



ATA Global Staffing Solutions Limited



Report and financial statements Year ended 31 December 2018

ATA Global Staffing Solutions Limited
Report and financial statements 2018

Company information

Directors	A M Pendlebury S L Dye
Secretary	S L Dye
Company number	03125335
Registered office	The Derby Conference Centre London Road Derby DE24 8UX
Auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

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Strategic Report

Year ended 31 December 2018

The Director's present their strategic report for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £196,000 (2017: £143,000). The directors have paid a dividend of £144,000 (2017: £Nil) to the Company's parent.

Review of 2018

The Company continued to deliver against its core contracts with Kellogg, Brown, Root (KBR) and support other clients with revenues increasing to £14.8m (2017: £10.3m). Net assets also increased to £197,000 (2017: £145,000).

Key performance indicators

Success is predominantly measured by the company's gross profit (2018: £1.8m, 2017: £1.2m) and conversion of gross profit to profit before tax (2018: 14%, 2017: 15%).

Risks and uncertainties

Economic conditions

The Company's services are delivered in non-European jurisdictions and to meet the requirements of organisations such as NATO and as such demand is not driven by general economic conditions. or impacted by Brexit negotiations as there is no service delivery or recruitment in the EU.

Loss of key customers

Loss of the Company's key customer is a significant risk. To minimise this risk the Company's strategy is to actively work to retain existing customers and contracts. The Company continues to look for new clients and to identify new market opportunities to spread the risk. The Company also takes very seriously its commitment to providing excellent service and building and maintaining customer relationships.

Credit risk

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

Foreign exchange risk

Some foreign exchange risk is unavoidable where invoicing is in dollars but in the main any foreign exchange risk is minimal as we spend what we get in the same currencies to avoid the need for translation.

Attracting and retaining key personnel

The Company is reliant on its ability to recruit, train and retain its staff to deliver its growth plans. The Company ensures that overall packages are competitive and include performance related commissions to incentivise staff. Succession plans are regularly reviewed.

Reliance on technology

Failure of the Company's IT systems would cause significant disruption to the business. The Company has a robust disaster recovery plan in place that has been successfully tested.

Strategic Report

Year ended 31 December 2018

Cyber security and general data protection

The Company holds certain data, observing strict compliance obligations, although a successful cyber-attack could interrupt the business, threaten confidentiality and lead to loss of client and candidate confidence. The Company is responding to this threat in a number of ways including system security measures and raising awareness with and training our staff to be vigilant. The Company also has responsibilities to protect data under the General Data Protection Regulation (GDPR). GDPR regulation became enforceable in May 2018 and the Company has worked to ensure full compliance.

Financial instruments

The Company has used its invoice discounting facility, which is part of its parent Group's £9m invoice discounting facility (see note 14). Further disclosures of financial instruments are included in note 14 to the financial statements.

Outlook and future developments

It is anticipated that the Company's key customer (KBR) will continue to support NATO in Afghanistan and increasingly other jurisdictions throughout 2019 and potentially up to 2020. The Company will continue to support its key customer's growth plans and pursue other appropriate opportunities in its sphere of expertise.

This report was approved by the Board on 14 March 2019 and signed on its behalf.



S L Dye
Director

Directors' Report

Year ended 31 December 2018

The directors submit their report and the financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company during the year was that of labour supply.

Directors

The directors who served during the year and up to the date of approval of these financial statements were as follows:

A M Pendlebury

S L Dye

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.

Likely future developments in the business of the Company

Information on likely future developments in the business of the Company has been included in the Strategic Report.

Post balance sheet events

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

Equality Diversity and Inclusion

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.

Employee Engagement

Employee engagement is critical to our success and as such we seek to review our internal communications and make improvements as and when required.

Provision of information to auditor

So far as each of the directors is aware at the date the report is approved:

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps they should have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Responsibilities Statement

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

Directors' Report

Year ended 31 December 2018

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the 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.

