m) and one customer in Ganymede also contributed 10% or more of total revenue being £21.2m (2015: £15.5m).

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

	Recruitment				
	ATA £'000	**GSS £'000**	**Ganymede £'000**	**Central Services £'000**	**Total Group £'000**
External sales revenue	**25,692**	**9,575**	**31,345**	**1,288**	**67,900**
Cost of sales	**(20,469)**	**(8,409)**	**(26,190)**	**(726)**	**(55,794)**
Gross profit	**5,223**	**1,166**	**5,155**	**562**	**12,106**
Administrative expenses*	**(3,854)**	**(787)**	**(2,795)**	**(3,105)**	**(10,541)**
Amortisation of intangibles*	**(41)**	**–**	**(132)**	**–**	**(173)**
Depreciation*	**(87)**	**(1)**	**(28)**	**(99)**	**(215)**
Profit from operations	**1,241**	**378**	**2,200**	**(2,642)**	**1,177**
Tax expense					**(273)**

*combine to represent administrative expenses of £10,929,000 in the consolidated statement of comprehensive income.

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

	Recruitment				
	ATA £'000	GSS £'000	Ganymede £'000	Central Services £'000	Total Group £'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)	(3,105)	(11,015)
Amortisation of intangibles*	–	–	(132)	–	(132)
Depreciation*	(113)	(1)	(8)	(52)	(174)
Profit from operations	1,526	471	1,473	(2,090)	1,380
Tax expense					(172)

*combine to represent administrative expenses of £11,321,000 in the consolidated statement of comprehensive income.

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

Notes to the Group financial statements

For the year ended 31 December 2016

3. Revenue

Revenue is analysed by origin of customer/point of invoicing. All goods and services are supplied in the United Kingdom (2015: United Kingdom).

4. Profit on Group operations

	2016 £'000	2015 £'000
Profit on Group operations for the year is stated after charging:-		
Depreciation of owned property, plant and equipment	**214**	174
Amortisation of intangibles	**173**	132
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**14**	15
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**	5
– other non-audit services	**2**	49
Operating lease expense in respect of:-		
– land and buildings	**556**	449
Exchange differences	**(46)**	(5)

5. Directors and employees' remuneration

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

	2016 £'000	2015 £'000
Wages and salaries	**6,806**	6,664
Social security costs	**658**	657
Other pension costs	**217**	225
	7,681	7,546

As at 31 December 2016 there were pension contributions of £32,490 (2015: £33,297) outstanding.

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

	Number 2016	Number 2015
Sales and administration staff	**157**	172
Conference support staff	**54**	55
	211	227

5. Directors and employees' remuneration

Directors' remuneration

The remuneration of the directors was as follows:

2016	Salary £'000	Bonus £'000	Benefits in kind £'000	Sub-total £'000	Pension contributions £'000	Total £'000
W J C Douie	**50**	**39**	**5**	**94**	**–**	**94**
A M Pendlebury*	**234**	**131**	**29**	**394**	**8**	**402**
S L Dye	**150**	**48**	**10**	**208**	**23**	**231**
B W May	**30**	**–**	**–**	**30**	**–**	**30**
Total	**464**	**218**	**44**	**726**	**31**	**757**

*Included within salary for A M Pendlebury is an amount of £24,000 (2015: £Nil) paid as salary in lieu of pension contributions.

Share-based payments of £26,000 were charged in the year in respect of options granted to directors. Employers NI of £100,000 was paid in respect of remuneration above.

The information for the prior reporting period is as follows:

2015	Salary £'000	Bonus £'000	Benefits in kind £'000	Sub-total £'000	Pension contributions £'000	Total £'000
W J C Douie	40	48	5	93	–	93
A M Pendlebury	180	161	14	355	27	382
S L Dye	102	45	2	149	10	159
B W May (appointed 10 September 2016)	8	–	–	8	–	8
T Jackson (resigned 31 March 2016)	13	–	–	13	–	13
Total	343	254	21	618	37	655

Share-based payments of £19,000 charged in the year in respect of options granted to directors.

Employers NI of £85,000 was paid in respect of remuneration above.

