ATA Global Staffing Solutions Limited

Unaudited report and financial statements
Year ended 31 December 2021

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 Two Snowhill Queensway Birmingham B4 6GA

Contents

Strategic Report

Year ended 31 December 2021

The Director's present their strategic report for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £10,000 (2020: £236,000). The directors have paid a dividend of £236,000 (2020: £385,000) to the Company's parent.

Review of 2021

The Company saw minimal impact of the pandemic but the time lag in replacing revenues following the withdrawal of the US from Afghanistan in Q2 resulted in reduced revenues of £9.5m (2020: £16.1m). Profit from operations reduced to £13,000 (2020: £294,000).

The Company has not utilised any government financial support relating to the pandemic.

Key performance indicators

Success is predominantly measured by the company's gross profit (2021: £1.0m, 2020: £1.7m) and conversion of gross profit to profit before tax (2021: 1%, 2020: 17%).

Risks and uncertainties

COVID pandemic

The COVID pandemic continued to cause uncertainty in the global economy. The Company's existing business has been largely unaffected but new projects/business opportunities have been put on hold/delayed as a result. To minimise the risk to its employees and its workforce the Company is operating within 'Covid Secure' guidelines.

Economic conditions

The Company's services are mainly 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 the Brexit trade deal as there is no service delivery or recruitment in the EU. However, there is uncertainty over the potential impact of other geo-political events, such as the Ukraine situation. It is still too early to say what its impact will be on the Company. However, the Company's cost base is carefully managed to align with business activity and the Company is continually focused on cash generation and keeping net debt at prudent levels.

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 Directors are 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 the Company spends what it gets 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.

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 reminding our staff to be vigilant. We are currently undertaking a programme of cyber security awareness training whereby staff complete a short video training session each month, followed by the IT department sending out dummy malicious emails to test how effective the training has been. The 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 17 to the financial statements.

Outlook and future developments
It is anticipated that the Company's key customer (KBR) will continue to support NATO in other jurisdictions throughout 2022 and potentially into 2023. 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 8 April 2022 and signed on its behalf.

S L Dye

S L Dye
Director

Directors' Report

Year ended 31 December 2021

The directors submit their report and the financial statements for the year ended 31 December 2021.

The Company has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing the entity to take audit exemptions and present unaudited statutory financial statements.

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.

Equality diversity and inclusion (EDI)
We are acutely aware of the benefits a diverse and inclusive workforce offer and as such we continue to take steps to ensure we provide a supportive, open and honest workplace where equality, diversity and inclusion are valued, encouraged and promoted. Our commitment to improve EDI can be seen throughout the Company through the introduction of an EDI Steering Group consisting of volunteers from all levels including Board and senior management. These EDI Ambassadors meet on a regular basis to identify actions to improve EDI, promote its benefits, raise awareness of different cultures and backgrounds and highlight the importance of inclusivity. We continue to undertake workforce EDI surveys to be able to monitor the success of our actions.

Employment of disabled persons
We continue to recruit and promote staff based on aptitude and ability without discrimination and support disabled employees with training to ensure that their career is not negatively impacted by their disability or perceptions of it. This is also the case where an employee becomes disabled whilst employed by the Company. We ensure that reasonable adjustments are put in place to provide the employee with the opportunity to continue their employment with us, this may include, but is not limited to, retraining, reviewing working hours, making adjustments to the office environment and/or providing additional support.

Employee engagement and involvement
Employee engagement and involvement is a key element in the success of the Company, and we have a number of initiatives in place to further develop this. In 2021 we set up three steering groups, looking at Health and Wellbeing, Modern Slavery and EDI. We asked for volunteers to become champions/ambassadors and the response was much greater than expected, with volunteers from all levels of the Company. The Steering Groups meet no less than quarterly to discuss and agree ways to raise awareness and introduce relevant initiatives or actions, obtaining feedback from employees from the different areas of the business in which they work.

With the introduction of the Health and Wellbeing Steering Group we found that all members of the group saw the benefits of Mental Health First Aiders and each champion volunteered to become a trained Mental Health First Aider themselves. This providing employees with even more lines of communication to discuss and obtain support for any issues that may be affecting their mental health.

In 2022 we are looking to undertake an employee Health and Wellbeing survey to help identify the most relevant initiatives to put in place to ensure that our actions reflect the requirements of our employees and help to improve their working life. In addition, we continue to distribute a quarterly newsletter which includes Company news and updates and messages from senior management.

We have recently introduced a new HR System which gives employees the ability to access both personal and Company information 24 hours a day 7 days a week. The system also provides the employee with access to Company policies via a workspace, workspaces allow employees to communicate electronically within their teams. The use of workspaces is something we will seek to develop further in 2022.

Post reporting date events

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

Going concern

The Company has made a pre-tax profit of £13,000 (2020: £294,000) from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation.

To assess the continued applicability of the going concern basis of preparation, the directors have prepared trading and cash flow forecasts for the Company for a period of 12 months from the date of approval of the financial statements.

