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ATA Global Staffing Solutions Limited

Report and financial statements
Year ended 31 December 2019

Company number: 03125335

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

Contents

Strategic Report

Year ended 31 December 2019

The Director's present their strategic report for the year ended 31 December 2019.

Results and dividends
The profit for the year, after taxation, amounted to £385,000 (2018: £196,000). The directors have paid a dividend of £196,000 (2018: £144,000) to the Company's parent.

Review of 2019
The Company continued to deliver against its core contracts with Kellogg, Brown, Root (KBR) and support other clients with revenues increasing to £16.6m (2018: £14.8m). Net assets also increased to £386,000 (2018: £197,000).

Key performance indicators
Success is predominantly measured by the company's gross profit (2019: £1.8m, 2018: £1.8m) and conversion of gross profit to profit before tax (2019: 27%, 2018: 14%).

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 2019

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 and works to ensure full compliance.

Financial instruments

The Company has access to an overdraft facility, which is secured by a cross guarantee and debenture over all group companies. Further disclosures of financial instruments are included in note 15 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 2020 and potentially into 2021. The Company will continue to support its key customer's growth plans and pursue other appropriate opportunities with other customers in its sphere of expertise.

This report was approved by the Board on 10 March 2020 and signed on its behalf.

A Dye

S L Dye
Director

Directors' Report

Year ended 31 December 2019

The directors submit their report and the financial statements for the year ended 31 December 2019.

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 Board have demonstrated their commitment to EDI through top down engagement and directors and senior managers are championing EDI across the Company.

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 2019

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 10 March 2020 and signed on its behalf.

SLDye

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 2019 which comprise the statement of comprehensive income, the statement of changes in equity and the statement of financial position, 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 2019 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 Directors report and financial statements, other than the financial statements and our auditor's 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 Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Other - 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 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 on 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 10 March 2020

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

Statement of comprehensive income

Year ended 31 December 2019

	Note	**2019**	2018
		£'000	£'000
Revenue	1,2	**16,559**	14,805
Cost of sales		**(14,785)**	(12,976)
Gross profit		**1,774**	1,829
Administrative expenses		**(1,299)**	(1,450)
Exceptional administrative expenses	3	**-**	(126)
Total administrative expenses		**(1,299)**	(1,576)
Operating profit/profit before tax	3	**475**	253
Tax expense	5	**(90)**	(57)
Profit after tax/total comprehensive income for the year		**385**	196

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

Statement of changes in equity

Year ended 31 December 2019

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2019	**1**	**196**	**197**
Total comprehensive income for the year	**-**	**385**	**385**
Transactions with owners:			
Dividends (note 11)	**-**	**(196)**	**(196)**
Total transactions with owners	**1**	**(196)**	**(196)**
At 31 December 2019	**1**	**385**	**386**

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	1	144	145
Total comprehensive income for the year	-	196	196
Transactions with owners:			
Dividends (note 11)	-	(144)	(144)
Total transactions with owners	-	(144)	(144)
At 31 December 2018	1	196	197

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.

Statement of financial position

As at 31 December 2019
Company number: 03125335

	Notes	2019 £'000	2018 £'000
Assets			
Non-current			
Property, plant and equipment	6,12	**14**	14
		14	14
Current			
Trade and other receivables	7	**3,250**	2,324
Cash and cash equivalents		**35**	402
		3,285	2,726
Total assets		**3,299**	2,740
Liabilities			
Current			
Trade and other payables	8	**(1,801)**	(2,357)
Corporation tax		**(91)**	(48)
Current borrowings	8	**(1,020)**	(136)
		(2,912)	(2,541)
Non-current liabilities			
Deferred tax	9	**(1)**	(2)
Net assets		**386**	197
Equity			
Share capital	10	**1**	1
Retained earnings		**385**	196
Total equity		**386**	197

The financial statements were approved and authorised for issue by the board and signed on its behalf on 10 March 2020.

ADye

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 2019

1. Accounting policies

ATA Global Staffing Solutions Limited ("the Company"), a company limited by shares, 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.

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. Except as explained 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.