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) 2016**	Number	Weighted average exercise price (pence) 2015
Outstanding at start of period	**1,555,002**	**14**	2,027,081	16
Granted	**422,500**	**–**	560,002	–
Lapsed	**200,000**	**12**	205,000	16
Exercised (refer note 17)	**205,000**	**16**	827,081	9
Outstanding at end of period	**1,572,502**	**10**	1,555,002	14

Notes to the Group financial statements

For the year ended 31 December 2016

5. Directors and employees' remuneration

The company operates two share option plans: the EMI 2001 Share Option Scheme and the Long-Term Incentive Plan 2015 ("LTIP"). The directors have determined the volatility for options granted during the year using computations based on historical share prices:

Date of grant	16-Mar-16	14-Jun-16
Market value at date of grant	80.0p	61.5p
Exercise price	Nil	Nil
Expected volatility	50%	50%
Expected dividend yield	0%	0%
Risk free interest rate	0.8%	1.2%

Awards under EMI 2001 Share Option Scheme

The options currently granted under the EMI Scheme vest on a straight-line basis over a three-year period, the ability to exercise certain grants is subject to non-market related performance criteria.

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

Date exercisable (and option life)	**Number**	**Weighted average exercise price (pence) 2016**	**Weighted average contractual life (months) 2016**	Number	Weighted average exercise price (pence) 2015	Weighted average contractual life (months) 2015
2016 (up to 2022)	**75,000**	**9**	**61**	75,000	9	73
2016 (up to 2023)	**100,000**	**16**	**81**	455,000	16	89
2017 (up to 2024)	**470,000**	**27**	**87**	470,000	27	99
2018 (up to 2025)	**505,002**	**–**	**101**	555,002	–	113
2019 (up to 2026)	**422,500**	**–**	**111**	–	–	–

The actual exercise prices of options range from nil to 9.0p, 16.0p, 25.5p and 38.0p. At the end of the period 95,000 options were exercisable (2015: 75,000).

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

	At 1 January 2016	Granted	Exercised	**At 31 December 2016**	Date of grant	Exercise price
EMI Options						
W J C Douie	75,000	–	–	**75,000**	27 Jan 2012	9p
A M Pendlebury	105,000	–	105,000	**–**		
S L Dye	210,000	–	100,000	**110,000**	22 May 2015	Nil
LTIP Options						
W J C Douie	28,572	50,000	–	**78,572**	17 Mar 2016	Nil
A M Pendlebury	128,572	225,000	–	**353,572**	17 Mar 2016	Nil
S L Dye	72,858	127,500	–	**200,358**	17 Mar 2016	Nil

The value of directors' share options vesting in the period was £32,800 (2015: £67,552). The aggregate gains made by directors on exercising share options was £110,700 (2015: £412,104).

5. Directors and employees' remuneration

Awards under the LTIP

In 2016 awards were made to three executive directors based on the financial results for the year ended 31 December 2015, each award representing 100% of basic salary as at 31 December 2015. Vesting of the awards is subject to the achievement of the performance criteria of the LTIP. Awards will vest and may be exercised on the third anniversary of the date of grant to the extent that the performance conditions detailed in the following table are met:

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

6. Finance expense

	2016 £'000	2015 £'000
Interest charge on invoice discounting arrangements and overdrafts	**104**	96
Interest charge on finance leases	**–**	2
	104	98

7. Tax expense

Continuing operations	**2016 £'000**	2015 £'000
Analysis of tax:		
Current tax		
UK corporation tax	**235**	172
Adjustment in respect of previous period	**35**	2
	270	174
Deferred tax		
Origination and reversal of temporary differences	**3**	(2)
Tax	**273**	172

Factors affecting the tax expense

The tax assessed for the year is greater than (2015: less than) would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

Factors affecting tax expense	**2016 £'000**	2015 £'000
Result for the year before tax	**1,073**	1,282
Profit multiplied by standard rate of tax of 20% (2015: 20.25%)	**215**	260
Non-deductible expenses	**45**	11
Tax credit on exercise of options	**(22)**	(101)
Adjustment in respect of previous period	**35**	2
Tax charge for the year	**273**	172

Notes to the Group financial statements

For the year ended 31 December 2016

7. Tax expense

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 £397,000 (2015: £397,000).

