

24 October 2024

Gattaca plc

("Gattaca" or the "Group")

Final results for the year ended 31 July 2024

"Resilient performance with underlying PBT slightly ahead of market expectations"

Gattaca plc, the specialist staffing business, announces its audited financial results for the year ended 31 July 2024.

Financial Highlights

	2024 £m	2023 restated ³ £m
<i>Continuing operations</i>		
Revenue	389.5	382.1
Net Fee Income (NFI) ¹	40.1	42.2
EBITDA	2.6	5.0
Profit before tax - reported	1.7	4.4
Profit before tax – underlying²	2.9	3.7
Profit after tax	0.8	3.4
<i>Losses from discontinued operations after tax</i>	<i>(0.6)</i>	<i>(2.2)</i>
Group reported profit after tax	0.2	1.2
Basic and diluted earnings per share	0.6p	3.8p
Basic underlying continuing earnings per share	6.0p	8.0p
Ordinary dividend per share	2.5p	2.5p
Special dividend per share	0.0p	2.5p
Net cash	20.7	21.6

- Group NFI of £40.1m, down 5% year on year ("YoY").
 - Contract NFI up 3% YoY, with 8% increase in contractors over the last 6 months to 31 July 2024 ("H2").
 - Gattaca Projects Statement of Work ("SoW") business achieved 35% YoY NFI growth.
 - The Group's two largest sectors showed positive trends, with Defence up 10% YoY on a like-for-like basis⁴, whilst Infrastructure grew by 14% in H2.
 - Permanent NFI down 33% YoY in challenging market.
 - Contract vs SoW vs Perm split 74% / 7% / 19% of Group NFI (FY23: 68% / 5% / 27%).
- Group continuing underlying profit before tax of £2.9m (FY23 restated: £3.7m), in a year of NFI decline as a result of margin enhancements and rebalancing of costs.
- Group net cash of £20.7m as at 31 July 2024 (31 July 2023: £21.6m).
- Full year dividend of 2.5 pence per share (FY23: 5.0 pence per share including a special dividend).

Operational Highlights

Continued delivery and emphasis on developing the four identified Strategic Priorities as the Group's focus remains on achieving sustained growth:

External Focus

- Built and deployed the new Business Development team as part of the Group's investment in front-line

sales capability and doubled the Energy sales team with a focus on Renewables, increasing efforts in the core markets (Infrastructure, Defence, Mobility, Energy and TMT).

- Implemented two new Solutions accounts and 100% success rate in rebids for Solutions accounts
- Continued emphasis on client and candidate service feedback surveys, with increased survey responses and ratings of 8.8 and 9.0 (out of 10) respectively for FY24, vs 7.7 and 8.5 in FY23.

Culture

- Winner of two Business Culture awards; Best Transformation and Leading with Purpose.
- People engagement levels remain solid at 8.1 in FY24 (FY23: 8.1) and attrition has improved to 31% (FY23: 33%, and FY22: 40%).

Operational Performance

- US-based operations exited.
- 11% growth in average NFI per total headcount and 13% growth in average NFI per sales head.
- Externally focused improvements in the Group's technology stack driving an improved candidate and contractor journey.
- Reset of operational leadership structure.

Cost Rebalancing

- Optimisation of the UK property portfolio now completed, with property footprint reduced by over 60% across two UK locations.
- Restructure of Group Board and Leadership teams resulting in a more agile, lower cost structure.
- Implementation of a single billing entity arrangement, consolidating client billing from nine to two entities in FY24.

Outlook

The Board remain mindful of the macro-economic headwinds, which continue to impact demand and candidate sentiment. It is seeing permanent recruitment remaining subdued and is continuing its focus on contractor growth, which takes longer to reflect in NFI. For FY25, it is expected that profitability will be weighted to the second half of the year and FY25 continuing underlying PBT will be in line with previous guidance of £3.0m.

Despite the current market conditions, the Board are optimistic about the future for the Group. The proactive measures that have been taken, including increased market focus, cost control initiatives and operational streamlining, have delivered results and positioned Gattaca favourably. The Group is actively pursuing growth opportunities only in sectors, services, and geographies where it believes it can be a dominant provider and the strategic investments will aim to enhance its capability in those markets.

Matthew Wragg, Chief Executive Officer of Gattaca, commented:

"The Group has delivered underlying PBT slightly ahead of expectations in challenging markets, we have entered FY25 with momentum in our contractor base and expect the permanent market will remain tough in the next financial year. We believe that the sectors in which we operate and the STEM skillsets that we provide have the right long-term fundamentals for success. We are improving as a business week-on-week and expect to continue to grow market share as we make further progress next year. I am very excited about the direction we are going and what that means for all our stakeholders for the years to come."

The following footnotes apply, unless where otherwise indicated, throughout these Final Results:

1. NFI is equivalent to gross profit, being revenue less direct costs.
2. Continuing underlying results exclude losses before taxation of discontinued operations (2024: £(0.6)m, 2023 restated: £(2.2)m), non-underlying items within administrative expenses relating to restructuring costs (2024: £(0.5)m, 2023 restated: £(0.2)m), gains associated with exiting properties (2024: £nil, 2023: £0.6m) and other items (2024:

£(0.6)m, 2023: £(0.2)m), amortisation of acquired intangibles (2024: £(0.1)m, 2023: £(0.1)m), and net foreign exchange (losses)/gains (2024: £(0.1)m loss, 2023 restated: £0.5m gain).

3. 2023 results have been restated for the presentation of discontinued operations, principally the Group's US based operations.
4. This excludes £1.4m NFI associated with a large permanent Recruitment Process Outsourcing (RPO) client which we decided to exit in 2023.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

For further information, please contact:

Gattaca plc

Matthew Wragg, Chief Executive Officer
Oliver Whittaker, Chief Financial Officer

+44 (0) 1489 898989

Panmure Liberum (Nomad and Broker)

Richard Lindley
Will King

+44 (0) 20 3100 2000

IFC Advisory (Financial PR and IR)

Tim Metcalfe
Graham Herring
Florence Chandler

+44 (0) 203 934 6630

Chair's Statement

A simpler, more focused business

I am pleased to report to you for the first time as Gattaca's Chair. Having been a Non-Executive Director until 2020, it is clear how much progress the business has made since I was last on the Board. Over recent months I have met people from across the Group and carefully reflected upon our strategy and objectives. While there remains much to do, I am optimistic about the Group's potential.

Strategy is fundamentally about making choices, such as the sectors you want to serve, and then backing those decisions wholeheartedly. This requires a deep understanding of how to scale and become the go-to player in your markets. Great people are essential for competing effectively, supported by the technology, culture and working environment to flourish. Gattaca is on this journey, the actions to date show promise.

Being able to respond to unexpected events is a key test of a group's culture and management. As Matt Wragg discusses in his Chief Executive's Statement, we tragically lost two of our people in the year, including a long-standing member of the senior team. The leadership and the Group responded in an exemplary way in highly emotional circumstances, which is a tribute to the values that underpin the Group.

Performance and Returns to Shareholders

As with most companies that provide workforce solutions and recruitment services, the external environment has not been helpful to us over the last 12 months. We were successful in growing market share and increasing our contractor base, which typically generates around 70% of our NFI each year. This enabled us to meet our underlying profit expectations for FY24 and propose a final dividend of 2.5 pence per share. Subject to shareholder approval, this will be paid on 13 December 2024 to shareholders on the register at 1 November 2024. Going forward, our objective is to maintain dividend payouts, targeted to be approximately 50% of profits after tax.

We also returned £0.5m to shareholders through a share buyback programme in the year, our second in two years. Our strategy prioritises organic growth, followed by bolt-on acquisitions. If we have any excess funds, we will look at further returns to shareholders.

The Board

As previously reported, several important changes to the Board took effect after the AGM on 6 December 2023. Patrick Shanley stepped down after eight years as Chair, allowing me to take up the role. George Materna, our founder and still our largest shareholder, retired after nearly 40 years, including 15 years as a Non-Executive Director. His decision reflected his confidence in the Board and leadership team and the progress with rebuilding the business. George's retirement meant the Board had fewer non-independent directors and we therefore decided to further refine the Board's composition, with Ros Haith also stepping down.

The Board has five members, with me as Independent Non-Executive Chair, two Independent Non-Executive Directors and two Executive Directors. The streamlined and lower-cost Board reflects our current position and approach.

Looking Ahead

With much of the transformation plan now complete, the Board's priority is to see this reflected in our numbers. We have a simpler, more focused Group with a reduced cost base, which will allow more of the benefits of growth to drop through to the bottom line. In the absence of improving markets, we have the opportunity to continue to drive our productivity, grow market share and move our key performance ratios in the right direction. Leveraging our digital technology will be central to this. We also recognise the benefits of our ESG commitments, which can drive the top line through growth in green jobs, help us attract and retain talented people and further improve our efficiency.

In conclusion, the Group is well placed to outperform its markets and I look forward to reporting to you on our progress.

Richard Bradford

Independent Non-Executive Chair

Chief Executive's Statement

Highlights

- Delivered underlying profit before tax of £2.9m, as a result of executing our planned strategic initiatives for FY24
- Maintained target levels for our people engagement score and retention

- Successfully retained all Solutions accounts we rebid for and added two new Solutions accounts

Excited about the momentum we're building

Gattaca is now in its 40th year and in many respects, we have entered a new era. This reflects both the Board changes in FY24 and the vast amount of work we have done to set the business up for success. We now have a great environment, clear focus on market sectors where we are or can become the dominant player, and we are hugely excited by our digital capabilities. The early stages of our rebuild demanded maximum effort for few immediate gains. However, we are now realising the results of our early efforts. We are leveraging our digital investments to continually improve the way we work, delivering returns that far outweigh the effort required.

Since the start of the calendar year, our new Chair has challenged and validated our strategic focus and our operational targets. With the right plan in place and an energised and motivated team, we are confident of delivering our objectives over the coming years.

Performance

Our progress has enabled us to deliver a robust performance in FY24, in the face of very difficult markets. We outperformed many of our peers, are now winning back market share, growing contract momentum and delivered underlying profit before tax of £2.9m (2023 restated: £3.7m), ahead of our expectations.

Although the number of contractors across the market was flat, our focus delivered market share gains that grew our contractor base organically for the first time in eight years. This was our top priority for FY24, so it is pleasing to have delivered, with the contractor base growing by 8% in the second half of the financial year and representing 74% of our NFI (2023: 68%).

Our Gattaca Projects business outperformed targets in FY24, growing NFI by 35% year on year and diversifying into new client offerings and building a trusted specialist brand. We also successfully retained all major Solutions account retention tenders we underwent in FY24, a testament to our valued customer service and deep relationship with those clients over the years.

The permanent market has been hit by the UK economic recession across all markets, skills and sectors that we serve. The technology sector was hit earliest and has stayed tough the longest. Our Barclay Meade business, which provides professional skills for STEM companies, has also been affected. The slow market has largely been down to candidates lacking confidence to move, with customer demand to fill roles remaining stronger than our performance suggests. Crucially, we achieved our profit target for the year without cutting our sales capacity, so we will be ready to take advantage as soon as markets turn.

Strategy

We continued to make good progress with all aspects of our strategy in FY24, as we built positive momentum in the business.

External Focus

Gattaca is a much simpler business than two years ago. We have consciously focused on fewer sectors and territories and doubled down on STEM skill focus. Our aim is to be the top player in all our marketplaces, with a multi-service offering that ranges from supporting customers with a single hire through to designing and running a complete talent programme or delivering outcome-based subcontracted services. While organic growth is our first choice, we will consider bolt-on acquisitions that strengthen our market position and deliver faster growth.

Our organic growth investments in FY24 included a dedicated business development team, which helped us achieve our contractor number and is now building a multi-year pipeline. We have also recruited a seasoned professional to lead our marketing team. While market conditions meant we controlled our investment in sales headcount, we have doubled our Energy sales team. We have focused on renewable energy generation and the opportunity associated with upgrading the UK transmission and distribution network in the coming years. We have also invested in our rapidly growing Statement of Work business, Gattaca Projects.

Client and candidate service feedback has continued to improve, with average ratings of 8.8 and 9.0 out of ten respectively (2023: 7.7 and 8.5). High service levels helped us to renew two major accounts that retendered and we also successfully implemented two new major Solutions accounts.

Culture

Culture is an obsession for us. Our Purpose, Vision, Mission and Values are well embedded, our engagement levels remain stable at 8.1 (2023: 8.1) and attrition has improved to 31% (2023: 33%). We were pleased to win two Business Culture awards in the year, for Best Transformation and Leading with Purpose.

Further layering the leadership has enabled us to move at even greater speed and created opportunities for the new generation of leadership that we have developed through. We have now had a full year of our performance scorecards, which allow us to reward the right people and manage underperformance. This links to the continued reduction in people leaving us within 12 months, through our focus on hiring well and providing an environment where people can be more successful.

In what has been a very emotional year, the hardest year of my career, our resilience has been truly tested and the strength of our culture fully felt. We lost two fantastic cultural characters and key team members this year.

Shanaz Tambe was our first hire in our successful Workforce Solutions support function in Cape Town. She was an incredible human being, never allowing me to get in the office before her on my visits, always a gift in hand for my daughter on my departure and was an incredible team leader for so many. Sadly, Shanaz lost her long, stoic battle with cancer in March.

Grahame Carter was a key member of my senior leadership team, as well as my best man and friend. His tragic accident in February was a devastating loss for the Group and wider industry. The outpouring of love was testament to the quality of the man. It is devastating that Grahame, our greatest cheerleader, won't be alongside us as we continue our progressive journey. However, he would be chuffed in how he continues to be remembered and an inspiration across the business.