This report was approved by the Board on 14 March 2019 and signed on its behalf.



S L Dye
Director

Independent Auditor's report to the members of ATA Global Staffing Solutions Limited

Opinion

We have audited the financial statements of ATA Global Staffing Solutions Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position and statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's

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report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

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the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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.



Andrew Mair (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Nottingham
UK

15 March 2019

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

Statement of comprehensive income

Year ended 31 December 2018

		2018	2017
	Note	£'000	£'000
Revenue	1,2	14,805	10,258
Cost of sales		(12,976)	(9,046)
Gross profit		1,829	1,212
Administrative expenses		(1,450)	(1,034)
Exceptional administrative expenses	3	(126)	-
Total administrative expenses		(1,576)	(1,034)
Operating profit/profit before tax	3	253	178
Tax expense	5	(57)	(35)
Profit after tax/total comprehensive income for the year		196	143

Notes 1 to 18 form an integral part of these financial statements.

Statement of changes in equity

Year ended 31 December 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	1	144	145
Total comprehensive income for the year	-	196	196
Dividends (note 10)	-	(144)	(144)
At 31 December 2018	1	196	197

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	1	1	1	3
Total comprehensive income for the year	-	-	143	143
Transfer of share-based payment reserve to intercompany	-	(1)	-	(1)
At 31 December 2017	1	-	144	145

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

Share capital

Nominal value of share capital subscribed for.

Retained earnings

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

Note 1 to 18 form an integral part of these financial statements.

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Statement of financial position

As at 31 December 2018

Company number: 03125335

	Notes	2018 £'000	2017 £'000
Assets			
Non-current			
Property, plant and equipment	6	14	13
		14	13
Current			
Trade and other receivables		2,324	2,239
Cash and cash equivalents	7	402	66
		2,726	2,305
Total assets		2,740	2,318
Liabilities			
Current			
Trade and other payables	8	(2,357)	(1,457)
Corporation tax		(48)	(34)
Current borrowings	8	(136)	(682)
		(2,541)	(2,173)
Non-current liabilities			
Deferred tax	18	(2)	-
Net assets		197	145
Equity			
Share capital	9	1	1
Retained earnings		196	144
Total equity		197	145

The financial statements were approved and authorised for issue by the board and signed on its behalf on 14 March 2019.



S L Dye
Director

Notes 1 to 18 form an integral part of these financial statements.

Notes to the financial statements

Year ended 31 December 2018

1. Accounting policies

ATA Global Staffing Solutions Limited ("the Company") was incorporated and is domiciled in the United Kingdom. Its registered office and principal place of business is The Derby Conference Centre, London Road, Derby, DE24 8UX and its registered number 03125335. The principal activity of the Company during the year was that of labour supply.

The Company's accounting reference date is 31 December. These financial statements are for the period 1 January 2018 to 30 December 2018. The comparative figures are for the period 2 January 2017 to 31 December 2017.

Basis of preparation

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

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

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted:

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

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

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

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Adoption of standards

The Company has adopted the following new standards (effective 1 January 2018) in these financial statements:

IFRS 15 Revenue from contracts with customers (effective 1 January 2018).

IFRS 15 sets out a single and comprehensive framework for revenue recognition. The guidance in IFRS 15 replaces IAS 11 *Construction Contracts* and IAS 18 *Revenue* and associated interpretations.

The core principle within IFRS15 is that a vendor should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the vendor expects to be entitled in exchange for those goods or services. Revenue should be recognised by a vendor when or as control over the goods or services is transferred to the customer.

This core principles are in substance consistent with the basis upon which our previous revenue policy was predicated.

We have applied the fully retrospective method to transition to IFRS 15 and, having regard to the practical expedients, have assessed that for the current contracts within the Company there is no significant impact on revenue as previously recognised. The review has ascertained that for the revenues within the Company there will be no impact (refer note 17).