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the balance sheet date. The Finance (No.2) Act 2015 enacted the corporation tax rate to reduce from the current rate of 20% to 19% from 1 April 2017 with a further reduction to 18% from April 2020. On 16 March 2016, the Chancellor of the Exchequer announced that legislation would be introduced in Finance Act 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020, superseding the 18% rate effective from that date introduced in Finance (No.2) Act 2015. These changes to the future tax rate were substantively enacted at the balance sheet date. The provision for deferred tax in the financial statements has been based upon the rate relevant when the timing differences are expected to reverse.

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.

	Basic		**Fully diluted**	
	2016	2015	**2016**	2015
Earnings £'000	**800**	1,110	**800**	1,110
Basic weighted average number of shares	**13,783,879**	14,136,688	**13,783,879**	14,136,688
Dilutive effect of share options			**933,326**	688,491
Fully diluted weighted average number of shares			**14,717,206**	14,825,178
Earnings per share (pence)	**5.80p**	7.85p	**5.44p**	7.49p

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

Dividends

During the year, the Company paid an interim dividend of £152,549 (2015: £136,631) to its equity shareholders. This represents a payment of 1.1p (2015:1.0p) per share. A final dividend of £277,363 (2015: £277,363) has been proposed but has not been accrued within these financial statements. This represents a payment of 2.0p (2015: 2.0p) per share.

9. Goodwill

Gross carrying amount	**2016 £'000**	2015 £'000
At 1 January	**132**	132
Movement in year	**–**	–
At 31 December	**132**	132

Goodwill above relates to the following acquisition:

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

The directors have considered the carrying value of the goodwill by looking at discounted future cash flows at a discount rate of 13%.

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 three years; and
- software and licences relating to new recruitment business systems. 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:

Gross carrying amount	**Customer lists £'000**	**Software and licences £'000**	**Total £'000**
At 1 January 2016	**673**	**206**	**879**
External additions	**–**	**79**	**79**
At 31 December 2016	**673**	**285**	**958**
Amortisation			
At 1 January 2016	**143**	**–**	**143**
Provided in year	**132**	**41**	**173**
At 31 December 2016	**275**	**41**	**316**
Net book amount at 31 December 2016	**398**	**244**	**642**
Net book amount at 31 December 2015	530	206	736

The additions shown above are all external.

The carrying amounts for the prior period are as follows:

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

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11. Property, plant and equipment

	Short leasehold improvements £'000	**Fixtures & equipment £'000**	**Motor vehicles £'000**	**Capital work-in-progress £'000**	**Total £'000**
Cost					
At 1 January 2016	**427**	**904**	**5**	**53**	**1,389**
Additions	**–**	**1,031**	**3**	**119**	**1,153**
Transfer to fixtures and fittings	**–**	**28**	**–**	**(28)**	**–**
Disposals	**–**	**(13)**	**–**	**(19)**	**(32)**
At 31 December 2016	**427**	**1,950**	**8**	**125**	**2,510**
Depreciation					
At 1 January 2016	**427**	**617**	**–**	**–**	**1,044**
Charge for the year	**–**	**212**	**2**	**–**	**214**
Disposals	**–**	**(8)**	**–**	**–**	**(8)**
At 31 December 2016	**427**	**821**	**2**	**–**	**1,250**
Net book amount					
At 31 December 2016	**–**	**1,129**	**6**	**125**	**1,260**
At 31 December 2015	–	287	5	53	345

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

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 2016 (2015: Nil).

The net book value of assets held under finance leases at 31 December 2016 was £Nil (2015: £Nil) all relating to fixtures and equipment.

12. Deferred tax asset

	2016 £'000	2015 £'000
At 1 January 2016	40	62
Charge to the profit for the year	(7)	(22)
At 31 December 2016	33	40

The deferred tax asset is analysed as:

Recognised	2016 £'000	2015 £'000
Provision in respect of tax losses carried forward	33	40

Unrecognised	2016 £'000	2015 £'000
Tax losses carried forward	38	40

Of the tax losses carried forward of £397,000 (2015: £397,000), £212,000, calculated at 18%, have not been recognised due to uncertainty over the availability of future taxable income in the related trading subsidiary against which the asset can be utilised.

13. Inventories

	2016 £'000	2015 £'000
Food, drink and goods for resale	12	13

Stock recognised in cost of sales during the year as an expense was £142,958 (2015: £194,999).

14. Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Gross trade receivables	9,275	10,511
Allowance for credit losses	–	–
Net trade receivables	9,275	10,511
Other receivables	53	63
Prepayments	670	640
Accrued income	1,185	529
	11,183	11,743

Allowances for credit losses on trade receivables for doubtful debts:

	2016 £'000	2015 £'000
Allowances at 1 January	–	45
Additions – charged to statement of comprehensive income	22	–
Allowances used	(22)	(45)
Allowances reversed	–	–
Allowances as at 31 December	–	–

Notes to the Group financial statements

For the year ended 31 December 2016

14. Trade and other receivables

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
2016 Trade receivables	**9,275**	**5,511**	**2,709**	**714**	**341**
2015 Trade receivables	10,511	6,749	2,581	1,036	145

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

	2016 £'000	2015 £'000
Trade and other payables		
Trade payables	**1,250**	1,553
Other taxes and social security costs	**926**	1,687
Finance leases	**2**	11
Other payables	**1,592**	582
Accruals and deferred income	**1,659**	2,092
	5,429	5,925

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

Borrowings	**2016 £'000**	2015 £'000
Bank overdraft and cash in transit	**253**	–
Invoice discounting arrangements	**4,036**	3,982
Allowances as at 31 December	**4,289**	3,982

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

	2016 £'000	2015 £'000
At 1 January	**108**	132
Charge to the profit for the year	**(4)**	(24)
At 31 December	**104**	108

The deferred tax liability consists of:

	2016 £'000	2015 £'000
Other timing differences	**36**	–
Business combinations	**68**	108

17. Share capital

Allotted, issued and fully paid – ordinary shares of 1p each:	**2016 £'000**	2015 £'000
As at 1 January 2016 14,338,707 shares (2015: 13,511,626 shares)	**143**	135
New shares issued 205,000 (2015: 827,081) (refer note 5)	**2**	8
As at 31 December 2016 14,543,707 shares (2015: 14,338,707 shares)	**145**	143

Of the total issued share capital of 14,543,707, 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 2016 £'000	**Cash Flows £'000**	**At 31 December 2016 £'000**
Overdraft and invoice discounting arrangements	**(3,982)**	**(307)**	**(4,289)**
Cash	**58**	**2**	**60**
Cash and cash equivalents	**(3,924)**	**(305)**	**(4,229)**

Included in the net cash figure pooled above are cash and cash equivalents of £574,000 (2015: £1,700,000) and overdraft of £767,000 (2015: £1,643,000).

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.

	2016 £'000	**2016 %**	2015 £'000	2015 %
Increase /(decrease) in net result and equity	**+1%**	**-1%**	+1%	-1%
£'000	**33**	**(33)**	29	(29)

Notes to the Group financial statements

For the year ended 31 December 2016

19. Risk management objectives and policies

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 £9.0m as required. The invoice discounting facility revolves on an average maturity of 120 days.

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 £1,238,000 (2015: £592,000)

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:-

	2016 £'000	2015 £'000
Within one year	**360**	373
Between two and five years	**795**	777
Over five years	**1,710**	1,900
Total	**2,865**	3,050

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 £706,000 (2015: £Nil) was expected to be received under non-cancellable sub-leases. Split as follows:

	2016 £'000	2015 £'000
Within one year	**154**	–
Between two and five years	**552**	–
Total	**706**	–

The sub-lease arrangements relate to two building on the Group Head Office site in Derby.

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:

	2016 £'000	2015 £'000
Purchases of goods from ATA India	**57**	56
Amounts owed by ATA India	**–**	8
Amounts owed to ATA India	**5**	3

At 31 December 2016 ATA was owed £153,951 (2015: £364,363) by Amalgamated Construction Limited (AMCO), a Company of which B W May was a director during the year. ATA made sales to AMCO in the year of £1,872,573 (2015: £2,004,715).

At 31 December 2016 Ganymede was owed £197,519 (2015: £127,156) by Amalgamated Construction Limited (AMCO), a Company of which B W May was a director during the year. Ganymede made sales to AMCO in the year of £560,768 (2015: £655,442).

The directors consider that the key management personnel 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.