Adoption of standards

The Company has adopted the following new standards (effective 1 January 2019) in these financial statements:

IFRS 16 Leases sets out the principles for recognition, measurement and presentation of leases and replaces IAS 17 Leases. Adoption of IFRS 16 has resulted in the Company recognising right of use assets and lease liabilities for all qualifying contracts that are, or contain, a lease. Instead of recognising an operating expense for its operating lease payments, the Company has recognised interest on its lease liabilities and amortisation on its right-of-use assets, impacting profit from operations and the finance expense. The standard contains several options and exemptions which are available at initial adoption. The Company has applied the modified retrospective transition method and adopted certain practical expedients, such that the right of use asset recognised at the 1 January 2019 was £Nil, together with a corresponding lease obligation of £Nil. The impact on profit before tax for the Company for the year ended 31 December 2019 was not material and there was no impact on opening equity at 1 January 2019.

IFRIC 23 Uncertainty over Income Tax Treatments. IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Board has reviewed the implications of IFRIC 23 and determines that there is no material impact as the Company does not have any current or deferred income tax assets or liabilities where the tax treatment is uncertain.

Amendments to **IFRS 9 Prepayment Features with Negative Compensation**. The IASB has issued these amendments to IFRS 9 Financial Instruments to aid implementation. The amendment allows companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met – instead of at fair value through profit and loss. The Board has reviewed this amendment and confirmed that the Company has no such financial instruments, thus there is no impact on the Company of this amendment.

Amendments to IAS 12 Income Taxes – Annual Improvements to IFRSs (2015-2017). The amendment clarifies that the income tax consequences of any dividends as defined by IFRS9 must be recognised at the same time as the liability to pay those dividends; and in profit or loss, other comprehensive income or the statement of changes in equity according to where the entity originally recognised the past transactions that generated the distributable profits. The Board has reviewed the implications this amendment and confirmed that it should have no material impact on the Company.

The principal accounting policies, which reflect the adoption of the above, 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 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 the benefit of the service has passed to the customer. Largely, there is no significant judgement involved in identifying the point at which the benefit is transferred, or the transaction price as explained below:

Revenue from permanent placements
Contractual obligations may vary from client to client, however, performance obligations arising from the placement of permanent candidates are satisfied and revenue is recognised at the time the candidate commences 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 satisfied over time consistent with the delivery of the service with the quantum of revenue generated only varying with the provision of the service. Customers are generally invoiced weekly with any amounts not invoiced at the end of the period recognised within contract assets, with the corresponding amounts due to contractors being included within accruals. The 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) Leases

Revised accounting policy for leases and right of use assets adopted in 2019
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

Previous accounting policy for operating leases
Rentals payable under operating leases were charged to the profit for the period on a straight-line basis over the term of the lease. Operating lease incentives were credited to the profit or loss over the period of the lease term on a straight-line basis. Mid-term lease renewals were treated as new leases, with any previously accrued or deferred incentives released where the terms of a new lease were at market rates. For renewals which were not at market rates, the previously deferred or accrued incentives were 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: -

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 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 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.

There are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

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

(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.

(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 >99% (2018: 95% United Kingdom).
United States of America <1% (2018: 5%).

Contract assets

Contract assets are included within 'trade and other receivables' 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.

Following clarification of the definition of contract liabilities the comparative figures have been represented and an amount of £501,000 has been transferred to accruals at 31 December 2018 (2017:493,000).

Contract balances	**Contract assets 2019 £'000**	Contract assets 2018 £'000
At 1 January	-	-
Excess of revenue recognised over amounts invoiced (or rights to cash) being recognised during the period	**1,177**	-
At 31 December	**1,177**	-

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:

	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets:		
- owned by the Company	**4**	4
Fees payable to the Company's auditor:		
- for the audit of the Company's annual accounts	**4**	3
- for taxation services	**1**	1
Foreign exchange differences	**(7)**	(32)
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

	2019	2018
	£'000	£'000
Directors emoluments:		
- paid by RTC Group plc	**187**	179
Company pension contributions to money purchase schemes:		
- paid by RTC Group plc	**2**	10
The number of directors accruing benefits under money purchase pension schemes were:		
- paid by RTC Group plc	**1**	1

The highest paid director was paid £128,093 (2018: £131,121) 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 £2,400 (2018: £9,600).