IFRS 9 Financial instruments (effective 1 January 2018). IFRS 9 addresses the classification and measurement of financial assets and replaces IAS 39. The standard has introduced a forward-looking credit loss impairment model whereby entities need to consider and potentially recognise impairment triggers that might occur in the future.

The Company has applied a credit loss impairment model to assess impairment losses on the Company's financial assets measured at amortised cost (such as trade and other receivables) and determined, based on historic experience, that there is no significant impact on the numbers reported in the financial statements for the year ended 31 December 2018 or as at 1 January 2018. Thus, the Company has chosen not to restate comparatives on adoption of IFRS9 (refer note 17).

In applying IFRS 9 the Company considered the probability of a default occurring over the contractual life of its trade receivables on initial recognition of those assets. Having looked at the historical losses and having regard to the current and future performance of its counterparties, it has been concluded that any changes to the amounts previously recognised were not material.

The principal accounting policies, which reflect the adoption of IFRS 9 and IFRS 15, are listed below:

(a) Revenue

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

Performance obligations and timing of revenue recognition

The majority of the Company's revenue is derived from recruitment activities (permanent and temporary placements).

The Company has a number of arrangements or contracts with its customers under which services are provided. Permanent and temporary staff are provided both under the auspices of a "preferred supplier" and under framework agreements. Neither of these arrangements confer

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any minimum volume commitments, rather individual orders are placed as resources are required with both parties working to the terms set out within the preferred supplier or framework agreement.

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

Revenue from permanent placements

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

Revenue from temporary placements

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

b) 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 over the period of the lease term. Mid-term lease renewals are treated as new leases, with any previously accrued or deferred incentives released, where the terms of the new lease are considered to be at market rates. For renewals which are not at market rates, the previously deferred or accrued incentives are accounted for within the terms of the new lease.

(c) Retirement benefits

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.

(d) 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.

(e) 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: -

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Computer equipment

33% 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

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

(g) 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.

(h) Trade and other receivables

Trade receivables and contract assets are recognised at amortised cost. However, where the effect of discounting is not significant, they are carried at invoiced value. They are recognised on the trade date of the related transactions.

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

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

(i) 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.

(j) 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.

(k) 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.

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(l) Financial instruments

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

(m) Deferred tax

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

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

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

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

(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. There were no 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.

2 Revenue

Revenue is analysed by origin of customer/point of invoicing as follows:

United Kingdom 95% (2017: 96% United Kingdom).

United States of America 5% (2017: 4%).

Contract assets and contract liabilities

Contract assets and contract liabilities are included within 'trade and other receivables' and 'trade and other payables' respectively on the face of the statement of financial position. They relate to temporary placements whereby performance obligations have been met but invoices had not been raised at the date of the statement of financial position as the company was waiting for signed timesheets from their customers. Invoices are usually raised in the week following the date of the statement of financial position.

Contract balances	Contract assets 2018 £'000	Contract assets 2017 £'000	Contract liabilities 2018 £'000	Contract liabilities 2017 £'000
At 1 January	-	-	493	551
Transfers in the period from contract assets to trade receivables	-	-	-	-
Excess of revenue recognised over amounts invoiced (or rights to cash) being recognised during the period	-	-	-	-
Movement in accrued liabilities in respect of accrued contractor timesheets.	-	-	8	(58)
At 31 December	-	-	501	493

Remaining performance obligations

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

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

3 Operating profit/profit before tax

Operating profit/profit before tax for the year is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets:		
- owned by the Company	4	2
Operating lease rentals		
- land and buildings	39	39
Fees payable to the Company's auditor:		
- for the audit of the Company's annual accounts	3	3
- for taxation services	1	1
Foreign exchange differences	(32)	16
Exceptional administrative expenses		
Customer remediation costs ¹	126	-

¹ Customer remediation costs represent the cost of a settlement reached with a customer over the interpretation of terms of business.

