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Ganymede Solutions Limited

Report and financial statements

Year ended 31 December 2015

Company number: 03579773

Company information

Directors	A Pendlebury P Crompton S Dye
Secretary	S Dye
Company number	03579773
Registered office	The Derby Conference Centre London Road Derby DE24 8UX
Auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

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Strategic Report

Year ended 31 December 2015

The Director's present their strategic report for the year ended 31 December 2015.

Results and dividends

The profit for the year, after taxation, amounted to £725,000 (2014: £6,000). The directors declared a dividend of £Nil (2014: £Nil) to the Company's parent.

Review of 2015

The Company was chosen by Network Rail Infrastructure Limited ("Network Rail") to be a key strategic partner for Network Rail's CP5 (control period five) programme of work. CP5 is a five year £38bn spending and investment programme into the UK's railway network announced by government in March 2014.

The Company entered into the contract with Network Rail to provide contingent labour services including the supply of safety critical, track and E&P (electrification and plant) resources in the West, South West and North East England, the Midlands and Wales. The Contract will run for a period of five years from April 2015 and has an estimated order book value of between £80m to £100m, confirming Ganymede's position as one of the UK's leading suppliers of contingent labour to the rail industry. The Contract represents the maximum value of order book spend on core contingent labour that can be permissibly awarded to a single labour provider.

Key performance indicators

Success will be measured by a range of performance indicators, including gross profit (2015: £4.1m, 2014: £2.1m) and conversion of gross profit to net profit (2015: 21%, 2014: 3%).

Risks and uncertainties

Loss of key customers

Loss of a key customer or large contract is a significant risk. To minimise this risk the strategy across all our businesses is to actively retain existing customers and pursue new customers and contracts and to identify new market opportunities to spread the risk. We also take very seriously our commitment to providing excellent service and building and maintaining existing customer relationships.

Credit risk

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

Cyclical nature of our business

The on-going impact on the Company's operations of the cycle of demand for contract recruitment amongst our clients coupled with the current economic climate continues to be an uncertainty facing the Company. Strategies are in place to address this which includes building a focus around a targeted expansion of our client base.

Strategic Report

Year ended 31 December 2015

Business model risk
Longer term the industry is faced with the challenge of continuing to be a preferred option for recruitment as technology advances are making it easier for companies to source candidates themselves, for example, through more sophisticated job boards.

Talent
The Company is reliant on its ability to recruit, train and retain its staff to deliver its growth plans. We continue to ensure that overall packages are competitive and include performance related commissions to incentivise staff.

Legislative risks
Constantly changing employment and tax legislation around intermediary staff. To mitigate these risks, in conjunction with our professional advisers, we monitor all changes in legislation and keep our documentation and procedures under review.

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

Financial instruments

The Company has used the inter group treasury facility and invoice discounting facility, which is secured by a cross guarantee and debenture over all group companies (see note 10).

Outlook and future developments
Going forward the Company will continue to focus on delivery of the Network Rail contract but also on securing additional work with Network Rail in other areas, such as infrastructure projects, whilst at the same time expanding its client base to dilute the percentage of its business with Network Rail.

We remain committed to our goal of building a focused Company with both sustainability and profitability and the directors intend to continue to use free cash flow to enhance our balance sheet, to provide working capital for expansion and to invest in the future wherever necessary.

This report was approved by the board on 8 March 2016 and signed on its behalf.

Sarah Dye
Secretary

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Directors' Report

Year ended 31 December 2015

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

Principal activities

The principal activity of the Company during the year continued to be that of labour supply to the rail and other industries.

Directors

The directors who served during the year were as follows:
A Pendlebury
P Crompton
S 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.

Change in accounting framework

The Company has adopted FRS 101 "Reduced Disclosure Framework" for the first time this year. In previous years, the Company has applied applicable UK accounting standards. The impact of this change is described in note 18.

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 on page 1.

Employment of disabled persons

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

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

Directors' Report

Year ended 31 December 2015

Employee involvement

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

Post balance sheet events

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

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 annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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.

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Directors' Report

Year ended 31 December 2015

Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the Company's auditor is unaware.

Approval

This directors' report was approved by order of the Board on 8 March 2016.

S Dye

S Dye
Secretary

Independent Auditor's report to the members of Ganymede Solutions Limited

We have audited the financial statements of Ganymede Solutions Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent Auditor's report to the members of Ganymede Solutions Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Richard Wilson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Nottingham
8 March 2016

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

Statement of comprehensive income

Year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Revenue	1,2	**26,682**	12,534
Cost of sales		**(22,621)**	(10,446)
Gross profit		**4,061**	2,088
Administrative expenses		**(3,427)**	(1,830)
Exceptional item	4	**200**	(200)
Profit before tax		**834**	58
Tax expense	6	**(134)**	(52)
Profit and total comprehensive income for the year		**700**	6

The notes on pages 11 to 23 form part of these financial statements

Statement of changes in equity

Year ended 31 December 2015

	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015	-	-	(505)	(505)
Share based payment charge in year	-	10	-	10
Profit and total comprehensive income for the year	-	-	700	700
At 31 December 2015	-	10	195	205

	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014	-	(729)	(729)
Profit and total comprehensive income for the period	-	6	6
Intercompany balance forgiven	-	218	218
At 31 December 2014	-	(505)	(505)

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

Reserve description and purpose

Share capital
Nominal value of share capital subscribed for.