I am sure that his "can do, will do", winning mentality has rubbed off on many of us across the business and his legacy is woven into the fabric of the Company and will continue to be a motivation and inspiration to myself, and I am sure many others.

Personally, I cannot thank the business and our wider network enough for the support they afforded me and each other during this tough year. I am incredibly proud of how they have all responded to these very challenging times.

Operational Performance

Our digital platforms are at the heart of our ongoing operational improvements. Developments in the year have enhanced contractor onboarding, increased the stability of our contractor book, improved our customer platforms and added automations to streamline our processes.

This helped us to grow average NFI per sales head by 13% year on year. Our sales productivity target for FY24 was £92k per total heads and we achieved £90k, up 11% on FY23. Continuing to leverage our technology stack, including more external-facing automations, will support further productivity improvements.

Towards the end of FY24, we exited our US-based operations, due to persistent loss-making results. We continue to support our route to market in the US from our UK-based sales force, primarily in our Energy sector.

Cost Rebalancing

Our work to streamline the business in FY24 included rationalising the UK payroll and billing entities, completing our review of the UK property portfolio, simplifying the Group's corporate structure further and slimming down the Board, all helping to reduce our cost base. Our sales to support staff mix was 68:32, as we move towards our 80:20 target.

Environmental, Social and Governance

FY24 has seen us continuing to integrate sustainability into the way we work, day to day. Our approach has now become integrated and authentic to us, as our business sees the advantages of taking the lead. We have a good understanding of where we can make the most difference, whether that is our Gender Equity Programme, inclusive recruitment practices, workplace ED&I and wellbeing awareness or making progress on our journey to Net Zero. This in turn helps us to win and retain business, with customers giving us top scores on ESG criteria and valuing our ED&I insights, and being a catalyst for change in the sectors we serve. Our digital investments also enhance our internal controls, underpinning our strong governance.

Outlook

We have entered FY25 with momentum in our contractor base and while we expect the permanent market will remain tough in the next financial year, we are confident that we will capitalise when the market does turn. We are improving as a business week on week and we expect to continue to take market share as we make further progress next year. I am very excited about the direction we are now going and what that means for all our stakeholders for the years to come.

Matt Wragg

Chief Executive Officer

Chief Financial Officer's Report

Highlights

- Delivered continuing underlying profit before tax ahead of market expectation
- Net cash of £20.7m (2023: £21.6m)
- Ordinary dividend of 2.5 pence per share proposed
- Share buyback of £0.5m completed in the year
- Improved operational productivity, average NFI per head grew +11% year on year

Financial Performance

On a continuing basis, revenue of £389.5m (2023 restated: £382.1m) generated NFI of £40.1m (2023 restated: £42.2m). We achieved contract NFI of £29.6m (2023 restated: £28.7m) at a margin of 8.0% (2023 restated: 7.9%), permanent recruitment fees and other NFI of £7.7m (2023: £11.4m) and Statement of Work (SoW) gross profit of £2.8m (2023: £2.1m). SoW services are all delivered through contract labour provision on long term projects where the Group takes responsibility for assignment deliverables. In the year contract NFI represented 74% (2023: 68%) of Group NFI as we consciously shifted our focus to contract.

The greatest impact of the market conditions on NFI was seen in permanent recruitment, which was down -33% on the prior year, partly as a result of us exiting a large RPO client in 2023, and also driven by continuing industry-wide client and candidate challenges. We strived to control our administration costs and achieved a year on year saving of £1.0m, particularly pleasing in an inflationary UK environment. Control of staff costs was a key driver of this as headcount was reduced in the year.

Underlying profit before tax from continuing operations was £2.9m (2023 restated: £3.7m). Statutory profit after tax for the total Group was £0.2m (2023: £1.2m).

Net cash at 31 July 2024 was £20.7m (31 July 2023: £21.6m), a decrease of £0.9m in net cash year on year after dividends of £1.6m and share buybacks and treasury share purchases of £0.8m. The optimisation of the working capital remains a key focus and throughout the year the Group maintained its improved DSO seen last year through strong collection performance and renegotiated trading terms.

FY23 results have been restated for the presentation of discontinued operations as explained in Note 10 of the consolidated Financial Statements.

Discontinued operations and non-underlying costs

During the year the Group withdrew from its operations in the USA. Despite investment in the US business since our acquisition of Networkers International in 2015, US trading losses became unsustainable due to market conditions, particularly in permanent recruitment, and we remained a small player in an extremely large and competitive market.

The loss from discontinued operations includes trading losses of £0.7m, £0.3m of non-underlying restructuring costs relating to the closure of US operations and £0.4m of impairments.

FY23 results have been restated throughout the Annual Report and Accounts to present results from the US operation comparably, in accordance with IFRS.

Non-underlying costs from continuing business are presented in line with the Group's accounting policy.

Reconciliation of profit before tax for the total Group

The table below reconciles continuing underlying profit before tax to reported statutory profit before tax for the total Group:

£'000	Profit before tax
Continuing underlying profit before tax	2,918
Restructuring costs in continuing business ¹	(467)
Cost relating to ongoing closure of group undertakings ²	(609)
Cost associated with exiting properties	(16)
Reversal of impairment of right-of-use leased assets	42
Operating loss relating to discontinued operations	(725)
Closure of US operations	(278)

Impairment of cash and cash equivalents ³	(408)
Amortisation of acquired intangibles	(69)
Net foreign exchange gains	678
Profit before tax for the total Group	1,066

- 1 Restructuring costs arose primarily from employee rationalisation programmes in the UK.
- 2 Costs associated with the ongoing closure of subsidiaries whose operations were discontinued in prior periods, primarily Mexico, Malaysia, Singapore, Qatar and Russia, are classified as continuing operations in the current year and are reported within non-underlying items in line with the Group's accounting policy. We will continue to incur costs associated with discontinued legacy operations as the legal wind down of those entities is concluded.
- 3 Cash on deposit in Russia was impaired due to the increased credit risk associated with the financial and regulatory sanctions imposed on and by Russia.

Taxation

The Group's reported effective tax rate was 82.6% (2023: 45.0%), driven by overseas losses not recognised as deferred tax assets, and non-deductible expenses arising from the corporate restructuring fees and streamlining of the Group. Further detail is set out in Note 9 of the Financial Statements. The continuing underlying effective tax rate was 35.2% (2023 restated: 29.9%).

Earnings per share

Basic earnings per share was 0.6 pence (2023: 3.8 pence), and on a fully diluted basis was 0.6 pence (2023: 3.8 pence). Continuing underlying basic earnings per share was 6.0 pence (2023 restated: 8.0 pence).

Dividends and share buyback

Our long-standing objective has been to achieve a through-the-cycle dividend payout of approximately 50% of profits after tax. The Board has proposed to pay a final ordinary dividend of 2.5 pence per share (2023: 2.5 pence). The final dividend, which amounts to approximately £0.8m, will be subject to shareholder approval at the 2024 Annual General Meeting. It will be paid on 13 December 2024 to shareholders on the register on 1 November 2024.

On 21 August 2023 the Board announced a share buyback which concluded on 29 November 2023 and returned £0.5m to shareholders.

Given the Group's sustained liquidity and recognising shareholder returns in the previous year, the Board remain committed to returning capital to shareholders.

Net assets and shares in issue at 31 July 2024

The Group had net assets of £28.3m (2023: £30.8m) and had 31.5m (2023: 31.9m) fully paid ordinary shares in issue.

Group net cash at 31 July 2024 was £20.7m (31 July 2023: £21.6m), a decrease of £0.9m in a year where the Group returned cash to shareholders of £1.6m via dividends, £0.5m via share buyback and used £0.3m for the purchase of shares for its Employee Benefit Trusts.

We saw a strong performance in the Group's days sales outstanding (DSO) at 31 July 2024 of 43.0 days, consistent with the prior year (31 July 2023: 43.2 days). This was driven by maintaining high levels of cash collection and improved payment terms mix. Trade receivables and accrued income balances, net of expected credit loss allowances, have increased to £51.1m (31 July 2023: £47.2m) due to the growth of our contractor book during FY24.

Net bank interest received was £0.7m (2023: £0.3m) as a result of the positive net cash balance maintained throughout the year.

As at 31 July 2024, the Group had an invoice financing working capital facility of £50m. Under the terms of the non-recourse facility, the trade receivables are assigned to, and owned by, HSBC and so have been derecognised from the Group's Statement of Financial Position. In addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS.

At 31 July 2024, utilisation of the recourse facility was nil and utilisation of the non-recourse facility was £2.3m, with unutilised facility headroom after restrictions of £29.9m.

Parent Company investments

Gattaca plc, the Company, held investments in subsidiary undertakings of £31.7m at 31 July 2024 (2023: £38.6m), following a £7.1m impairment charge recorded in the Parent Company as a result of the year-end impairment review.

The valuation of the investment, calculated based upon a value-in-use discounted cash flow, is sensitive to changes in key assumptions, largely due to current economic headwinds. Accounting Standards permit for a subsequent reversal of the impairment in the future if the value of the underlying asset increases.

Critical accounting policies

The statement of significant accounting policies is set out in Note 1 to the Financial Statements.

Group financial risk management

The Board reviews and agrees policies for managing financial risks. The Group's finance function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It seeks to ensure that adequate liquidity exists at all times, to meet its cash requirements. The Group's financial instruments comprise cash, borrowings and various items, such as trade receivables and trade payables that arise from its operations. The Group does not trade in financial instruments. The main risks arising from the Group's financial instruments are described below.

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. During the period we reviewed our expected credit loss allowance for trade receivables and accrued income and removed industry specific provisions which we have held since 2020 against certain industries we considered high risk. As a result of the changes to loss allowance rates, and combined with the increase in trade receivables and accrued income, our loss allowance decreased by £0.5m to £1.6m.

There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 9% (2023: 8%) of total receivables balances at 31 July 2024.

Foreign currency risk

The Group generates 2% of its annualised NFI from continuing business in international markets. The Group does face risks to both its reported performance and cash position arising from the effects of exchange rate fluctuations. The Group manages these risks by matching sales and direct costs in the same currency and where appropriate entering into forward exchange contracts to effect the same where sales and costs are not in the same currency.

Outlook

The Group's performance during FY24 was resilient in the face of challenging market conditions. It was pleasing to see the contractor base in growth, and this sets the Group up to grow NFI into 2025. We will continue to invest where we see opportunity for growth whilst maintaining a keen focus on our cost base and operational efficiency.

Oliver Whittaker

Chief Financial Officer

Consolidated Income Statement

For the year ended 31 July 2024

	Note	2024 £'000	Restated ¹ 2023 £'000
Continuing operations			
Revenue	2	389,533	382,095
Cost of sales		(349,454)	(339,875)
Gross profit	2	40,079	42,220
Administrative expenses ²		(38,999)	(38,703)
Operating profit from continuing operations	4	1,080	3,517
Finance income	6	784	966
Finance cost	7	(180)	(90)
Profit before taxation		1,684	4,393
Taxation	9	(916)	(1,004)
Profit for the year after taxation from continuing operations		768	3,389
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	10	(582)	(2,160)
Profit for the year		186	1,229

Profit for the year is wholly attributable to equity holders of the Company. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company Income Statement.

		2024	2023
	Note	pence	pence
Total earnings per ordinary share			
Basic earnings per share	11	0.6	3.8
Diluted earnings per share	11	0.6	3.8
			Restated ¹
		2024	2023
		pence	pence
Earnings per share from continuing operations			
Basic earnings per share	11	2.4	10.5
Diluted earnings per share	11	2.4	10.5

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

2 Administrative expenses from continuing operations includes net impairment releases on trade receivables and accrued income of £320,000 (2023: £334,000).

Reconciliation to adjusted profit measure

Underlying profit is the Group's key adjusted profit measure; profit from continuing operations is adjusted to exclude non-underlying income and expenditure as defined in the Group's accounting policy, amortisation and impairment of goodwill and acquired intangibles, impairment of leased right-of-use assets and net foreign exchange gains or losses.