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

	2019	2018
	£'000	£'000
Wages and salaries	**275**	273
Social security costs	**9**	34
Other pension costs	**6**	8
	290	315

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

	Number	Number
Administrative staff	**4**	4

5 Taxation

Continuing operations	2019 £'000	2018 £'000
Current tax		
UK corporation tax charge on profit for the year	**90**	48
Adjustments in respect of prior periods	**1**	7
Total current tax	**91**	55
Deferred tax		
Origination and reversal of timing differences	(1)	2
Tax on profit	**90**	57

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

	2019 £'000	2018 £'000
Profit before tax	**475**	253
Profit multiplied by standard rate of corporation tax of 19% (2018: 19%)	**90**	48
Effects of:		
Non-deductible expenses	-	-
Other non-material movements	-	2
Adjustment in respect of prior periods	-	7
Tax charge for the year	**90**	57

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 2019	23	23
Additions	4	4
At 31 December 2019	**27**	**27**
Depreciation		
At 1 January 2019	9	9
Charge for the year	4	4
At 31 December 2019	**13**	**13**
Net book amount		
At 31 December 2019	**14**	**14**
At 31 December 2018	14	14

The carrying amounts for the prior period are as follows:

	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

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Gross trade receivables	**2,039**	2,245
Less: Provision for impairment of trade receivables	-	-
Net trade receivables	**2,039**	2,245
Contract assets	**1,177**	-
Total financial assets other than cash and cash equivalents classified at amortised cost	**3,216**	2,245
Other receivables	**13**	43
Prepayments	**21**	36
	3,250	2,324

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.

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 2019 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	3,216	2,752	322	142	0
Loss provision	-	-	-	-	-

The comparative amounts for the prior period are 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	**2019**	2018
	£'000	£'000
Trade payables	**190**	578
Amounts owed to group undertakings	**619**	853
Other taxes and social security costs	**96**	98
Accruals	**556**	501
Other payables	**340**	327
	1,801	2,357

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

The classification of contract liabilities at 31 December 2018 has been represented as explained in note 2.

Borrowings	**2019**	2018
	£'000	£'000
Invoice discounting arrangements	**1,020**	136

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 Deferred tax liability

	2019	2018
	£'000	£'000
At 1 January	**2**	-
Credited/charged to profit for the year in respect of accelerated capital allowances	**(1)**	2
At 31 December	**1**	2

10 Share capital

	Allotted, issued and fully paid	
	No.	**£**
At 1 January 2019 and 31 December 2019		
Ordinary shares of £1 each	**1,000**	**1,000**

11 Dividends

	2019	2018
	£'000	£'000
Dividends paid on equity (£196 per share, 2018: £144 per share)	**196,000**	144,000

12 Leases

Information about leases for which the Company is a lessee

The Company does not lease any assets that are held within property, plant and equipment and as such does not have any lease liabilities relating to right-of-use assets.

Amounts recognised in the statement of comprehensive income	**2019**
	£'000
Interest on lease liabilities	-
Expenses relating to short-term leases	**48**
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	-
Total	**48**

The following comparative amounts for 2018 represent the non-cancellable operating lease rentals under IAS 17:

	2018
	£'000
Within 1 year	9
Between 2 and 5 years	-
Over 5 years	-
Total	9

13 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 2019 neither were there any transactions with related parties during 2019 (2018: £Nil).

14 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 £6,030 (2018: £8,102). Included in other creditors is £1,450 (2018: £1,409) relating to outstanding contributions payable to the pension scheme.

15 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 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:

Financial liabilities	**2019** **£'000**	2018 £'000
Trade payables	**190**	578
Amounts owed to group undertakings	**619**	853
Accruals	**848**	716
Invoice discounting	**1,020**	136
	2,677	2,283

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 (2018: £9.0m) and an inter group overdraft facility of £50,000 (2018: £50,000).

16 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 (2018: £50,000) inter-group treasury facility.

17 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.

18 Effects of changes in accounting policies

The Company has adopted IFRS 16 with a transition date of 1 January 2019.
The adoption of IFRS 16 has had no impact on 2019 or 2018 reported profits and financial position included in these financial statements.