Given the ongoing COVID pandemic, the increases in inflation, the cost-of-living squeeze and potential impacts on the economy of the events in Ukraine, in addition to the established budgeting and forecasting processes, which considers a range of plausible events and circumstances, a reverse stress test has been undertaken. This shows that, assuming a continuation of the current facilities, the Company has access to sufficient cash and facilities available to withstand a 30% reduction against the 2021 revenues without any significant restructuring or other cost reduction measures.

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

The directors are satisfied that, taking account of the Company's net assets of £11,000 (2020: £237,000), its invoice finance facility, which is its core funding line, and which is classed as evergreen in that it has no fixed expiry date (although is reviewed annually), and the Company's trading and cash forecasts for at least 12 months from the date of approval of the financial statements, that the going concern basis of preparation is appropriate.

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.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 and the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

This report was approved by the Board on 8 April 2022 and signed on its behalf.

A Dye

S L Dye, Director

Statement of comprehensive income

Year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	3.1,4	**9,505**	16,122
Cost of sales		**(8,514)**	(14,421)
Gross profit		**991**	1,701
Administrative expenses		**(978)**	(1,407)
Profit from operations	5	**13**	294
Tax expense	7	**(3)**	(58)
Profit after tax/total comprehensive income for the year		**10**	236

Notes 1 to 20 form an integral part of these financial statements.

Statement of changes in equity

Year ended 31 December 2021

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	**1**	**236**	**237**
Total comprehensive income for the year	**-**	**10**	**10**
Transactions with owners:			
Dividends (note 13)	**-**	**(236)**	**(236)**
Total transactions with owners	**-**	**(236)**	**(236)**
At 31 December 2021	**1**	**10**	**11**

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

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	1	385	386
Total comprehensive income for the year	-	236	236
Transactions with owners:			
Dividends (note 13)	-	(385)	(385)
Total transactions with owners	-	(385)	(385)
At 31 December 2020	1	236	237

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.

Notes 1 to 20 form an integral part of these financial statements.

Statement of financial position

As at 31 December 2021
Company number: 03125335

	Notes	**2021**	2020
		£'000	£'000
Assets			
Non-current			
Property, plant and equipment	8,14	**6**	10
		6	10
Current			
Trade and other receivables	9	**1,061**	1,623
Cash and cash equivalents		**231**	481
		1,292	2,104
Total assets		**1,298**	2,114
Liabilities			
Current			
Trade and other payables	10	**(1,228)**	(1,820)
Corporation tax		**(3)**	(56)
Current borrowings	10	**(56)**	-
		(1,287)	(1,876)
Non-current liabilities			
Deferred tax	11	**-**	(1)
Total liabilities		**(1,287)**	(1,877)
Net assets		**11**	237
Equity			
Share capital	12	**1**	1
Retained earnings		**10**	236
Total equity		**11**	237

For the year ending 31 December 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved and authorised for issue by the board and signed on its behalf on 8 April 2022.

S L Dye

S L Dye
Director

Notes 1 to 20 form an integral part of these financial statements.

Notes to the financial statements

Year ended 31 December 2021

1. Basis of preparation

ATA Global Staffing Solutions Limited ("the Company"), a private 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 in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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.

The Company's parent has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing the Company to take audit exemptions and present unaudited statutory financial statements.

Going concern

The Company has made a pre-tax profit of £13,000 (2020: £294,000) from continuing operations and the directors have taken this into account when assessing the going concern basis of preparation.

To assess the continued applicability of the going concern basis of preparation, the directors have prepared trading and cash flow forecasts for the Company for a period of 12 months from the date of approval of the financial statements.

Given the ongoing COVID pandemic, the increases in inflation, the cost-of-living squeeze and potential impacts on the economy of the events in Ukraine, in addition to the established budgeting and forecasting processes, which considers a range of plausible events and circumstances, a reverse stress test has been undertaken. This shows that, assuming a continuation of the current facilities, the Company has access to sufficient cash and facilities available to withstand a 30% reduction against the 2021 revenues without any significant restructuring or other cost reduction measures.

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

The directors are satisfied that, taking account of the Company's net assets of £11,000 (2020: £237,000), its invoice finance facility, which is its core funding line, and which is classed as evergreen in that it has no fixed expiry date (although is reviewed annually), and the Company's trading and cash forecasts for at least 12 months from the date of approval of the financial statements, that the going concern basis of preparation is appropriate.

New accounting standards and interpretations
The Company has not adopted any new standards or interpretations in these financial statements. The Board does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company. The UK applies International Accounting Standards in conformity with the requirements of the Companies Act 2006.

2. 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.

3. Accounting policies

The principal accounting policies, which have been applied consistently, are listed below:

3.1 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 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.

3.2 Leases

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

When a lease is identified 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.

3.3 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.

3.4 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.

3.5 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

3.6 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.

3.7 Trade payables

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

3.8 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.

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.

3.10 Income taxes

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

3.11 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.

3.12 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.

4 Revenue

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

United Kingdom 100% (2020: 100% United Kingdom).

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.