Other reserve
The other reserve relates to share based payment capital contribution from parent company and comprises the cumulative share option charge under IFRS 2 less the value of any share options that have been exercised or have lapsed.

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

The notes on pages 11 to 23 form part of these financial statements.

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Statement of financial position

As at 31 December 2015
Company number: 03579773

	Note	2015 £'000	2014 £'000	1 January 2014 £'000
Assets				
Non-current				
Property, plant and equipment	7	**39**	18	20
		39	18	20
Current				
Cash and cash equivalents		**1**	-	35
Trade and other receivables	8	**5,260**	2,999	2,357
		5,261	2,999	2,392
Total assets		**5,300**	3,017	2,412
Liabilities				
Current				
Trade and other payables	10	**(2,797)**	(2,069)	(1,892)
Corporation tax		**(130)**	(52)	-
Current borrowings	10	**(2,168)**	(1,401)	(1,249)
		(5,095)	(3,522)	(3,141)
Net assets		**205**	(505)	(729)
Equity				
Share capital	11	**-**	-	-
Other reserve		**10**	-	-
Retained earnings		**195**	(505)	(729)
Total equity		**205**	(505)	(729)

The financial statements were approved and authorised for issue by the board and signed on its behalf on 8 March 2016.

S Dye
Director

The notes on pages 11 to 23 form part of these financial statements

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Notes to the financial statements

Year ended 31 December 2015

1 Accounting policies

Ganymede Solutions Limited ("the Company") was incorporated and is domiciled in the United Kingdom. Its registered office and principal place of business is The Derby Conference Centre, London Road, Derby, DE24 8UX and its registered number 3579773. The principal activity of the Company is the provision of contingent labour.

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

Basis of preparation

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

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

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

Disclosure exemptions adopted:

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

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- 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.

First time application of FRS 100 and 101

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

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with applicable UK accounting standards.

Notes to the financial statements

Year ended 31 December 2015

Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with applicable UK accounting standards.

(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.

The overriding principle is that revenue is recognised when the Company has fulfilled its contractual obligations. Contractual obligations may vary from client to client, however, generally:

- revenue arising from the placement of permanent candidates is recognised at the time the candidate commences full-time employment; and
- revenue from temporary placements, which represents amounts billed for the services of temporary staff, including the salary cost of these staff, is recognised when the service has been provided.

Cost of sales

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

Gross profit

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

(b) *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: -

Fixtures and fittings	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.

Notes to the financial statements

Year ended 31 December 2015

(c) 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.

(d) Trade Receivables

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

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

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

(e) 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.

(f) 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.

Notes to the financial statements

Year ended 31 December 2015

(g) Inter Group Treasury Facilities

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

(h) Financial instruments

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

(i) Shared based payments

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

(j) Operating leases

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

(k) Deferred taxation

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

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.
The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Notes to the financial statements

Year ended 31 December 2015

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

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

(l) Retirement benefit

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

(m) Critical judgements and estimates

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Useful lives of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of property, plant and equipment would reduce accordingly. The carrying amount of property, plant and equipment by each class is included in note 7.

2 Revenue

Revenue is attributable to one class of business. All revenue arose within the United Kingdom.

Notes to the financial statements

Year ended 31 December 2015

3 Expenses by nature

Profit from Company operations is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets:		
- owned by the Company	**8**	9
Operating lease rentals		
- Land and buildings	**92**	29
Fees payable to the Company's auditor:		
- for the audit of the Company's annual accounts	**8**	7
- for taxation services	**1**	1

4 Exceptional item

The exceptional item of £200,000 (credit) (2014: £200,000 (debit)) relates to the provision against inter group bank obligations in line with the cross guarantee as detailed in note 15 to the accounts

5 Directors' and employees remuneration

	2015 £'000	2014 £'000
Directors emoluments:		
- paid by the Company	**174**	120
- paid by RTC Group plc	**171**	135
Company pension contributions to money purchase schemes:		
- paid by the Company	**9**	4
- paid by RTC Group plc	**12**	10
The number of directors accruing benefits under money purchase pension schemes were:		
- paid by the Company	**1**	1
- paid by RTC Group plc	**2**	2

The highest paid director was paid £174k (2014: £120k) in respect of services provided to the Company.

Notes to the financial statements

Year ended 31 December 2015

The value of the contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £9k (2014: £4k).