		2024	Restated ¹
	Note	£'000	£'000
Operating profit from continuing operations		1,080	3,517
<i>Add:</i>			
Non-underlying items included within administrative expenses	4	1,092	(245)
Reversal of impairment of leased right-of-use assets	4	(42)	–
Amortisation of acquired intangible assets	4	69	68
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	2	1,533	1,422
Underlying EBITDA		3,732	4,762
<i>Less:</i>			
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	2	(1,533)	(1,422)
Net finance income excluding foreign exchange gains and losses	2	719	329
Underlying profit before taxation from continuing operations		2,918	3,669
Underlying taxation		(1,026)	(1,096)
Underlying profit after taxation from continuing operations		1,892	2,573

		2024	Restated ¹
	Note	pence	pence
Earnings per share from continuing underlying operations			
Basic earnings per share	11	6.0	8.0
Diluted earnings per share	11	5.9	7.9

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2024

	2024	2023
	£'000	£'000
Profit for the year	186	1,229
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	174	(243)
Reclassification adjustment on disposal of foreign operations (Note 10)	(713)	–
Other comprehensive loss for the year	(539)	(243)

Total comprehensive (loss)/income for the year attributable to equity holders of the parent	(353)	986
	2024	Restated ¹ 2023
	£'000	£'000
Attributable to:		
Continuing operations	925	3,269
Discontinued operations	(1,278)	(2,283)
	(353)	986

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

Consolidated and Company Statements of Financial Position

As at 31 July 2024

		Group		Company	
	Note	31 July 2024 £'000	31 July 2023 £'000	31 July 2024 £'000	31 July 2023 £'000
Non-current assets					
Goodwill ¹	12	1,712	1,712	–	–
Intangible assets ¹	13	120	250	–	8
Property, plant and equipment	14	702	1,024	–	–
Right-of-use assets	22	2,128	1,873	–	–
Investments	15	–	–	31,668	38,550
Deferred tax assets	16	342	440	–	–
Total non-current assets		5,004	5,299	31,668	38,558
Current assets					
Trade and other receivables	17	53,016	52,168	523	1,357
Corporation tax receivables		379	534	322	145
Cash and cash equivalents		22,817	23,375	38	8
Total current assets		76,212	76,077	883	1,510
Total assets		81,216	81,376	32,551	40,068
Non-current liabilities					
Deferred tax liabilities	16	(12)	(101)	–	–
Provisions	18	(396)	(366)	–	–
Lease liabilities	22	(1,217)	(964)	–	–
Total non-current liabilities		(1,625)	(1,431)	–	–
Current liabilities					
Trade and other payables	19	(49,323)	(46,895)	–	(2,742)
Provisions	18	(425)	(1,046)	–	–
Current tax liabilities		(686)	(330)	–	–
Lease liabilities	22	(853)	(857)	–	–
Total current liabilities		(51,287)	(49,128)	–	(2,742)
Total liabilities		(52,912)	(50,559)	–	(2,742)
Net assets		28,304	30,817	32,551	37,326
Equity					
Share capital	23	315	319	315	319
Share premium		8,706	8,706	8,706	8,706
Capital redemption reserve		8	4	8	4
Merger reserve		224	224	–	–
Share-based payment reserve		265	334	265	334
Translation reserve		157	696	–	–
Treasury shares reserve	23	(601)	(331)	(442)	(244)
Retained earnings		19,230	20,865	23,699	28,207

Total equity	28,304	30,817	32,551	37,326
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1 Goodwill and intangible assets for FY23 have been adjusted to report these separately, where they were previously presented combined.

The amount of loss generated by the Parent Company was £2,641,000 for the year ended 31 July 2024 (2023: £588,000).

The accompanying notes form part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 23 October 2024 and signed on its behalf by

Oliver Whittaker
Chief Financial Officer

Consolidated and Company Statements of Changes in Equity

For the year ended 31 July 2024

A) Consolidated

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2022	323	8,706	–	224	350	1,137	(147)	19,860	30,453
Profit for the year	–	–	–	–	–	–	–	1,229	1,229
Other comprehensive loss	–	–	–	–	–	(243)	–	–	(243)
Total comprehensive income	–	–	–	–	–	(243)	–	1,229	986
Share-based payments credit (Note 23)	–	–	–	–	(64)	–	–	–	(64)
Share-based payments reserves transfer	–	–	–	–	48	–	–	(48)	–
Deferred tax movement in respect of share options	–	–	–	–	–	–	–	126	126
Purchase of treasury shares	–	–	–	–	–	–	(184)	–	(184)
Purchase and cancellation of own shares ¹ (Note 23)	(4)	–	4	–	–	–	–	(500)	(500)
Translation reserve movements on disposal of foreign operations	–	–	–	–	–	(198)	–	198	–
Transactions with owners	(4)	–	4	–	(16)	(198)	(184)	(224)	(622)
At 31 July 2023	319	8,706	4	224	334	696	(331)	20,865	30,817
At 1 August 2023	319	8,706	4	224	334	696	(331)	20,865	30,817
Profit for the year	–	–	–	–	–	–	–	186	186
Other comprehensive loss	–	–	–	–	–	(539)	–	–	(539)
Total comprehensive loss	–	–	–	–	–	(539)	–	186	(353)
Share-based payments charge (Note 23)	–	–	–	–	201	–	–	–	201
Share-based payments reserves transfer	–	–	–	–	(270)	–	–	201	(69)
Deferred tax movement in respect of share options	–	–	–	–	–	–	–	46	46
Treasury shares issued to employees on exercise of LTIP share options (Note 23)	–	–	–	–	–	–	69	–	69
Purchase of treasury shares	–	–	–	–	–	–	(339)	–	(339)
Purchase and cancellation of own shares ¹ (Note 23)	(4)	–	4	–	–	–	–	(502)	(502)
Dividends paid in the year (Note 29)	–	–	–	–	–	–	–	(1,566)	(1,566)
Transactions with owners	(4)	–	4	–	(69)	–	(270)	(1,821)	(2,160)
At 31 July 2024	315	8,706	8	224	265	157	(601)	19,230	28,304

1 Gattaca plc undertook a public share buyback in both the current and prior year, and a capital redemption reserve was created as a result of the subsequent cancellation of these shares, as discussed in Note 23.

B) Company

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Share- based payment reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2022	323	8,706	–	350	(107)	29,343	38,615
Loss and total comprehensive loss for the year (Note 8)	–	–	–	–	–	(588)	(588)
Share-based payments credit (Note 23)	–	–	–	(64)	–	–	(64)
Share-based payments reserves transfer	–	–	–	48	–	(48)	–
Purchase of treasury shares	–	–	–	–	(137)	–	(137)
Purchase and cancellation of own shares ¹ (Note 23)	(4)	–	4	–	–	(500)	(500)
Transactions with owners	(4)	–	4	(16)	(137)	(548)	(701)
At 31 July 2023	319	8,706	4	334	(244)	28,207	37,326
At 1 August 2023	319	8,706	4	334	(244)	28,207	37,326
Loss and total comprehensive loss for the year (Note 8)	–	–	–	–	–	(2,641)	(2,641)
Share-based payments charge (Note 23)	–	–	–	201	–	–	201
Share-based payments reserves transfer	–	–	–	(270)	–	201	(69)
Treasury shares issued to employees on exercise of LTIP share options (Note 23)	–	–	–	–	69	–	69
Purchase of treasury shares	–	–	–	–	(267)	–	(267)
Purchase and cancellation of own shares ¹ (Note 23)	(4)	–	4	–	–	(502)	(502)
Dividends paid in the year (Note 29)	–	–	–	–	–	(1,566)	(1,566)
Transactions with owners	(4)	–	4	(69)	(198)	(1,867)	(2,134)
At 31 July 2024	315	8,706	8	265	(442)	23,699	32,551

1 Gattaca plc undertook a public share buyback in both the current and prior year, and a capital redemption reserve was created as a result of the subsequent cancellation of these shares, as discussed in Note 23.

Consolidated Cash Flow Statement

For the year ended 31 July 2024

		Group	
		2024	2023
	Note	£'000	£'000
Cash flows from operating activities			
Profit for the year		186	1,229
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment and amortisation of intangible assets, software and software licences	4	588	591
Depreciation of leased right-of-use assets	4	1,030	952
Loss on disposal of property, plant and equipment	4	24	17
Loss on disposal of software and software licences	4	–	8
Reversal of impairment of right-of-use assets	4	(42)	–
Impairment of cash and cash equivalents	4	408	–
Profit on reassessment of lease term	22	–	(672)
Profit on reassessment of dilapidation asset	22	–	(58)
Interest income	6	(784)	(328)
Interest costs	7	65	87
Taxation expense recognised in the Income Statement	9	880	1,007
(Increase)/decrease in trade and other receivables		(940)	6,243
Increase in trade and other payables		2,428	476
Decrease in provisions	18	(616)	(285)
Share-based payment charge/(credit)	23	201	(64)
Foreign exchange (gains)/losses		(420)	37
Cash generated from operations		3,008	9,240
Interest paid	7	(2)	(19)
Interest paid on lease liabilities	7	(63)	(68)

Interest received	6	784	328
Income taxes received		789	61
Income taxes paid		(1,117)	–
Cash generated from operating activities		3,399	9,542
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(162)	(178)
Sublease rent receipts		131	130
Cash used in investing activities		(31)	(48)
Cash flows from financing activities			
Lease liability principal repayments		(1,084)	(1,200)
Purchase of treasury shares		(339)	(184)
Purchase of own shares for cancellation		(502)	(500)
Working capital facility repaid		–	(1,801)
Dividends paid		(1,566)	–
Cash used in financing activities		(3,491)	(3,685)
Non-cash movements			
Effects of exchange rates on cash and cash equivalents		(27)	(202)
Impairment of cash and cash equivalents	4	(408)	–
Total non-cash movements	27	(435)	(202)
(Decrease)/increase in cash and cash equivalents		(558)	5,607
Cash and cash equivalents at the beginning of the year		23,375	17,768
Cash and cash equivalents at end of year¹	27	22,817	23,375

1 Cash and cash equivalents as at 31 July 2024 and 31 July 2023 includes restricted cash balances, for further details please refer to Note 27.

Net decrease in cash and cash equivalents from discontinued operations was £849,000 (2023 restated: £743,000).

Notes Forming Part of the Financial Statements

1 The Group and Company Material Accounting Policies

1.1 The Business of the Group

Gattaca plc (the Company) and its subsidiaries (together the Group) is a human capital resources business providing contract and permanent recruitment services in the private and public sectors across the UK, Europe and North America regions. The Company is a public limited company, which is listed on the Alternative Investment Market (AIM) and is incorporated and domiciled in England, United Kingdom. The Company's address is 1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF. The registration number is 04426322.

1.2 Basis of preparation of the Financial Statements

The consolidated Financial Statements of Gattaca plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

As permitted by Section 408 of the Companies Act 2006, the Company's Income Statement has not been presented. The Company, as permitted by FRS 101, has taken advantage of the disclosure exemptions available under that standard in relation to:

- Cash Flow Statement and related notes;
- Financial instruments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated Financial Statements of Gattaca plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments; and
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets.

These Financial Statements have been prepared under the historical cost convention. The accounting policies have been applied consistently to all years throughout both the Group and the Company for the purposes of preparation of these Financial Statements. A summary of the principal accounting policies of the Group is set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated Financial Statements, are disclosed in Note 1.22.

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity are described in the Chief Financial Officer's Report.

At the year-end the Group reported a strong balance sheet with statutory net cash of £20.7m (2023: £21.6m). The Group ensures the availability of working capital through close management of customer payment terms. There is sufficient headroom on our working capital facilities to absorb a level of customer payment term extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. Whilst there is no evidence that it would occur, a significant deterioration in average payment terms has the potential to impact the Group's liquidity.

The Directors have prepared detailed cash flow forecasts, covering a period of at least 12 months from the date of approval of these Financial Statements. The forecasts are prepared with appropriate regard for the current macroeconomic headwinds and particular circumstances in which the Group operates, including demand and candidate sentiment across the UK recruitment sector and the economic outlook for STEM markets in the UK in which our customers operate. The forecasts assume sustained growth in NFI and cost rebalancing aligned with the Group's strategic priorities.

We continue to see permanent recruitment remaining subdued, in line with our peers, and our focus remains on contractor growth, which takes longer to reflect in NFI. As such we expect profitability will be weighted to second half of the year. Strong contract pipelines in Defence and Mobility sectors, combined with increasing customer demand for Statement of Work contracts, underpin the Group's Net Fee Income expectations for FY25 and beyond.

The output of the forecasting process has been used to perform sensitivity analysis on the Group's cash flows to the potential effects should principal risks actually occur. The sensitivity analysis modelled a severe but plausible scenario including:

- Reduced NFI growth of 2% per annum;
- Increased operating costs by 1% per annum; and
- Customer payment terms extended by five days.

The effects of commercial mitigating actions that the Directors would implement in response to adverse changes in the Group's profitability and liquidity were excluded.

Given the nature of the temporary and contract recruitment business, significant working capital inflows typically arise in periods of severe downturn, thus protecting short-term liquidity, as was the case during the COVID-19 pandemic. The sensitised forecasts illustrate that the Group's liquidity is resilient to adverse changes in profitability and customer payment terms. The sensitised forecasts show a 60% reduction in net cash at 31 July 2025, to £6.6m.

A key assumption in preparing the cash flow forecasts is the continued availability of Group's invoice financing facility throughout the forecast period. The unutilised facility headroom at 31 July 2024 was £29.9m (2023: £27.6m). The current £50m facility has no contractual renewal date; the Directors remain confident that the facility will remain available.

After making appropriate enquiries and considering key judgements and assumptions described above, the Directors have a reasonable expectation at the time of approving these Financial Statements that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Following careful consideration the Directors do not consider there to be a material uncertainty with regards to going concern and consider it is appropriate to adopt the going concern basis in preparing these financial statements.

1.4 New standards and interpretations

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 August 2023 and no new standards have been early adopted. The Group's July 2024 consolidated Financial Statements have adopted these amendments to IFRS:

- IFRS 17, 'Insurance contracts' as amended in December 2021
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – Deferred Tax relating to Assets and Liabilities arising from a Single Transaction

- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

There have been no alterations made to the accounting policies as a result of considering all of the amendments above that became effective in the year, as these were either not material or were not relevant to the Group or Company.

New standards in issue, not yet adopted

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are effective for the Group accounting periods beginning on or after 1 August 2024. These new pronouncements are listed as follows:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (effective 1 January 2024)
- Amendments to IAS 1 – Non-current Liabilities with Covenants (effective 1 January 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance (effective 1 January 2024)
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (effective 1 January 2024)

The Directors are currently evaluating the impact of the adoption of all other standards, amendments and interpretations but do not expect them to have a material impact on the Group's operations or results.

1.5 Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases. The results of all subsidiaries, including those with non-coterminous reporting dates, are consolidated in line with the Group's financial reporting period.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangements. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

1.6 Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services provided, excluding VAT and trade discounts.

The Group is the principal for both its temporary and permanent placements and as such presents its revenue gross, being the whole amount collected from its customers, and then presents Net Fee Income as gross profit.