RTC Group PLC

Company statutory financial statements

For the year ended 31 December 2016
(Prepared under FRS 101)

Company Number 2558971

Company statement of financial position

As at 31 December 2016

Company Number: 2558971

	Notes	2016 £'000	As restated 2015 £'000
Assets			
Non-current			
Investments	25	**966**	966
Current			
Cash and cash equivalents		**70**	1
Corporation tax		**–**	94
Trade and other receivables	26	**2,301**	2,450
		2,371	2,545
Total assets		**3,337**	3,511
Liabilities			
Current			
Trade and other payables	27	**(762)**	(885)
Corporation tax		**(26)**	–
Inter Group treasury facility		**–**	(482)
		(788)	(1,367)
Net assets		**2,549**	2,144
Equity			
Share capital	29	**145**	143
Share premium		**96**	66
Own shares held		**(473)**	(473)
Capital redemption reserve		**50**	50
Share based payment reserve		**100**	54
Retained earnings		**2,631**	2,304
Total equity		**2,549**	2,144

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 £757,000 (2015: £796,000).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 February 2017 by:

S L Dye

S L Dye
Director

A M Pendlebury

A M 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 2016

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	**143**	**66**	**(473)**	**50**	**54**	**2,304**	**2,144**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**757**	**757**
Dividends	**–**	**–**	**–**	**–**	**–**	**(430)**	**(430)**
Share options exercised	**2**	**30**	**–**	**–**	**–**	**–**	**32**
Share based payment charge	**–**	**–**	**–**	**–**	**46**	**–**	**46**
At 31 December 2016	**145**	**96**	**(473)**	**50**	**100**	**2,631**	**2,549**

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

	Share capital £'000	Share premium £'000	Own shares held £'000	Capital redemption reserve £'000	Share based payment reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	135	–	–	50	26	2,312	2,523
Total comprehensive income for the period	–	–	–	–	–	796	796
Capital distribution on hive up of subsidiary	–	–	–	–	–	(544)	(544)
Own shares purchased	–	–	(473)	–	–	–	(473)
Dividends	–	–		–	–	(272)	(272)
Share options exercised	8	66		–	(12)	12	74
Share based payment charge	–	–		–	40	–	40
At 31 December 2015	143	66	(473)	50	54	2,304	2,144

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

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.

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

Notes to the company financial statements

For the year ended 31 December 2016

23. Accounting policies

RTC Group Plc ("the Company") was incorporated and is domiciled in England, the United Kingdom. Its registered office and principal place of business is The Derby Conference Centre, London Road, Derby, DE24 8UX and its registered number 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 28 December 2015 to 1 January 2017. The comparative figures are for the period 29 December 2014 to 27 December 2015.

(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
- Financial Instruments
- Impairment of assets
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the RTC Group PLC group of companies.

(b) Accounting policies

The financial statements contain information about RTC Group PLC as an individual company and do not contain consolidated financial information as the parent of a group. The consolidated financial statements are presented on pages 21 – 24.

(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; or
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).

Notes to the company financial statements

For the year ended 31 December 2016

23. Accounting policies

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.

(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 and other payables

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

(g) Trade and other 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.

(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.

23. Accounting policies

(m) Own shares held

In 2015 the Company set up an Employee Benefit Trust (EBT). The EBT is considered an extension of the Company's activities and therefore the assets (except for the investment in the Company's shares) and liabilities which are the subject of the trust are included in the accounts on a line-by-line basis. The cost of shares held by the EBT is presented as a separate debit reserve within equity entitled 'own shares held'. In the prior year, these balances were recognised in the consolidated financial statement of RTC Group plc only and therefore the own shares held has been reflected in these company financial statements restating the comparative balances of amounts owed by Group undertakings and own shares held within equity.

(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 inter-company balances. An assessment of the recoverability of inter-company balances is made by the directors on the basis of future trading.

24. Staff costs

	2016 £'000	2015 £'000
Wages and salaries	**1,479**	1,411
Social security costs	**150**	149
Other pension costs	**80**	79
	1,709	1,639

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

	Number 2016	Number 2015
Sales and administration staff	**29**	36

Notes to the company financial statements

For the year ended 31 December 2016

25. Investments

Shares in subsidiary undertakings - Company	2016 £'000	2015 £'000
Cost at 1 January	**2,512**	2,496
Investment in subsidiary company	**–**	16
Removal of cost of investments no longer held	**(1,546)**	–
Cost at 31 December	**966**	2,512
Accumulated impairment losses at 1 January	**1,546**	1,546
Charge in year	**–**	–
Removal of impairment of investments no longer held	**(1,546)**	
Provision for impairment at 31 December	**–**	1,546
Net book value at 31 December	**966**	966