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

	2015	2014
	£'000	£'000
Wages and salaries	**1,447**	650
Social security costs	**156**	71
Other pension costs	**27**	16
	1,630	737

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

	Number	Number
Administrative staff	**37**	16

6 Taxation

	2015	2014
Continuing operations	**£'000**	£'000
Current tax		
UK corporation tax charge on profit for the year	**130**	49
Adjustment in respect of previous period	**(11)**	2
Total current tax	**119**	51
Deferred tax (see note 9)		
Origination or reversal of temporary differences	**15**	1
Tax on profit on ordinary activities	**134**	52

Notes to the financial statements

Year ended 31 December 2015

Factors affecting the tax expense

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

	2015	2014
	£'000	£'000
Profit before tax	**834**	58
Profit on ordinary activities multiplied by standard rate of corporation tax of 20.25% (2014: 21%)	**169**	12
Effects of:		
Effect of change in deferred tax movements	**10**	-
Non tax-deductible expenses	**(34)**	76
Adjustment in respect of prior period	**(11)**	2
Losses carried forward or utilised	**-**	(38)
Tax charge for the year (see note above)	**134**	52

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

Notes to the financial statements

Year ended 31 December 2015

7 Tangible fixed assets

	Fixtures & Fittings £'000	Total £'000
Cost		
At 1 January 2015	39	39
Additions	29	29
Disposals	-	-
At 31 December 2015	68	68
Depreciation		
At 1 January 2015	21	21
Charge for the year	8	8
Disposals	-	-
At 31 December 2015	29	29
Net book amount		
At 31 December 2015	39	39
At 31 December 2014	18	18

8 Trade and other receivables

	2015 £'000	2014 £'000
Amounts falling due within one year:		
Gross trade receivables	**4,790**	2,679
Allowance for credit losses	-	(26)
Net trade receivables	**4,790**	2,653
Other receivables	**25**	11
Prepayments	**304**	61
Accrued income	**141**	261
Net deferred tax asset (see note 9)	-	13
	5,260	2,999

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Notes to the financial statements

Year ended 31 December 2015

9 Deferred tax asset

	2015	2014
	£'000	£'000
At 1 January 2015	**13**	14
Charged to profit for the year	**(13)**	(1)
At 31 December 2015	-	13

Recognised

The deferred tax asset was made up as follows:

Depreciation in excess of capital allowances	-	13
Deferred tax asset	-	13

A deferred tax asset has been recognised as in the opinion of the directors, it is more likely than not, that there will be suitable tax profits from which the future reversal of the underlying timing differences can be deducted.

10 Trade and other payables

Liabilities	**2015**	2014
	£'000	£'000
Trade creditors	**704**	268
Amounts owed to group undertakings	**1,053**	917
Other taxes and social security costs	**510**	282
Other payables	**14**	-
Accruals and deferred income	**516**	602
	2,797	2,069

Borrowings	**2015**	2014
	£'000	£'000
Inter group treasury facility	**166**	-
Invoice discounting arrangements	**2,002**	1,401
Allowances as at 31 December 2015	**2,168**	1,401

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.

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Notes to the financial statements
Year ended 31 December 2015

11 Share capital

	Allotted, called up and fully paid	
	No.	**£**
At 1 January 2015 and 31 December 2015		
Ordinary shares of 1p each	**200**	**2**

12 Operating lease commitments

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

	Land and buildings	
	2015	2014
	£'000	£'000
Within one year	26	-
Between two and five years	6	-
Over 5 years	-	-

13 Pension costs

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund.

Contributions made by the Company to the scheme during the year amounted to £26,527 (2014: £16,587). Included in other creditors is £4,391 (2014: £2,337) relating to outstanding contributions payable to the pension scheme.

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Notes to the financial statements

Year ended 31 December 2015

14 Financial instruments

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

The Company does not actively engage in the trading of financial assets for speculative purposes. 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 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 access to the Group overdraft facility of £50,000 and an invoicing discount facility up to £7.0m as required.

Credit risk
The Company extends credit to recognised creditworthy third parties.

Trade receivable balances 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, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. At the year-end none of the trade receivable balances that were not past due or specifically provided against exceed set credit limits and management does not expect any losses from non-performance by these counterparties.

Borrowing facilities
The Company has an invoice discounting facility of £7.0m (2014: £7.0m) and an inter group treasury facility of £50,000 (2014: £50,000).

Financial assets and liabilities
The Company has the following financial assets:

- Trade receivables (see note 8)
- Other debtors excluding prepayments of £25,000 (2014: £11,000)

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

Notes to the financial statements

Year ended 31 December 2015

The Company's financial liabilities consist of trade and other payables and amounts due to group undertakings would be classified as financial liabilities at amortised cost under the relevant IAS 39 category. All the Company's financial liabilities mature in less than one year other than assets held under finance leases. Assets held under finance leases are not material.

There is no difference between the fair value and carrying value of financial instruments. There have been no changes in the financial risks from the previous year.

15 Contingent liabilities

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

16 Parent undertakings and controlling parties

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

In the opinion of the directors this is the Company's ultimate parent Company.

17 First time adoption of FRS 101 Reduced Disclosure Framework

This is the first time that the Company has adopted FRS 101 having previously applied applicable UK accounting standards. The date of transition to FRS 101 was 1 January 2014.

Other than the adoption of the reduced disclosures there was no material effect of applying FRS 101 for the first time. The disclosure exemptions adopted are included in note 1 to the financial statements.