Contractual rebate arrangements in respect of volume and value of sales are variable consideration reducing revenue and are estimated at the most likely amount of consideration based on forecasts of customer activity informed by historical experience.

Temporary placements

For FY24, the Group has changed its accounting policy in connection with the timing of revenue recognition for temporary placements. Revenue reported in the Consolidated Income Statement and contract assets and liabilities reported in the Consolidated Statement of Financial Position are unaffected by this change, for more details refer to Note 3.

Revenue from temporary (contract) placements, which represents amounts billed for the services of temporary workers including the salary costs of those workers, is recognised over time in line with when the temporary worker provides services, typically over a weekly or monthly timesheet period. Customers are invoiced in arrears following receipt of an approved timesheet; timing differences between the provision of services and invoicing are recognised as accrued income. Customer credit terms are between 30 and 60 days.

The Group has assessed its use of third party providers to supply temporary workers under the agent or principal criteria and has determined that it is the principal because it retains primary responsibility for provision of the services.

Permanent placements

Revenue from permanent placements on non-retained assignments, which is typically based on a percentage of the candidate's remuneration package, is recognised at a point in time when the candidate commences employment. For retained assignments, revenue is recognised in line with completion of defined stages of work. Customers are invoiced in arrears following commencement of the candidate's employment; timing differences between the provision of services and invoicing are recognised as accrued income. Customer credit terms are between 30 and 60 days.

Some permanent placements are subject to a claw-back period whereby if a candidate leaves within a defined period of starting employment, the customer is entitled to a rebate subject to the Group's terms and conditions. Provisions as a reduction to revenue are recognised for such arrangements if considered probable.

Revenue cut-off: temporary and permanent placements

Revenue is recognised in the financial year to which it relates, to the extent that the Group has, within two months of the year-end date, received confirmation that the contractual performance obligation has been satisfied; either through receipt of a client-approved timesheet or confirmation of commencement of employment (for permanent placements).

Other

Other revenue includes the provision of engineering management services through Statement of Work packages and other fees.

Revenue from the provision of engineering management services, where the customer benefits from the services provided as the Group performs those services, is recognised over time. Progress against long-term contractual performance obligations is estimated using an input method, by reference to the proportion of costs incurred to date compared with total expected costs for the contract. This is considered to best reflect the benefit the customer receives from the Group's performance.

Other fees mainly relate to the management of our recruitment process outsourcing services. Revenue from other fees is recognised either at a point in time if we have agreed a fee per placement or over time if we have agreed a fee for managing the recruitment process during a certain period.

1.7 Non-underlying items

Non-underlying items are income or expenditure that are considered unusual or separate to underlying trading results because of their size, nature or incidence and are presented within the Consolidated Income Statement but highlighted through separate disclosure. The Directors consider that these items should be separately identified within the Income Statement to enable a proper understanding of the Group's business performance.

Items which are included within this category include but are not limited to:

- material restructuring costs, including related professional fees and staff costs, and costs relating to disposal and closure of discontinued business;
- costs of acquisitions;
- lease exit costs; and
- integration costs following acquisitions.

In addition, the Group also excludes from underlying results amortisation of acquired intangibles, impairments (excluding expected credit loss allowances for trade receivables and accrued income) and net foreign exchange gains or losses.

Specific adjusting items are included as non-underlying based on the following rationale:

Item	Distorting due to irregular nature year on year	Distorting due to fluctuating nature (size)	Does not reflect in-year operational performance of continuing business
Material restructuring costs	x	x	x
Lease exit costs	x	x	x
Amortisation of acquired intangibles			x
Impairment of goodwill and acquired intangibles	x	x	x
Impairment of right-of-use leased assets	x	x	x
Impairment of cash and cash equivalents	x	x	x
Net foreign exchange gains and losses		x	x
Tax impact of the above	x	x	x

1.8 Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset in terms of annual depreciation as follows:

Fixtures, fittings and equipment	12.5% to 33.3%	Straight-line
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.9 Goodwill

Goodwill arising on business combinations represents the excess of the fair value of the consideration given for a business over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairments.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is allocated to cash-generating units (CGUs), being the lowest level at which goodwill is monitored. The carrying value of the assets of the CGU, including goodwill, intangible and tangible assets, leased right-of-use assets and working capital balances, is compared to its recoverable amount, which is the higher of value in use and fair value less costs to sell. Any excess in carrying value over recoverable amount is recognised immediately as an impairment expense and is not subsequently reversed. Gains and losses on the disposal of a business are reported net of the carrying amount of any corresponding goodwill.

1.10 Intangible assets

Customer relationships

Customer relationships comprise principally of existing customer relationships which may give rise to future orders, and existing order books. They are recognised at fair value at the acquisition date and subsequently measured at cost less accumulated amortisation and impairment. Customer relationships are determined to have a useful life of ten years and are amortised on a straight-line basis. The remaining amortisation period of customer relationships is one year.

Trade names and trademarks

Trade names and trademarks, acquired as part of a businesses or separately purchased, are initially recognised at fair value at the acquisition date and subsequently measured at cost less accumulated amortisation and impairment. Trade names and trademarks are determined to have a useful life of ten years and are amortised on a straight-line basis. Trade names and trademarks have been fully amortised in the current year.

Software and software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. Software and software licences are determined to have a useful life of between two and five years and are amortised on a straight-line basis. Subsequent licence renewals are expensed to profit or loss as incurred.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets and amortised over a useful life of between two and ten years. The remaining amortisation period of software and software licences is between one and eight years.

Software-as-a-Service arrangements

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. In most cases, these will not meet the definition of an intangible asset under IAS 38. Implementation costs relating to cloud-based software under SaaS arrangements are either recognised as an intangible asset under IAS 38 if they meet the relevant capitalisation criteria or, more likely, are expensed to the Income Statement; as incurred, where implementation services are distinct from access to the software, or otherwise recognised as an expense over the period of the service contract.

Other

Other intangible assets acquired by the Group have a finite useful life between five and ten years and are measured at cost less accumulated amortisation and impairment losses. Other intangibles have been fully amortised.

Intangible assets are tested for impairment either as part of a goodwill-carrying cash-generated unit, or when events arise that indicate an impairment may be triggered. An impairment loss is recognised for the amount by which the carrying value of intangible assets exceeds the recoverable amount. The recoverable amount is the higher of the assets' fair value less costs of disposal and value in use.

Amortisation of intangible assets and impairment losses are recognised in the Income Statement within administrative expenses.

1.11 Investments

Investments in subsidiary undertakings are initially recognised at cost and subsequently carried at cost less accumulated impairment.

Investments are tested for impairment at the reporting date if events arise that indicate an impairment may be triggered. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. Impairment losses on investments are recognised in the Income Statement in

administrative expenses.

1.12 Leases

The Group leases office property, motor vehicles and equipment. Rental contracts typically range from monthly to five years.

At inception of a contract, the Group 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.

Assets and liabilities arising from a lease are initially measured at present value at the lease commencement date. Lease liabilities include the net present value of the fixed payments less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the Group under residual value guarantees, the exercise price of any purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease if that option is expected to be taken. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted at either the interest rate implicit in the lease or when this interest rate cannot be readily determined, the Group's incremental borrowing rate is associated with a similar asset. When calculating lease liabilities, the Group uses its incremental borrowing rate, being the rate it would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic climate with similar terms, security and conditions. This is estimated using publicly available data adjusted for changes specific to the lease in financing conditions, lease term, country and currency.

The Group does not have leases with variable lease payments based on an index or rate.

Extension or termination options are included in a number of the Group's leases. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise, or not to exercise, an option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise (or not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs that is within the control of the Group.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease with depreciation expense recognised in the Income Statement.

Right-of-use assets are tested for impairment either as part of a goodwill-carrying cash-generated unit, or when events arise that indicate an impairment may be triggered. An impairment loss is recognised for the amount by which the carrying value of right-of-use assets exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. Impairment losses on right-of-use assets are recognised in the Income Statement in administrative expenses.

Lease modifications are a change in scope of a lease that was not part of the original lease. Any change that is triggered by a clause already part of the original lease contract is a reassessment and not a modification. Changes to lease cash flows as part of a reassessment may result in a remeasurement of the lease liability using an updated discount rate where required by the standard.

Advantage has been taken of the practical expedients for exemptions provided for leases with less than 12 months to run, for leases of low value assets, and to account for leases with similar characteristics as a portfolio with a single discount rate. Payments associated with short-term leases and leases of low value are recognised on a straight-line basis as an expense in profit or loss.

Sublease of office space at certain of the Group's leased properties is accounted for in accordance with IFRS 16; the right-of-use asset relating to the head lease is derecognised to the extent that control of the asset (or a proportion thereof) is transferred to the sublessee, and the net investment in the sublease is recognised as a net finance lease receivable. The lease liability relating to the head lease, representing future lease payments due to the head lessor, is unaffected by the sublease arrangement.

1.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income

or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided for if these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to the offset and there is an intention to settle balances on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity (such as share-based payments) in which case the related deferred tax is also charged or credited directly to equity.

1.14 Pension costs

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.15 Share-based payments

All share-based remuneration is ultimately recognised as an expense in the Income Statement with a corresponding credit to the share-based payment reserve. All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options, proceeds received net of attributable transaction costs are credited to share capital and share premium.

The Company is the granting and settling entity in the Group share-based payment arrangement where share options are granted to employees of its subsidiary companies. The Company recognises the share-based payment expense as an increase in the investment in subsidiary undertakings.

The Group operates a Long-Term Incentive Plan (LTIP) share options scheme for Executive Directors and senior management. Options have exercise prices at or above £0.01. Grants have been made as part of a CSOP scheme, depending on the terms of specific grants.

The Group also operates a Share Incentive Plan (SIP), the Gattaca plc Share Incentive Plan (The Plan), which is approved by HMRC. The Plan is held by Gattaca plc UK Employee Benefit Trust (the SIP EBT), the purpose of which is to enable employees to purchase Company shares out of pre-tax salary. For each share purchased the Group grants an additional share at no cost to the employee. The expense in relation to these 'matched' shares is recorded as employee remuneration and measured at fair value of the shares issued as at the date of grant. The assets and liabilities of the SIP EBT are included in the Consolidated Statement of Financial Position.

1.16 Financial instruments

Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Under IFRS 9, all financial assets are measured at either amortised cost, fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI).

Financial assets: debt instruments

The Group's debt instruments are initially recognised at fair value, including transaction costs that are directly attributable to their acquisition of issue, and are subsequently measured at amortised cost.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses.

The Group holds unclaimed aged sales ledger credits on the balance sheet that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. Unclaimed sales ledger credits are released to the Income Statement after all reasonable steps have been taken to return funds to the customer and two years have elapsed since receipt of the funds. If a customer were to legitimately seek reimbursement of unclaimed sales ledger credits after its release, the Group would endeavour to settle this.

Impairment of financial assets

IFRS 9 requires the application of the Expected Credit Loss model (ECL). This applies to all financial assets except equity investments.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments.

The Group has reviewed each category of its financial assets to assess the level of credit risk and ECL allowance to apply:

- Trade receivables: the Group has chosen to take advantage of the practical expedient in IFRS 9 when assessing default rates over its portfolio of trade receivables, to estimate the ECL allowance based on historical default rates specific to groups of customers by industry and geography that carry similar credit risks.
- Accrued income is in respect of temporary placements where a candidate has provided services or permanent placements where a candidate has commenced employment, but no invoice has been raised. Default rates have been determined by reference to historical data.
- Cash and cash equivalents are held with established financial institutions. The Group has determined that based on the external credit ratings of counterparties, this financial asset has a very low credit risk and that the estimated expected credit loss allowance is not material. During FY24, the Group impaired its cash on deposit in Russia due to the increased credit risk associated with the financial and regulatory sanctions imposed on and by Russia.

The Company assesses credit risk and ECL allowance over amounts due from Group undertakings in the context of subsidiary trading results and net assets. At each reporting date, the ECL allowance is reviewed to reflect changes in credit risk and historical default rates and other economic factors. Changes in the ECL allowance are recognised in the Income Statement within administrative expenses.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument and comprise trade and other payables and bank borrowings. Financial liabilities are recorded initially at fair value, net of direct issue costs and are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Non-recourse receivables factoring is not recognised as a financial liability as there is no contractual obligation to deliver cash; subsequently, the receivables are de-recognised and any difference between the receivable value and amount received through non-recourse factoring is recognised as a finance cost.

1.17 Cash and cash equivalents

In the Consolidated Cash Flow Statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position and Cash Flow Statement, bank overdrafts are netted against cash and cash equivalents where the offsetting criteria are met.

Cash in transit inbound from, or outbound to, a third party is recognised when the transaction is no longer reversible by the party making the payment. This is determined to be in respect of all electronic payments and receipt transactions that commence before or on the reporting date and complete within one business day after the reporting date.

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for wider use by the Group. These balances arise from the Group's non-recourse working capital arrangements as well as from balances for which the Group cannot access the accounts and hence cannot withdraw funds, but is still the legal owner.

1.18 Provisions

Provisions are recognised where the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

1.19 Dividends

Dividend distributions payable to equity shareholders are included in 'other short term financial liabilities' when the dividends are approved in a general meeting prior to the reporting date.

1.20 Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in Pounds Sterling (£GBP), which is the Group's presentation currency.

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Income and expenses are translated at the actual rate.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the Income Statement in the year in which they arise.

The assets and liabilities in the financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the reporting date.