Contract asset balances	**2021**	2020
	£'000	£'000
At 1 January	**874**	1,177
Transfers in the period from contract assets to trade receivables	**(874)**	(1,177)
Excess of revenue recognised over amounts invoiced (or rights to cash) being recognised during the period	**411**	874
At 31 December	**411**	874

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.

5 Profit from operations/profit before tax

Profit from operations/profit before tax for the year is stated after charging:	**2021**	2020
	£'000	£'000
Depreciation of tangible fixed assets:		
- owned by the Company	**4**	5
Fees payable to the Company's auditor:		
- for the audit of the Company's annual accounts	**4**	4
- for taxation services	**1**	1
Foreign exchange differences	**10**	21
Expenses relating to short-term leases	**9**	45

6 Directors' and employees' remuneration

	2021	2020
	£'000	£'000
Directors' emoluments:		
- paid by RTC Group plc	**160**	152

There were no company pension contributions to money purchase schemes paid by the Company or by RTC Group Plc (2020: Nil).

The highest paid director was paid £116,233 (2020: £100,723) 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 £Nil (2020: £Nil).

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

	2021	2020
	£'000	£'000
Wages and salaries	**229**	302
Social security costs	**22**	13
Other pension costs	**12**	6
	263	321

The average number of employees, including directors, during the year was 4 (2020: 4).

7 Taxation

	2021	2020
Continuing operations	**£'000**	£'000
Current tax		
UK corporation tax charge on profit for the year	**3**	56
Adjustments in respect of prior periods	**1**	2
Total current tax	**4**	58
Deferred tax		
Origination and reversal of timing differences	(1)	-
Tax on profit	**3**	58

Factors affecting the tax expense
The tax assessed for the year is higher than (2020: higher than) would be expected by multiplying profit by the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	**13**	294
Profit multiplied by standard rate of corporation tax of 19% (2020: 19%)	**2**	56
Effects of:		
Adjustment in respect of prior periods	**1**	2
Tax charge for the year	**3**	58

Factors that may affect future tax charges
The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. As a result of this deferred tax has been recognised to the extent that it will unwind at this enacted rate.

8 Property, plant and equipment

	Computer equipment £'000	Total £'000
Cost		
At 1 January 2021	28	28
At 31 December 2021	**28**	**28**
Depreciation		
At 1 January 2021	18	18
Charge for the year	4	4
At 31 December 2021	**22**	**22**
Net book amount		
At 31 December 2021	**6**	**6**
At 31 December 2020	10	10

The carrying amounts for the prior period are as follows:

	Computer equipment £'000	Total £'000
Cost		
At 1 January 2020	27	27
Additions	1	1
At 31 December 2020	28	28
Depreciation		
At 1 January 2020	13	13
Charge for the year	5	5
At 31 December 2020	18	18
Net book amount		
At 31 December 2020	10	10
At 31 December 2019	14	14

9 Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Gross trade receivables	**576**	635
Less: Provision for impairment of trade receivables	**-**	-
Net trade receivables	**576**	635
Contract assets	**411**	874
Sub-total trade receivables and contract assets	**987**	1,509
Other receivables	**1**	12
Total financial assets other than cash and cash equivalents classified at amortised cost	**988**	1,521
Prepayments	**73**	102
	1,061	1,623

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 which 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 2021 and 31 December 2020, the lifetime expected credit loss provision for trade receivables and contract assets was considered immaterial and therefore not provided.

10 Trade and other payables

Liabilities	2021 £'000	2020 £'000
Trade payables	**98**	95
Amounts owed to group undertakings	**815**	1,016
Other taxes and social security costs	**62**	79
Accruals	**69**	288
Other payables	**184**	342
	1,228	1,820

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

Borrowings	2021 £'000	2020 £'000
Invoice discounting arrangements	**56**	-

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.

11 Deferred tax liability

	2021 £'000	2020 £'000
At 1 January	**1**	1
(Credited)/charged to profit for the year in respect of accelerated capital allowances	**(1)**	-
At 31 December	-	1

12 Share capital

	Allotted, issued and fully paid	
	No.	£
At 1 January 2021 and 31 December 2021		
Ordinary shares of £1 each	**1,000**	**1,000**

13 Dividends

	2021 £'000	2020 £'000
Dividends paid on equity (£236 per share, 2020: £385 per share)	**236,000**	385,000

14 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	2021 £'000	2020 £'000
Expenses relating to short-term leases	9	45

15 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 2021 neither were there any transactions with related parties during 2021 (2020: £Nil).

16 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 £12,361 (2020 £6,412). Included in other creditors is £1,166 (2020: £667) relating to outstanding contributions payable to the pension scheme.

17 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 £12m 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 9) 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.

Financial assets and liabilities
The Company has the financial assets set out in note 9. The Company's financial liabilities are as follows:

Financial liabilities	2021 £'000	2020 £'000
Trade payables	**98**	95
Amounts owed to group undertakings	**815**	1,016
Accruals	**253**	622
	1,166	1,733

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 £12m on a Group basis (2020: £12.0m) and an inter group overdraft facility of £50,000 (2020: £50,000).

18 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 (2020: £50,000) inter-group treasury facility.

19 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.

20 Post reporting date events

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