4 Directors' and employees' remuneration

	2018 £'000	2017 £'000
Directors emoluments:		
- paid by the Company	-	-
- paid by RTC Group plc	179	63
Company pension contributions to money purchase schemes:		
- paid by the Company	-	-
- paid by RTC Group plc	10	5
The number of directors accruing benefits under money purchase pension schemes were:		
- paid by the Company	-	-
- paid by RTC Group plc	1	1

The highest paid director was paid £131,121 (2017: £42,000) in respect of services provided to the Company. The value of the contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9,600 (2017: £5,000).

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Staff costs, including directors' remuneration, were as follows:

	2018 £'000	2017 £'000
Wages and salaries	273	196
Social security costs	34	22
Other pension costs	8	6
	315	224

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

	Number	Number
Administrative staff	4	4

5 Taxation

	2018 £'000	2017 £'000
Continuing operations		
Current tax		
UK corporation tax charge on profit for the year	48	35
Adjustments in respect of prior periods	7	-
Total current tax	55	35
Deferred tax		
Origination and reversal of timing differences	2	-
Tax on profit	57	35

Factors affecting the tax expense

The tax assessed for the year is more than (2017: more than) would be expected by multiplying profit by the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit before tax	253	178
Profit multiplied by standard rate of corporation tax of 19% (2017: 19.25%)	48	34
Effects of:		
Non-deductible expenses	-	1
Other non-material movements	2	-
Adjustment in respect of prior periods	7	-
Tax charge for the year	57	35

Factors that may affect future tax charges

On 16 March 2016, the Chancellor of the Exchequer announced that legislation would be introduced in the Finance Act 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020, superseding the 19% rate that has been effective from 1 April 2017. The provision for deferred tax in the financial statements has been based upon the rate relevant when the timing differences are expected to reverse.

6 Property, plant and equipment

	Computer equipment £'000	Total £'000
Cost		
At 1 January 2018	18	18
Additions	5	5
At 31 December 2018	23	23
Depreciation		
At 1 January 2018	5	5
Charge for the year	4	4
At 31 December 2018	9	9
Net book amount		
At 31 December 2018	14	14
At 31 December 2017	13	13

7 Trade and other receivables

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Gross trade receivables	2,245	2,209
Less: Provision for impairment of trade receivables	-	-
Net trade receivables	2,245	2,209
Contract assets	-	-
Total financial assets other than cash and cash equivalents classified at amortised cost	2,245	2,209
Other receivables	43	7
Prepayments	36	23
	2,324	2,239

Other classes of financial assets included within trade and other receivables do not contain impaired assets. The Company does not hold any collateral in respect of the above balances. They relate to customers with no default history. The carrying value of trade receivables and contract assets classified at amortised cost approximates fair value.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

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The expected loss rates are based on the Company's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information affecting the Company's customers.

At 31 December 2018 the lifetime expected credit loss provision for trade receivables and contract assets is as follows:

	Total	Current	Past due by 30 days or more	Past due by 60 days or more	Past due by 120 days or more
Expected loss rate		0.0%	0.0%	0.0%	0.0%
Gross carrying amount	2,245	786	287	1,172	-
Loss provision	-	-	-	-	-

All gross carrying amounts relate to customers with no default history.

8 Trade and other payables

Liabilities	2018 £'000	2017 £'000
Trade payables	578	360
Amounts owed to group undertakings	853	413
Other taxes and social security costs	98	68
Other payables	327	123
Contract liabilities	501	493
	2,357	1,457

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

Borrowings	2018 £'000	2017 £'000
Invoice discounting arrangements	136	682

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. The invoice financing facility is secured over the book debts of the Company. The costs of maintaining the invoice discounting facility are borne by the parent company. The management recharges include a proportion of their costs, but, as they are not separately identifiable, they are presented within administrative costs.