At 31 December 2016, the Company held the share capital of the following subsidiary undertakings:

Subsidiaries	Proportion of ordinary share capital held	Registered address	Nature of business
ATA Recruitment Limited	100%	The Derby Conference Centre, London Road, Derby DE24 8UX. England.	Recruitment
The Derby Conference Centre Limited	100%		Conferencing
Ganymede Solutions Limited	100%		Recruitment
ATA Global Staffing Solutions Limited	100%		Recruitment
Global Choice Recruitment Limited	100%		Dormant
ATA Selection Limited	100%		Dormant
ATA India Recruitment Private Limited	90%	F5, Fortuna Icon Apartment,F Block, Sahakaranagar, Bangalore, 560 092, Karnataka, India.	Recruitment
Global Staffing Solutions LLC	49%	Doha, State of Qatar	Dormant

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

26. Trade and other receivables

	2016 £'000	2015 £'000
Amounts owed by Group undertakings	**2,150**	2,260
Prepayments	**151**	190
	2,301	2,450

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

27. Trade and other payables

	2016 £'000	2015 £'000
Trade creditors	**346**	421
Other taxes and social security costs	**71**	50
Other creditors	**65**	79
Accruals and deferred income	**280**	335
	762	885

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

Inter Group treasury facility	**2016 £'000**	2015 £'000
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.

28. 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 (2015: £50,000) Group treasury facility extended to certain of the subsidiaries of the Company.

29. Share capital

Allotted, issued and fully paid – ordinary shares of 1p each:	**2016 £'000**	2015 £'000
As at 1 January 2016 14,338,707 shares (2015: 13,511,626 shares)	**143**	135
New shares issued 205,000 (2015: 827,081) (refer note 5)	**2**	8
As at 31 December 2016 14,543,707 shares (2015: 14,338,707 shares)	**145**	143

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 2016

30. 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	2016 £'000	2015 £'000
Purchases of goods from ATA India	57	56
Amounts owed by ATA India	–	8
Amounts owed to ATA India	5	3

31. 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 £12,602 (2015: £10,866) of outstanding contributions.

32. Post balance sheet events

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

Notice of Annual General Meeting

RTC Group PLC
(incorporated and registered in England and Wales with company number 2558971)

Notice is hereby given that the 2017 Annual General Meeting of RTC Group Plc (the "Company") will be held at the offices of Gowling WLG (UK) LLP, 4 More London Riverside, London, SE1 2AU on 19 April 2017 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 and 8 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 2016.
2. To receive and, if approved, to adopt the Remuneration Report for the year ended 31 December 2016.
3. To re-elect W J C Douie, a director of the Company, who retires by rotation, as a director of the Company.
4. 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.
5. To declare a final dividend of two pence per share in respect of the year ended 31 December 2016.

Special business

6. 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 £43,631, this authority to expire on 30 June 2018 or the conclusion of the Annual General Meeting to be held in 2018 (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.
7. THAT, subject to the passing of Resolution 6 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 6 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 7 (a) above, up to an aggregate nominal amount of £43,631, provided that this power shall expire on 30 June 2018 or the conclusion of the Annual General Meeting of the Company to be held in 2018, (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

RTC Group PLC
(incorporated and registered in England and Wales with company number 2558971)

8. 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 1,454,371;

   (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 per cent. 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 2018 (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

26 February 2017

Notes:

1. Only those members registered on the Company's register of members at
   - 6.00 p.m. on 13 April 2017; 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, The Pavilions, Bridgwater Road, 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). 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.
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.

Notice of Annual General Meeting

RTC Group PLC
(incorporated and registered in England and Wales with company number 2558971)

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 5, this will be paid on 3 July 2017 to all holders of shares who are on the register of members at the close of business on 9 June 2017 with an ex-dividend date of 8 June 2017.
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 3202

    You 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 L Dye
B W May

Registered office
The Derby Conference Centre
London Road
Derby
DE24 8UX

Company Secretary
S L Dye

Solicitor
Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

Nominated adviser
Spark Advisory Partners
5 St John's Lane
London
EC1M 4BH

Broker
Whitman-Howard
Connaught House
1-3 Mount Street
London
W1K 3NB

Banker
HSBC PLC
1 St Peters Street
Derby
DE1 2AE

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
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Auditor
BDO LLP
Regent House
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