The individual financial statements of each Group company are presented in its functional currency. On consolidation, the assets and liabilities of overseas subsidiaries, including any related goodwill, are translated to Sterling at the rate of exchange at the reporting date. The results and cash flows of overseas subsidiaries are translated to Sterling using the average rates of exchange during the period. Exchange adjustments arising from retranslation of the opening net investment and the results for the period to the period end rate are accounted for in the translation reserve in the statement of Comprehensive Income. On divestment, these exchange differences are reclassified from the translation reserve to the Income Statement.

1.21 Equity

Equity comprises the following:

- Share capital represents the nominal value of equity shares.
- Share premium represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- Capital redemption reserve represents the nominal value of equity shares that have been cancelled and are no longer in issue.
- Merger reserve represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel, less any amounts subsequently realised and reclassified to distributable reserves.
- Share-based payment reserve represents equity-settled share-based employee remuneration until such share options are exercised or lapse.
- Translation reserve represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- Treasury shares reserve represents Company shares purchased directly by the Group to satisfy obligations under the employee share plans.
- Retained earnings represents retained profits.

1.22 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the Consolidated Financial Statements requires judgement, estimations and assumptions to be made in conformity with IFRS requirements. Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Directors have considered the impact of climate change on the Group and have concluded that there is no material impact on financial reporting judgements and estimates, the long-term viability of the Group, and carrying value of goodwill, other intangibles or property and plant and equipment. Whilst the Directors have concluded that there is no material impact of climate change on the financial reporting judgements and estimates for the current year, the Group will continue to monitor these risks and their potential impacts in the future.

Critical accounting judgements

The critical accounting judgements that carry a risk of causing a material adjustment within the next 12 months are discussed below:

Identifying indications of impairment of non-current assets

An impairment test is required for all assets within the scope of IAS 36 when there is an indication of impairment at the reporting date. In addition, goodwill must be tested for impairment annually, irrespective of whether there is any indication of impairment.

Indications of impairment may be internal or external. Key external sources of external information considered by the Group include recruitment market trends and the economic conditions prevailing in the countries in which it operates. The Group operates principally in the United Kingdom and we are providing services to customers in STEM markets, so key considerations include factors that impact the UK economic outlook such as UK inflation, interest rates, pay rates, vacancy numbers and talent availability. Key internal sources of information include management

information and financial trading results.

Determining cash-generating units (CGUs)

For the purpose of impairment testing, where an asset does not generate cash flows independently, such as goodwill acquired in a business combination, management must use judgement in identifying the asset's CGU and associated future cash flows. CGUs must be identified consistently from one period to the next, unless a change is justified.

At the year end, management reassessed the Group's goodwill-carrying CGU following operational changes during the year. The Energy CGU was previously identified as the London-based Energy team, a sub-division of the Energy sector. During the year, further integration of our specialist Energy recruitment teams occurred, including:

- An organisational restructure implemented by the Executive Board, identified Energy as one of five core sectors and established the Head of Energy role with remit to scale the Energy sector as a single business unit;
- Operational management, strategy, client marketing and sub-sector focus areas of all Energy sub-divisions, across our London and Whiteley HQ locations, was aligned under the supervision of the Head of Energy; and
- Management reporting to the Board in FY25 and preparation of the FY25 budget is performed on a fully consolidated basis, with no demarcation remaining between geographical locations.

As result of these changes, management considered that the cash flows from the London-based team are no longer largely independently of the wider Energy sector and have concluded that for the year end impairment test the future cash flows of the goodwill-carrying Energy CGU are those of the whole Energy operating segment.

More detail on impairment testing for the Energy CGU can be found in Note 12.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that carry a risk of causing a material adjustment within the next 12 months are discussed below:

Estimating Expected Credit Loss (ECL) allowances in respect of trade receivables, accrued income and cash and cash equivalents

Trade receivables and accrued income

The Group's policy for default risk over receivables is based on the ongoing evaluation of the credit risk of its trade receivables. Estimation is used in assessing the ultimate realisation of these receivables, including reviewing the potential likelihood of default, the past collection history of each category of customers, any insurance coverage in place and the current and future economic conditions. As a result, an ECL allowance for impairment of trade receivables and accrued income has been recognised, as discussed in Note 17.

During the year, the Group reduced its general expected loss allowances rates to reflect a lower historical credit loss rate, supported by economic forecasts. The reduction in general expected loss rates gave rise to credits to the Income Statement on release of loss allowances of £194,000 for trade receivables and £93,000 for accrued income. The balance of the release of loss allowances to the Income Statement arise due to changes in specific debt allowances and changes in value of gross receivables since the last reporting date.

The Group has performed sensitivity analysis over its general expected loss allowances rates as a key accounting estimate. As at 31 July 2024, a 50 basis points increase in the general expected loss allowances rates applied by the Group would result in a charge to the Income Statement for impairment losses of £175,000 for trade receivables and £85,000 for accrued income.

Cash and cash equivalents

During the year, the Group impaired its cash on deposit in Russia due to the increased credit risk associated with the financial and regulatory sanctions imposed on and by Russia. Impairment losses on cash and cash equivalents of £408,000 have been recognised in loss for the year from discontinued operations. The carrying amount of the Group's cash and cash equivalents in Russia as at 31 July 2024 was £nil (2023: £391,000).

Estimating recoverable amount of non-current assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of suitable growth rates and discount rate as inputs to the value-in-use model. More detail on the assumptions used can be found in Note 12.

At the reporting date, the recoverable amount of the Energy CGU's assets was £3,139,000, an excess of £443,000 above the carrying amount. The Directors have therefore concluded that the CGU's goodwill and intangible assets are not impaired. Sensitivity analysis has been undertaken on changes in the key assumptions representing a reasonably possible downside scenario, further details can be found in Note 12.

Estimating recoverable amount of investments in subsidiaries (Parent Company)

The Parent Company's investments in subsidiary undertakings are tested for impairment at the reporting date if events arise that indicate an

impairment may be triggered. This requires an estimate to be made of the recoverable amount of the investments, including forecasting future cash flows of the asset and forming assumptions over the growth rates, discount rate and working capital requirement applied in the value-in-use calculation. More detail of the assumptions used can be found in Note 15.

At the reporting date, the recoverable amount of the Company's investments was £31,668,000, a deficit of £7,060,000 below the carrying amount. The Directors have therefore concluded that the investment is impaired and have recorded an impairment in the Company's results for the year to reduce the carrying amount to the recoverable amount. Sensitivity analysis has been undertaken on changes in the key assumptions representing a reasonably possible downside scenario, further details can be found in Note 15.

Other areas of judgement and accounting estimates

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties. The other areas of judgement and accounting estimates are:

- Revenue from contracts with customers: Contractual rebate arrangements are variable consideration reducing revenue and are estimated at the most likely amount of consideration based on forecasts of customer activity informed by historical experience.
- Accrued income: Relates to the Group's right to consideration for temporary and permanent placements where services have been performed and contractual performance obligations satisfied but the customer has not yet been billed at the reporting date. Accrued income in respect of late contractor timesheets and permanent placement notifications is estimated at each reporting date based upon historic timesheet data and current run rates.
- Other revenue: Progress against long-term contractual performance obligations is estimated using an input method, by reference to the proportion of costs incurred to date compared with total expected costs for the contract. This is considered to best reflect the benefit the customer receives from the Group's performance.
- Non-underlying items: Management apply judgement in the classification of income and expenditure as non-underlying items, separate to underlying trading results because of their size, nature or incidence. Refer to Note 4 for further details.
- Non-current assets: Useful lives and residual values of depreciable assets. Refer to Note 13 (Intangible Assets) and Note 14 (Property, Plant and Equipment) for further details.
- Deferred taxation: Unrecognised deferred tax assets in connection with overseas operations. Refer to Note 16 for further details.
- Provisions: Valuation and expected timing of realisation of dilapidation provisions and other provisions. Refer to Note 18 for further details.
- Equity-settled share-based payment arrangements: Valuation of and vesting probabilities of share options under the Long-Term Incentive Plan. Refer to Note 23 for further details.
- Contingent liabilities: Matters in connection with potential claims against the Group over which the outcome is uncertain, or the likelihood of a future material economic outflow is not probable and an estimate cannot be measured reliably. Refer to Note 28 for further details.

Climate-related matters

The long-term consequences of climate change on the financial statements are difficult to predict and require the Group to make significant assumptions and develop estimates, as described above. Assumptions used by the Group are subject to uncertainties, including relating to future regulatory changes, new environmental commitments made by the Group to meet its emission reduction goals and development of new technologies. Due to these uncertainties, results reported in the Group's future financial statements could differ from the estimates established at the time these financial statements were approved.

2 Segmental Information

An operating segment, as defined by IFRS 8 'Operating segments', is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.

The Gattaca plc Group defines its operating segments by reference to the sectors in which it operates. Segmentation of the Group's activities by sector is consistent with the segmentation of information provided internally to the chief operating decision maker, being the Board of Directors of Gattaca plc.

Reportable segments are identified by reference to quantitative and qualitative thresholds prescribed in IFRS 8. There were no operating segments that met the criteria for aggregation with other operating segments.

Year ended 31 July 2024

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and		Gattaca Projects	International ²	Other	Continuing amortisation underlying of acquired operations intangibles Discontinued			Total Group
				Telecoms	Infrastructure							
Revenue	33,416	37,792	92,077	31,630	149,247	11,359	3,277	30,735	389,533	–	1,209	390,742
Gross profit	4,609	3,615	7,135	2,821	13,913	2,818	632	4,536	40,079	–	347	40,426

Operating contribution	2,031	1,943	4,081	639	6,319	1,869	(330)	1,205	17,757	–	(709)	17,048
Depreciation and amortisation	(132)	(149)	(363)	(125)	(585)	(45)	(13)	(121)	(1,533)	(69)	(16)	(1,618)
Impairments (net)	–	–	–	–	–	–	–	–	–	42	(408)	(366)
Central overheads	(1,836)	(908)	(2,136)	(1,310)	(4,132)	(463)	(995)	(2,245)	(14,025)	(1,092)	(278)	(15,395)
Operating profit/(loss)	63	886	1,582	(796)	1,602	1,361	(1,338)	(1,161)	2,199	(1,119)	(1,411)	(331)
Finance income/(costs), net									719	(115)	793	1,397
Profit/(loss) before tax									2,918	(1,234)	(618)	1,066

Year ended 31 July 2023 restated¹

All amounts in £'000	Technology, Media and						Gattaca		Continuing underlying operations ¹		Non-recurring items and amortisation of acquired intangibles	Discontinued ¹	Total Group
	Mobility	Energy	Defence	Telecoms	Infrastructure	Projects	International ^{1,2}	Other					
Revenue	40,387	40,605	80,652	27,660	148,843	5,512	3,464	34,972	382,095	–	–	3,079	385,174
Gross profit	4,536	4,119	8,003	2,569	14,094	2,091	984	5,824	42,220	–	–	1,181	43,401
Operating contribution	2,227	2,624	4,768	580	5,776	1,364	(2,228)	1,580	16,691	–	–	(960)	15,731
Depreciation and amortisation	(155)	(155)	(309)	(106)	(570)	(21)	28	(134)	(1,422)	(68)	(68)	(53)	(1,543)
Central overheads	(1,588)	(685)	(2,018)	(1,160)	(4,473)	(346)	770	(2,429)	(11,929)	245	245	(256)	(11,940)
Operating profit/(loss)	484	1,784	2,441	(686)	733	997	(1,430)	(983)	3,340	177	177	(1,269)	2,248
Finance income/(costs), net									329	547	547	(888)	(12)
Profit/(loss) before tax									3,669	724	724	(2,157)	2,236

¹ FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

² International segment revenue and gross profit is generated from the location of the commission-earning sales consultant, as opposed to the domicile of the respective subsidiary by which they are employed.

A segmental analysis of total assets has not been included as this information is not used by the Board; the majority of assets are centrally held and are not allocated across the reportable segments.

Geographical information

All amounts in £'000	Total Group revenue		Non-current assets	
	2024	2023	2024	2023
UK	384,233	375,436	4,963	5,173
Rest of Europe	801	775	1	2
Middle East and Africa	–	–	9	24
Americas	5,708	8,963	31	100
Total	390,742	385,174	5,004	5,299

Revenue and non-current assets are allocated to the geographical market based on the domicile of the respective subsidiary.

3 Revenue from Contracts with Customers

Revenue from contracts with customers is disaggregated by major service line and operating segment, as well as timing of revenue recognition as follows:

Major service lines – continuing underlying operations

	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Gattaca Projects	International	Other	Continuing underlying operations
2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Temporary placements	31,437	37,525	91,022	30,765	147,721	–	2,878	28,682	370,030
Permanent placements	1,902	218	861	865	1,520	–	270	2,053	7,689
Other	77	49	194	–	6	11,359	129	–	11,814
Total	33,416	37,792	92,077	31,630	149,247	11,359	3,277	30,735	389,533

	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Restated ² Gattaca Projects	Restated ¹ International	Other	Restated ¹ Continuing underlying operations
2023	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Temporary placements (as restated ^{1,2})	38,426	40,155	77,916	26,660	146,584	–	2,274	31,896	363,911
Permanent placements	1,771	268	2,427	778	1,978	–	1,190	3,037	11,449
Other (as restated ^{1,2})	190	182	309	222	281	5,512	–	39	6,735
Total	40,387	40,605	80,652	27,660	148,843	5,512	3,464	34,972	382,095

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

2 Revenue for Gattaca Projects has been allocated wholly to 'other' service line to more accurately reflect the nature of the services which Gattaca Projects provided to its customers. For comparability, FY23 has been restated accordingly.