9 Share capital

	Allotted, issued and fully paid	
	No.	£
At 1 January 2018 and 31 December 2018		
Ordinary shares of £1 each	1,000	1,000

10 Dividends

	2018 £'000	2017 £'000
Dividends paid on equity (£144 per share, 2017: £Nil per share)	144,000	-

11 Operating lease commitments

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

	2018 £'000	2017 £'000
	Land and buildings	Land and buildings
Within one year	9	9

12 Transactions with related parties

Transactions with related parties not wholly owned or consolidated

There were no amounts owed by or to related parties at 31 December 2018 neither were there any transactions with related parties during 2018 (2017: £21,000 purchases of goods from ATA India which ceased to be a related party on 18 May 2017).

13 Pension costs

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.

Contributions made by the Company to the scheme during the year amounted to £8,102 (2017: £5,990). Included in other creditors is £1,409 (2017: £1,657) relating to outstanding contributions payable to the pension scheme.

14 Financial instruments

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

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by and monitored by the Board. They are designed to minimise the financial risks faced by the Company.

The Company does not actively engage in the trading of financial assets for speculative purposes or utilise any derivative financial instruments. The most significant financial risks to which the Company is exposed are described below.

Interest rate risk

The Company has financed its operations through a mixture of retained profits and bank borrowings and has sourced its main borrowings through a variable rate Group overdraft facility and an invoice discounting facility. Competitive interest rates are negotiated.

Liquidity risk

The Company seeks to mitigate liquidity risk by effective cash management. The Company's policy throughout the year has been to ensure the continuity of funding by using an overdraft facility of £50,000 and an invoicing discounting facility of up to £9.0m as required. The invoice discounting facility revolves on an average maturity of 120 days and is repayable on demand.

Credit risk

The Company extends credit to recognised creditworthy third parties. Trade receivable balances (note 7) are monitored to minimise the Company's exposure to bad debts. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board. Independent credit ratings are used if available to set suitable credit limits. If there is no independent rating, the Board assesses the credit quality of the customer, considering its financial position, past-experience and other factors. The utilisation of credit limits is regularly monitored. At the year-end none of the trade receivable balances that were past due or exceeded set credit limits and management does not expect any losses from non-performance by these counterparties.

Foreign exchange risk

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

The Company has the financial assets set out in note 7. The Company's financial liabilities are as follows:

	2018 £'000	2017 £'000
Trade and other payables		
Trade payables	578	360
Amounts owed to group undertakings	853	413
Accruals	215	35
Invoice discounting	136	682
Contract liabilities excluding deferred income	501	493
	2,283	1,983

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All the Company's financial liabilities mature in less than one year.

The Company's financial assets and liabilities are valued at amortised cost (which equates to fair value) under the "SPPI" test outlined in IFRS 9. Under the "SPPI" test these meet the requirement of being solely payments of principal and interest. Further because of their nature they do not include a significant financing element. In addition to meeting the SPPI test the business model is to collect the contractual cash flows.

Borrowing facilities

The Company has access to an invoice discounting facility, providing up to £9.0m on a Group basis (2017: £9.0m) and an inter group overdraft facility of £50,000 (2017: £50,000).

15 Contingent liabilities

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 (2017: £50,000) inter-group treasury facility.

16 Parent undertakings and controlling parties

The Company is controlled by RTC Group Plc. The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is RTC Group Plc. Consolidated financial statements are available from RTC Group Plc, The Derby Conference Centre, London Road, Derby, DE24 8UX. In the opinion of the directors this is the Company's ultimate parent Company.

17 Effects of changes in accounting policies

The Company has adopted IFRS 9 and IFRS 15 with a transition date of 1 January 2018. The adoption of IFRS 9 and IFRS 15 has had no impact on the previously reported profits and financial position included in the comparatives in these financial statements.

Further details of the impact of the adoption of these new standards, including additional information regarding the nature of the contracts with customers and associated disclosures, can be found in the financial statements of RTC Group plc.

18 Deferred tax liability

	2018	2017
	£'000	£'000
At 1 January	-	-
Charged to profit for the year in respect of accelerated capital allowances	2	-
At 31 December	2	-