Timing of revenue recognition – continuing operations²

	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Gattaca Projects	International	Other	Continuing underlying operations
2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Point in time	1,902	218	861	865	1,520	–	270	2,053	7,689
Over time	31,514	37,574	91,216	30,765	147,727	11,359	3,007	28,682	381,844
Total	33,416	37,792	92,077	31,630	149,247	11,359	3,277	30,735	389,533

	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Gattaca Projects	Restated ¹ International	Other	Restated ¹ Continuing underlying operations
2023	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Point in time (as restated ^{1,2})	1,771	268	2,427	778	1,978	–	1,190	3,037	11,449
Over time (as restated ^{1,2})	38,616	40,337	78,225	26,882	146,865	5,512	2,274	31,935	370,646
Total	40,387	40,605	80,652	27,660	148,843	5,512	3,464	34,972	382,095

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

2 The Group has revised its revenue accounting policy upon timing of recognition of revenue from temporary placements to address an inconsistency with IFRS 15. Previously recognised at a point in time upon receipt of a client-approved timesheet, revenue from temporary placements is now recognised over time, in line with when the temporary worker provides services. The Group considers that this more accurately reflects the Group's satisfaction of its contractual performance obligations under IFRS 15. The change is applied retrospectively in accordance with IAS 8 and comparative information has been restated. Revenue reported in the Consolidated Income Statement and contract assets and liabilities reported in the Consolidated Statement of Financial Position are unaffected.

No single customer contributed more than 10% of the Group's revenues (2023: none).

The Group's contract liabilities from contracts with customers are deferred income. The Group has no contract assets from contracts with customers.

	31 July 2024	31 July 2023	31 July 2022
	£'000	£'000	£'000
Deferred income	(135)	(129)	(330)

Deferred income at a given reporting date is recognised as revenue in the following financial year once performance obligations are satisfied and is classified in current liabilities.

4 Profit from Total Operations

	2024 £'000	2023 £'000
Profit from total operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment (Note 14)	458	489
Depreciation of right-of-use leased assets (Note 22)	1,030	952
Amortisation of acquired intangibles (Note 13)	69	68
Amortisation of software and software licences (Note 13)	61	34
Reversal of impairment of right-of-use leased assets (Note 22)	(42)	–
Impairment of cash and cash equivalents (Note 27)	408	–
Release of sales ledger credits ¹	(117)	(538)
Gain on reassessment of lease term ²	–	(672)
Loss on disposal of property, plant and equipment	24	17
Loss on disposal of software and software licences	–	8
Plant and machinery rental expenses for leases out-of-scope of IFRS 16	104	59
Non-recourse working capital facility bank charges	451	515
Share-based payment charges/(credits) ³ (Note 23)	201	(64)
Gain on release of provisions (Note 18)	(486)	(234)

- 1 The Group holds unclaimed aged sales ledger credits on the Statement of Financial Position that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. Releases of unclaimed sales ledger credits to the Income Statement are made in accordance with the Group's accounting policy, discussed further in Note 1.16.
- 2 The gain on reassessment of lease term resulted from the exercise of a break clause on a property that was fully impaired in FY22, as discussed in more detail in Note 22, and is presented in non-underlying items.
- 3 The share-based payments credit in the prior year arises from the reversal of charges accrued in prior years as a result of a change in expectation of vesting outcomes of LTIP share options.

The aggregate auditors' remuneration was as follows:

	2024 £'000	2023 £'000
Fees payable for the audit of the financial statements	225	379
Total auditors' remuneration	225	379

The auditors do not provide any non-audit services.

Non-underlying items included within administrative expenses were as follows:

	2024 £'000	Restated ¹ 2023 £'000
Continuing operations		
Restructuring costs ²	467	179
Net costs/(income) associated with exiting properties ³	16	(614)
Write down of acquired working capital balances ⁴	–	190
Reversal of impairment of leased right-of-use assets ⁵	(42)	–
Costs relating to ongoing closure of group undertakings ⁶	609	–
Non-underlying items included in profit from continuing operations	1,050	(245)

	2024 £'000	Restated ¹ 2023 £'000
Discontinued operations		
Restructuring costs ⁷	278	70
Advisory fees ⁸	–	2
Costs relating to closure of group undertakings ⁶	–	184
Impairment of cash and cash equivalents ⁹	408	–
Non-underlying items included in loss from discontinued operations	686	256
Total non-underlying items	1,736	11

- 1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.
- 2 Restructuring costs of £467,000 (2023 restated: £179,000) were recognised as a result of strategic personnel reorganisations and changes in the Board and senior management.
- 3 Net income in the prior year includes a gain of £672,000 upon exercise of a break clause for a leased office property that was fully impaired in the year ended 31 July 2022.
- 4 Write down of unsupportable and uncollectable working capital balances in subsidiaries acquired during previous years' business combinations.
- 5 An impairment recorded in FY22 was partially reversed upon sub-letting of an office property to a third party during the year.
- 6 Ongoing costs relating to closure of entities affected by the cessation of the contract with Telecoms Infrastructure business in 2018 as well as the ongoing closure costs of the Group's operations in Russia, South Africa, including late filing penalties in Qatar and impairment of certain capital working balances. Included in losses from discontinued operations in the prior year, the Group has presented these ongoing closure costs as continuing items in the current year, as discussed further in Note 10.
- 7 Costs incurred associated with closure of the Group's USA-based operations, including personnel re-organisation costs, as discussed further in Note 10.
- 8 Legal fees incurred relating to the Group's co-operation with certain voluntary enquiries from the US Department of Justice, as discussed in further detail in Note 28.
- 9 Cash on deposit in Russia was impaired due to the increased credit risk associated with the financial and regulatory sanctions imposed on and by Russia.

5 Particulars of Employees

The monthly average number of staff employed by the Group, including Directors, during the financial year amounted to:

	2024	2023
	No.	No.
Total operations		
Sales	308	347
Administration	137	148
Directors	6	7
Total	451	502

UK employees are directly contracted with the ultimate parent company, Gattaca plc, and staff costs are paid by Matchtech Group (UK) Limited, then recharged to fellow UK subsidiaries.

The aggregate payroll costs of the above were:

	2024	2023
	£'000	£'000
Total operations		
Wages and salaries	22,935	24,877
Social security costs	2,859	2,978
Other pension costs	928	915
Share-based payments ¹ (Note 23)	201	(64)
Total	26,923	28,706

- 1 The share-based payments credit in the prior year arises from the reversal of costs accrued in prior years as a result of a change in expectation of vesting outcomes of LTIP share options.

Amounts due to defined contribution pension providers at 31 July 2024 were £167,000 (2023: £158,000).

During the year the Group reorganised its leadership structure resulting in redefinition of its key management personnel. In FY23 and the first half of FY24 this consisted of the Directors and the Senior Leadership Team. For the second half of FY24 the Group's key management personnel were defined as the Directors and the wider Leadership Community. Disclosure of the remuneration of Group's key management personnel, as required by IAS 24, is detailed below:

	2024	2023
	£'000	£'000
Key management personnel remuneration		
Short-term employee benefits	2,119	1,739
Contributions to defined contribution pension schemes	100	77
Share-based payments	152	(5)
Total	2,371	1,811

6 Finance Income

	2024	Restated ¹ 2023
	£'000	£'000
Continuing operations		
Interest income	784	419
Net gains on foreign currency translation	–	547
Total	784	966

- 1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

7 Finance Costs

	2024	Restated ¹ 2023
	£'000	£'000
Continuing operations		
Bank interest expense	2	22
Interest expense on lease liabilities	63	68
Net losses on foreign currency translation	115	–
Total	180	90

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

8 Parent Company Loss

	2024	2023
	£'000	£'000
The amount of loss generated by the parent company was:	(2,641)	(588)

9 Taxation

	Continuing 2024 £'000	Discontinued 2024 £'000	Continuing 2023 £'000	Discontinued 2023 £'000
Analysis of charge/(credit) in the year				
Current tax:				
UK corporation tax	654	–	641	–
Overseas corporation tax	3	–	(1)	3
Adjustments in respect of prior years	204	(36)	5	–
	861	(36)	645	3
Deferred tax (Note 16):				
Origination and reversal of temporary differences	81	–	421	–
Adjustments in respect of prior years	(26)	–	(46)	–
Changes in tax rate	–	–	(16)	–
	55	–	359	–
Income tax charge/(credit) for the year	916	(36)	1,004	3

UK corporation tax has been charged at 25% (2023: 21%).

The charge for the year can be reconciled to profit/(loss) in the Income Statement as follows:

	Continuing 2024 £'000	Discontinued 2024 £'000	Restated ¹ Continuing 2023 £'000	Restated ¹ Discontinued 2023 £'000
Profit/(loss) before tax	1,684	(618)	4,393	(2,157)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 25% (2023: 21%)	421	(155)	923	(453)
Expenses not deductible for tax purposes	467	(15)	192	65
Income not taxable	(209)	–	(182)	–
Effect of share-based payments	(23)	–	(1)	–
Irrecoverable withholding tax	3	–	2	–
Overseas losses not recognised as deferred tax assets	84	140	160	403
Difference between UK and overseas tax rates	(4)	30	(33)	(12)
Adjustment to tax charge in respect of prior years	177	(36)	(41)	–
Changes in tax rate	–	–	(16)	–
Total taxation charge/(credit) for the year	916	(36)	1,004	3

1 FY23 results have been restated for the presentation of discontinued operations as explained in Note 10.

Tax credit recognised in equity:

	2024	2023
	£'000	£'000

Deferred tax credit recognised directly in equity	(46)	(126)
Total tax credit recognised directly in equity	(46)	(126)

Reconciliation of statutory continuing tax charge to continuing underlying tax charge:

	2024	2023
	£'000	£'000
Income tax expense	916	1,004
Non-underlying items	110	75
Foreign currency exchanges differences	–	17
Underlying income tax expense	1,026	1,096

Tax rate applied

The main UK corporation tax rate increased to 25% from 1 April 2023. Deferred tax has been valued based on the substantively enacted rates at each balance sheet date at which the deferred tax is expected to reverse.

10 Discontinued Operations

During the year, the Group announced the decision to restructure its USA operations and by 31 July 2024 US-based trading had ceased, support operations had been outsourced or transferred to the UK and all US-based sales and support staff exited. The Group continues to operate in the USA market in established sectors serviced by its UK-based sales consultants. The Group's closed US-based operations have been classified as a discontinued operation in accordance with IFRS 5.

Discontinued operations includes impairment of cash and cash equivalents balance held in the Russian branch of Networkers International (UK) Ltd ('the Branch') which ceased to trade in 2019. This has been disclosed within administrative expenses.

The Group has also incurred ongoing closure costs associated with previously discontinued trading businesses, including its contract Telecomm Infrastructure business (closed in 2018) and operations in Malaysia, Singapore and the Middle East (closed in 2018), China (closed in 2020), and Mexico closure and South African sub-group sale (closed in 2021). No trading activities remain for these businesses and all trading activities ceased over 24 months ago, however the Group continues to incur professional fees and other corporate costs associated with the ongoing corporate governance maintenance and statutory closure processes of these now-dormant subsidiary statutory entities. The Group has considered the nature and amount of these costs in the current year and has classified these ongoing closure costs as continuing operations, as part of the ongoing costs of corporate closures.

Costs associated with closure of discontinued businesses are reported within non-underlying items in line with the Group's accounting policy.

Financial performance

	2024	Restated ¹ 2023
	£'000	£'000
Revenue	1,209	3,079
Cost of sales	(862)	(1,898)
Gross profit	347	1,181
Administrative expenses ²	(1,758)	(2,450)
Loss from discontinued operations	(1,411)	(1,269)
Finance costs	–	(88)
Exchange gain/(loss)	793	(800)
Loss before taxation from discontinued operations	(618)	(2,157)
Taxation	36	(3)
Loss for the year after taxation from discontinued operations	(582)	(2,160)
Exchange differences on translation of discontinued operations	17	(123)
Reclassification adjustment on disposal of foreign operations	(713)	–
Total comprehensive loss from discontinued operations	(1,278)	(2,283)

¹ FY23 results have been restated for the presentation of trading arising from US-based operations discontinued operations as explained above.

² Included in administrative expenses are £686,000 (2023 restated: £256,000) of non-underlying items, as detailed in Note 4.

Cash flows from discontinued operations

	2024	Restated ¹ 2023
	£'000	£'000

Net cash outflow from operating activities	(850)	(684)
Net cash outflow from investing activities	–	(3)
Net cash outflow from financing activities	–	–
Effect of exchange rates on cash and cash equivalents	1	(56)
Net cash used by discontinued operations	(849)	(743)

1 FY23 results have been restated for the presentation of trading arising from US-based operations discontinued operations as explained above.

11 Earnings Per Share

Earnings per share (EPS) has been calculated by dividing the consolidated profit or loss after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares has been added to the denominator. The Group's potential ordinary shares, being the Long-Term Incentive Plan options, are deemed outstanding and included in the dilution assessment when, at the reporting date, they would be issuable had the performance period ended at that date.

The effect of potential ordinary shares are reflected in diluted EPS only when they are dilutive. Potential ordinary shares are considered to be dilutive when the monetary value of the subscription rights attached to the outstanding share options is less than the average market share price of the Company's shares during the period. Furthermore, potential ordinary shares are only considered dilutive when their inclusion in the calculation would decrease earnings per share, or increase loss per share, in accordance with IAS 33. There are no changes to the profit numerator as a result of the dilution calculation.

The earnings per share information has been calculated as follows:

	2024	2023
	£'000	£'000
Total earnings		
Total profit attributable to ordinary shareholders	186	1,229

	2024	2023
	'000	'000
Number of shares		
Basic weighted average number of ordinary shares in issue	31,587	32,196
Dilutive potential ordinary shares	660	487
Diluted weighted average number of shares	32,247	32,683

	2024	2023
	pence	pence
Total earnings per share		
Earnings per ordinary share		
	Basic	3.8
	Diluted	3.8

	2024	Restated ¹ 2023
	£'000	£'000
Earnings from continuing operations		
Total profit for the year from continuing operations	768	3,389

	2024	Restated ¹ 2023
	pence	pence
Total earnings per share from continuing operations		
Earnings per ordinary share from continuing operations		
	Basic	10.5
	Diluted	10.5

	2024	Restated ¹ 2023
	£'000	£'000
Earnings from discontinued operations		
Total loss for the year from discontinued operations	(582)	(2,160)

	2024	Restated ¹ 2023
	pence	pence
Total loss per share from discontinued operations		
Loss per ordinary share from discontinued operations		
	Basic	(6.6)
	Diluted	(6.6)

	Diluted	(1.8)	(6.6)
		2024	Restated ¹ 2023
Earnings from continuing underlying operations		£'000	£'000
Total profit for the year from continuing underlying operations		1,892	2,573
		2024	Restated ¹ 2023
Total earnings per share from continuing underlying operations		pence	pence
Earnings per ordinary share from continuing underlying operations	Basic	6.0	8.0
	Diluted	5.9	7.9

1 FY23 figures have been restated for the presentation of discontinued operations as explained in Note 10.

12 Goodwill

Group		Goodwill £'000	Total £'000
Cost	At 1 August 2022	28,739	28,739
	At 31 July 2023	28,739	28,739
	At 31 July 2024	28,739	28,739
Impairment	At 1 August 2022	27,027	27,027
	At 31 July 2023	27,027	27,027
	At 31 July 2024	27,027	27,027
Net book value	At 31 July 2023	1,712	1,712
	At 31 July 2024	1,712	1,712

Impairment testing

The carrying amount of goodwill is allocated wholly to the Energy cash-generating unit (CGU). At the year-end, management reassessed the Energy CGU following operational changes during the year, further details can be found in Note 1.22.

Goodwill is reviewed and tested for impairment on an annual basis or more frequently if it is determined that there is an indication of impairment. For the purpose of impairment testing, the recoverable amount of the CGU, including goodwill, intangible assets, right-of-use leased assets and working capital, is determined as the higher of its value-in-use or fair value less costs to sell.

At 31 July 2024, the recoverable amount of the Energy CGU's assets was £3,139,000, an excess of £443,000 above the carrying amount. The Directors have therefore concluded that the CGU's assets are not impaired.

The key assumptions and estimates used when calculating a CGU's value-in-use, are as follows:

Cash flows from operations

Discounted cash flows from operations for the Energy CGU were prepared based on forecasts for the Energy sector, starting with management's FY25 budget and applying over-arching NFI growth and cost inflation rates from FY26 to FY29. The Group prepares cash flow forecasts adjusted for allocations of Group overhead costs and extrapolates cash flows into perpetuity based on long-term growth rates. The CGU's working capital requirement is expected to increase proportionately with revenue growth.

Discount rates

The pre-tax rate used to discount the forecast cash flows was 20.4% (FY23: 18.7%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The nominal discount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on UK Government bond rates, adjusted for equity and industry risk premiums, reflecting the increased risk compared to an investor who is investing the market as a whole. Net present values are calculated using pre-tax discount rates derived from the Group's post-tax WACC of 14.4% (FY23: 14.1%).

Growth rates

Medium-term growth rates are based on management forecasts, reflecting past experience and the economic environment in which the Group operates. Conservative mid-term NFI growth rates have been used, reflecting a degree of uncertainty over current market headwinds and the timing of recovery of the permanent recruitment market. Long-term growth rates are based on external sources of an average estimated growth rate of 2.0% (2023: 2.0%), using a weighted average of operating country real growth expectations.

Sensitivity analysis

The Directors have considered and assessed reasonably possible changes in the key assumptions and have performed sensitivity analysis on

the estimates of recoverable amount.

Cash flows from operations for value-in-use are driven by the forecast level of operating contribution (NFI and operating costs) of the CGU across the 5-year forecast period. Scenarios modelled by management illustrate a range of possible outcomes, some of which indicated an immaterial impairment, which included a sustained period of subdued NFI growth and controlled operating cost inflation. A reduction in expected NFI growth (held at 50% of budgeted NFI growth in FY25, then 2% per annum in FY26-FY29) and operating cost inflation (in line with budget in FY25, then 1% per annum in FY26-FY29) resulted in a potential impairment of the CGU's non-current assets of £351,000 at 31 July 2024.

The sensitised scenario represents a reasonably possible downside, however it does not model the full extent of cost mitigations that management would implement commercially to protect profitability if NFI targets were not achieved. Such strategic levers available to management to reduce operating costs during periods of low NFI growth include closely managing staff costs and limiting non-critical investment in marketing and technology.

13 Intangible Assets

Group		Customer relationships £'000	Trade names £'000	Software and software licences £'000	Other £'000	Total £'000
Cost	At 1 August 2022	22,245	5,346	2,561	3,809	33,961
	Disposals ¹	–	–	(1,956)	–	(1,956)
	At 31 July 2023	22,245	5,346	605	3,809	32,005
	Disposals	(9,220)	(5,346)	(292)	(3,809)	(18,667)
	At 31 July 2024	13,025	–	313	–	13,338
Amortisation and impairment	At 1 August 2022	22,077	5,334	2,384	3,806	33,601
	Amortisation for the period	62	3	34	3	102
	Released on disposal ¹	–	–	(1,948)	–	(1,948)
	At 31 July 2023	22,139	5,337	470	3,809	31,755
					–	
	Amortisation for the period	60	9	61		130
	Released on disposal	(9,220)	(5,346)	(292)	(3,809)	(18,667)
	At 31 July 2024	12,979	–	239	–	13,218
Net book value	At 31 July 2023	106	9	135	–	250
	At 31 July 2024	46	–	74	–	120

¹ Software and software licences in relation to legacy systems no longer in use were disposed in the prior year.

During the year, management have rationalised the Group's intangible asset registers and have recorded disposals of assets that are fully depreciated and are no longer in use by the business.

14 Property, Plant and Equipment

Group		Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost	At 1 August 2022	2,986	4,742	7,728
	Additions	61	117	178
	Disposals	(800)	(3,790)	(4,590)
	Effects of movements in exchange rates	(7)	(16)	(23)
	At 31 July 2023	2,240	1,053	3,293
	Additions	89	73	162
	Disposals	(658)	(188)	(846)
	Effects of movements in exchange rates	–	(3)	(3)
	At 31 July 2024	1,671	935	2,606
Depreciation and impairment	At 1 August 2022	1,856	4,513	6,369
	Recategorisation of accumulated depreciation	207	(207)	–
	Charge for the year	290	199	489
	Released on disposal	(800)	(3,773)	(4,573)
	Effects of movements in exchange rates	(6)	(10)	(16)
	At 31 July 2023	1,547	722	2,269

	Charge for the year	256	202	458
	Released on disposal	(657)	(165)	(822)
	Effects of movements in exchange rates	–	(1)	(1)
	At 31 July 2024	1,146	758	1,904
Net book value	At 31 July 2023	693	331	1,024
	At 31 July 2024	525	177	702

During the prior year, management rationalised the Group's property, plant and equipment registers and recorded disposals of assets that were fully depreciated and no longer in use by the business.

There were no capital commitments as at 31 July 2024 or 31 July 2023.

15 Investments in Subsidiary Undertakings

Company		Total £'000
Cost	At 1 August 2022	38,608
	Reversal of capital contributions	(58)
	At 31 July 2023	38,550
	Capital contributions	200
	At 31 July 2023	38,750
Impairment	At 1 August 2022	–
	At 31 July 2023	–
	Impairment of investment in Matchtech Group (Holdings) Limited	7,060
	Impairment of investment in Gattaca GmbH¹	22
	At 31 July 2024	7,082
Net book value	At 31 July 2023	38,550
	At 31 July 2024	31,668

¹ The Company's direct investment in Gattaca GmbH, a subsidiary company, has been fully impaired as Gattaca GmbH has ceased to trade during the year.

The movement in cost of investments in the Parent Company represents capital contributions made relating to share-based payments.

Details of the Group's subsidiary undertakings are provided in Note 31.

Impairment testing: Matchtech Group (Holdings) Limited

The Directors identified that the carrying amount of the Parent Company's investment in Matchtech Group (Holdings) Limited, the principal trading sub-group, exceeded the Group's market capitalisation at the year-end, and the Group's financial performance, in terms of NFI and continuing underlying profit before tax, fell below its budget for the year ended 31 July 2024. These factors were deemed to be indicators of impairment of the Parent Company's investments in subsidiary undertakings and as a result the Directors have performed an impairment review in accordance with IAS 36.

The recoverable amount of the investment has been determined based on value-in-use calculations, which require the use of estimates. Discounted cash flows from operations were prepared based on forecasts for the Group, starting with management's FY25 budget and applying over-arching NFI growth and cost inflation rates from FY26 to FY29. A pre-tax discount rate of 20.9% has been used, reflecting the Group's post-tax weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. Medium-term growth rates modelled are based on management forecasts, reflecting past experience and the economic environment in which the Group operates. Long-term growth rates are based on external sources of an average estimated growth rate of 2.0% (2023: 2.0%), using a weighted average of operating country real growth expectations. The Group's working capital requirement, assessed at 2.5% of revenue, is expected to increase proportionately with revenue growth.

At 31 July 2024, the recoverable amount of the investment was £31,668,000, a deficit of £7,060,000 below the carrying amount. The Directors have therefore concluded that the investment is impaired and have recorded an impairment in the Company's results for the year to reduce the carrying amount to the recoverable amount.

The Directors have considered and assessed reasonably possible changes in the key assumptions and have performed sensitivity analysis on the estimates of recoverable amounts. The changes considered in aggregate, including a 100 basis points increase in both the discount rate and working capital requirement (as a percentage of revenue), represent a reasonably possible downside scenario but does not model changes in NFI growth rates, nor the full extent of mitigations that management would implement commercially to protect profitability if NFI targets were not

achieved. The result indicates a possible further impairment of the investment of £1,853,000, bringing the recoverable amount in line with the Group's market capitalisation at the reporting date. Further downside sensitisation of any of the key assumptions reduces the calculated value-in-use below the Group's market capitalisation, being the fair value less costs to sell, which would trigger a change in management's basis for assessment of recoverable amount.

16 Deferred Tax

2024 Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited to equity £'000	Foreign exchange £'000
Share-based payments	224	–	224	6	46	–
Accelerated capital allowances	23	–	23	(11)	–	–
Acquired intangibles	22	(12)	10	16	–	–
Tax losses	2	–	2	2	–	–
Other temporary and deductible differences	71	–	71	(68)	–	–
Gross deferred tax assets/(liabilities)	342	(12)	330	(55)	46	–
Amounts available for offset	–	–	–			
Net deferred tax assets/(liabilities)	342	(12)	330			

2023 Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited to equity £'000	Foreign exchange £'000
Share-based payments	172	–	172	3	126	–
Accelerated capital allowances	126	(92)	34	16	–	–
Acquired intangibles	17	(23)	(6)	12	–	–
Tax losses	–	–	–	(418)	–	–
Other temporary and deductible differences	139	–	139	28	–	2
Gross deferred tax assets/(liabilities)	454	(115)	339	(359)	126	2
Amounts available for offset	(14)	14	–			
Net deferred tax assets/(liabilities)	440	(101)	339			

The movement on the net deferred tax asset/(liability) is shown below:

	Group	
	2024 £'000	2023 £'000
At 1 August	339	570
Recognised in income (Note 9)	(55)	(359)
Recognised in equity	46	126
Foreign exchange	–	2
At end of year	330	339

	2024 £'000	2023 £'000
Deferred tax assets reversing within 1 year	64	188
Deferred tax liabilities reversing within 1 year	(12)	(90)
At end of year	52	98

	2024 £'000	2023 £'000
Deferred tax assets reversing after 1 year	278	252
Deferred tax liabilities reversing after 1 year	–	(11)
At end of year	278	241

Deferred tax has been valued based on the substantively enacted rates at each reporting date at which the deferred tax is expected to reverse.

Unrecognised deferred tax assets

Group

	2024 £'000	2023 £'000
Tax losses carried forward against profits of future years	2,620	2,347
Net unrecognised deferred tax assets	2,620	2,347

Of the unused tax losses £9,988,000 (2023: £5,465,000) can be carried forward indefinitely, £977,000 (2023: £887,000) expires within 10 years and £171,000 (2023: £3,763,000) expires within 20 years. £139,000 (2023: £139,000) of the unused tax losses carried forward indefinitely relate to unrecognised capital losses which may be offset against future chargeable (capital) gains only.

No deferred tax is recognised on unremitted earnings of overseas subsidiaries as the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in the foreseeable future. The temporary differences associated with the investments in subsidiaries for which a deferred tax liability has not been recognised aggregate to £1,549,000 (2023: £902,000). If the earnings were remitted, tax of £3,000 (2023: £nil) would be payable.

17 Trade and Other Receivables

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables from contracts with customers, net of loss allowance	34,320	31,905	–	–
Amounts owed by group undertakings	–	–	523	1,357
Other receivables	935	3,809	–	–
Prepayments	1,004	1,145	–	–
Accrued income	16,757	15,309	–	–
Total	53,016	52,168	523	1,357

The Directors consider that the carrying amount of trade and other receivables approximates to the fair value.

Amounts owed to the Company by group undertakings includes an intercompany loan receivable totalling £nil (2023: £1,350,000), upon which interest is charged at a market rate. Amounts owed by group undertakings are unsecured, repayable on demand and accrue no interest, with the exception of the loan receivable noted above, and are considered to approximate fair value.

Other receivables includes retentions of £273,000 (2023: £2,838,000) on trade receivables assigned to HSBC under the non-recourse invoice factoring facility, discussed further in Note 20.

Accrued income relates to the Group's right to consideration for temporary and permanent placements made but not billed at the year end. These transfer to trade receivables once billing occurs.

Impairment of trade receivables from contracts with customers

	Group	
	2024 £'000	2023 £'000
Trade receivables from contracts with customers, gross amounts	35,600	33,538
Loss allowance	(1,280)	(1,633)
Trade receivables from contracts with customers, net of loss allowance	34,320	31,905

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally settled within 30-60 days and are therefore all classified as current.

The Group uses a third party credit scoring system to assess the creditworthiness of potential new customers before accepting them. Credit limits are defined by customer based on this information. All customer accounts are subject to review on a regular basis by senior management and actions are taken to address debt aging issues.

Trade receivables are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics by geographical region or customer industry.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the relevant period end and the corresponding historical credit losses experienced within this period. The historic loss rates are adjusted to reflect any relevant current and forward-

looking information expected to affect the ability of customers to settle the receivables. Additionally, external economic forecasts and scenario analysis has been taken into account along with other macroeconomic factors when assessing the credit risk profiles for specific industries and geographies.

During the year, the Group reduced its general expected loss allowances rates to reflect a lower historical credit loss rate, supported by economic forecasts. The reduction in general expected loss rates gave rise to credits to the Income Statement on release of loss allowances of £194,000 for trade receivables and £93,000 for accrued income.

The loss allowance for trade receivables can be analysed as:

		More than 30 days past	More than 60 days past	More than 90 days past	Total
31 July 2024	Current				
Weighted expected loss rate (%)	2.6%	7.8%	53.2%	96.1%	
Gross carrying amount – trade receivables (£'000)	34,312	914	122	252	35,600
Loss allowance (£'000)	902	71	65	242	1,280
		More than 30 days past	More than 60 days past	More than 90 days past	Total
31 July 2023	Current				
Weighted expected loss rate (%)	3.6%	3.7%	15.4%	69.5%	
Gross carrying amount – trade receivables (£'000)	31,973	903	13	649	33,538
Loss allowance (£'000)	1,147	33	2	451	1,633

The loss allowance for trade receivables at year end reconciles to the opening loss allowance as follows:

	Group	
	2024	2023
	£'000	£'000
Opening loss allowance at 1 August	1,633	2,077
Decrease in loss allowance recognised in the year ¹	(166)	(156)
Receivables written off during the year as uncollectable	(187)	(288)
Closing loss allowance at 31 July	1,280	1,633

¹ Includes a credit of £194,000 (2023: £nil) relating to the reduction of general expected loss rates.

Impairment of accrued income

	Group	
	2024	2023
	£'000	£'000
Gross accrued income	17,107	15,813
Loss allowance	(350)	(504)
Accrued income, net of loss allowance	16,757	15,309

The loss allowance for accrued income can be analysed as:

		More than 30 days past	More than 60 days past	More than 90 days past	Total
31 July 2024	Current				
Weighted expected loss rate (%)	2.0%	2.0%	2.0%	9.5%	
Gross carrying amount – accrued income (£'000)	16,349	561	88	109	17,107
Loss allowance (£'000)	327	11	2	10	350
		More than 30 days past	More than 60 days past	More than 90 days past	Total
31 July 2023	Current				
Weighted expected loss rate (%)	2.3%	2.8%	18.3%	98.5%	
Gross carrying amount – accrued income (£'000)	15,476	143	60	134	15,813
Loss allowance (£'000)	357	4	11	132	504

The loss allowance for accrued income at year reconciles to the opening loss allowance as follows:

	Group	
	2024	2023
	£'000	£'000
Opening loss allowance at 1 August	504	682
Decrease in loss allowance recognised in profit and loss during the year ²	(154)	(178)
Closing loss allowance at 31 July	350	504

2 Includes a credit of £93,000 (2023: £nil) relating to the reduction of general expected loss rates.

18 Provisions

	2024			2023		
	Dilapidations	Other provisions	Total	Dilapidations	Other provisions	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 August	677	735	1,412	880	824	1,704
Provisions made in the year	15	378	393	187	194	381
Provisions utilised	(220)	(288)	(508)	(353)	(79)	(432)
Provisions released	(110)	(376)	(486)	(35)	(199)	(234)
Effect of movements in exchange rates	–	10	10	(2)	(5)	(7)
Balance at 31 July	362	459	821	677	735	1,412

	2024			2023		
	Dilapidations	Other provisions	Total	Dilapidations	Other provisions	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
Non-current	362	34	396	347	19	366
Current	–	425	425	330	716	1,046
Total	362	459	821	677	735	1,412

Dilapidation provisions are held in respect of the Group's office properties where lease obligations include contractual obligations to return the property to its original condition at the end of the remaining lease term, ranging between one and three years. Certain of the Group's property leases include obligations to reinstate the property into the same condition as when the lease commenced. Management estimate the value of the future obligation by reference to historical information, such as dilapidation settlements paid by the Group for equivalent properties in the past, and to available market information regarding the potential future cost of refurbishments. Where applicable, dilapidation provisions are expected to be settled within 12 months of the end of the lease.

During the year the Group exited one office property and agreed dilapidation settlement for the exited office. Remaining dilapidation provisions have been reassessed reflecting new information available, including the cost of settlements in the year.

Other provisions held at 31 July 2024 are primarily in relation to claims for legal and tax matters, relating to both UK operations and certain discontinued operations. Where uncertainty exists over the expected timing of realisation of contractual or constructive obligations other provisions are presented as current. Management estimate the value of the future obligation by reference to historical information, such as settlements reached upon similar claims, and information from our legal and tax advisers.

Non-current provisions are presented at their book value in the financial statements and are not discounted to present value. The Directors consider the effect of discounting non-current provisions to be immaterial.

No provisions are held by the Parent Company (2023: £nil).

19 Trade and Other Payables

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade payables	7,237	5,048	–	–
Amounts owed to group undertakings	–	–	–	2,742
Taxation and social security	6,472	7,139	–	–
Contractor wages payable	28,469	27,146	–	–
Accruals and deferred income	4,414	4,256	–	–

Other payables	2,731	3,306	–	–
Total	49,323	46,895	–	2,742

Amounts owed to Group undertakings are unsecured, repayable on demand and accrue no interest. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

20 Loans and Borrowings

The Group holds both recourse and non-recourse working capital facilities with no balances outstanding at the current and prior year end.

Under the terms of the non-recourse facility, the trade receivables assigned to the facility are owned by HSBC and so have been de-recognised from the Group's Statement of Financial Position; in addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. The Group continues to collect cash from trade receivables assigned to the non-recourse facility on behalf of HSBC which is then transferred to them periodically each month. Any cash collected from trade receivables under the non-recourse facility at the end of reporting period that had not been transferred to HSBC, is presented as restricted cash included within the Group's cash balance. At 31 July 2024, the Group had agreed invoice financing working capital facilities with HSBC totalling £50m (2023: £50m) covering both recourse and non-recourse.

The Group's working capital facilities are secured by way of an all assets debenture, which contains fixed and floating charges over the assets of the Group. This facility allows certain companies within the Group to borrow up to 90% of invoiced or accrued income up to a maximum of £50m (2023: £50m). Interest is charged on the recourse borrowings at a rate of 1.67% (2023: 1.90%) over the Bank of England base rate of 5.25% (2023: 5.00%).

The Company did not have any other loans or borrowings during 2024 or 2023.

21 Financial Assets and Liabilities Statement of Financial Position Clarification

The carrying amount of the Group's financial assets and liabilities at the reporting date may also be categorised as follows:

Financial assets are included in the Statement of Financial Position within the following headings:

	Group	
	2024	2023
	£'000	£'000
Trade and other receivables (Note 17)		
– Financial assets recorded at amortised cost	52,012	51,023
Cash and cash equivalents		
– Financial assets recorded at amortised cost	22,817	23,375
Total	74,829	74,398

Financial liabilities are included in the Statement of Financial Position within the following headings:

	Group	
	2024	2023
	£'000	£'000
Leases (Note 22)		
– Financial liabilities recorded at amortised cost	2,070	1,821
Trade and other payables (Note 19)		
– Financial liabilities recorded at amortised cost	42,851	39,756
Total	44,921	41,577

22 Leases

The Statement of Financial Position reports the following amounts related to leases where the Group is a lessee:

	Buildings	Vehicles	Other	Total
	£'000	£'000	£'000	£'000
Right-of-use assets				
At 1 August 2022	9,555	392	8	9,955
Additions	–	20	–	20
Disposals	(1,905)	(352)	–	(2,257)
Cost				
Effect of reassessment of dilapidation assets	161	–	–	161
Derecognition of assets sub-let to third parties ¹	(740)	–	–	(740)
Effect of movement in exchange rates	(34)	–	–	(34)

	At 31 July 2022	7,037	60	8	7,105
	At 1 August 2023	7,037	60	8	7,105
	Additions	1,225	44	21	1,290
			–		
	Disposals	(2,814)		–	(2,814)
	Derecognition of assets sub-let to third parties²	(166)	–	–	(166)
	Effect of movement in exchange rates	(7)	–	–	(7)
	At 31 July 2024	5,275	104	29	5,408
Accumulated depreciation and impairment	At 1 August 2022	6,506	379	5	6,890
	Depreciation charge	937	13	2	952
	Disposals	(1,904)	(352)	–	(2,256)
	Effect of reassessment of dilapidation assets	103	–	–	103
	Derecognition of assets sub-let to third parties ¹	(444)	–	–	(444)
	Effect of movement in exchange rates	(13)	–	–	(13)
	At 31 July 2023	5,185	40	7	5,232
	At 1 August 2023	5,185	40	7	5,232
	Depreciation charge	1,009	14	7	1,030
	Disposals	(2,814)	–	–	(2,814)
	Reversal of impairment³	(42)	–	–	(42)
	Derecognition of assets sub-let to third parties²	(124)	–	–	(124)
	Effect of movement in exchange rates	(2)	–	–	(2)
	At 31 July 2024	3,212	54	14	3,280
Net book value	At 31 July 2023	1,852	20	1	1,873
	At 31 July 2024	2,063	50	15	2,128

- During the prior year, the Group entered into sublease agreements with third parties to sublet a portion of the office space within the London and Toronto offices. The right-of-use assets corresponding to the sublet portion of the offices have been derecognised in line with the requirements of IFRS 16. Finance lease receivables of £275,000 were recognised in other receivables.
- During the current year, the Group entered into sublease arrangements with a third party to sublet its Derby office. The right-of-use asset has been derecognised in line with the requirements of IFRS 16. Finance lease receivables of £38,000 were recognised in other receivables.
- An impairment recorded in FY22 was partially reversed upon sub-letting of an office property to a third party during the year.

At 31 July 2024, included within property right-of-use assets is costs of £327,000 (2023: £677,000) and net book value of £118,000 (2023: £198,000) relating to dilapidation assets.

Lease liabilities

	2024				2023			
	Buildings £'000	Vehicles £'000	Other £'000	Total £'000	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Current	818	29	6	853	840	15	2	857
Non-current	1,182	29	6	1,217	945	18	1	964
Total	2,000	58	12	2,070	1,785	33	3	1,821

Lease liabilities for properties have lease terms of between one and five years.

The discount rates used to measure the lease liabilities at 31 July 2024 range between 2.1% to 7.3% for properties (2023: 2.0% to 6.2%), 4.7% to 9.0% for vehicles (2023: 4.7% to 6.0%) and 10.1% to 11.5% for other leases (2023: 10.1%).

Reconciliation of lease liabilities movement in the year

	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2022	3,582	38	5	3,625
Additions	–	20	–	20
Lease payments	(1,171)	(27)	(2)	(1,200)

Interest expense of lease liabilities	66	2	–	68
Effect of reassessment of lease terms	(672)	–	–	(672)
Effect of movement in exchange rates	(20)	–	–	(20)
At 31 July 2023	1,785	33	3	1,821
At 1 August 2023	1,785	33	3	1,821
Additions	1,208	46	21	1,275
Lease payments	(1,048)	(23)	(13)	(1,084)
Interest expense of lease liabilities	60	2	1	63
Effect of movement in exchange rates	(5)	–	–	(5)
At 31 July 2024	2,000	58	12	2,070

Total cash outflow for leases in the year was £1,251,000 (2023: £1,327,000).

Amounts in respect of leases recognised in the Income Statement

	2024	2023
	£'000	£'000
Depreciation expense of right-of-use assets	1,030	952
Interest expense on lease liabilities	63	68
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	104	59

23 Share Capital

Authorised share capital:

	2024	2023
	£'000	£'000
40,000,000 (2023: 40,000,000) ordinary shares of £0.01 each	400	400

Allotted, called up and fully paid:

	2024	2023
	£'000	£'000
31,532,686 (2023: 31,856,612) ordinary shares of £0.01 each	315	319

The number of shares in issue by the Company is shown below:

	2024	2023
	'000	'000
In issue at 1 August	31,857	32,290
Exercise of LTIP share options	99	14
Shares cancelled	(423)	(447)
In issue at 31 July	31,533	31,857

The Company has one class of ordinary shares. Each share is entitled to one vote in the event of a poll at a general meeting of the Company. Each share is entitled to participate in dividend distributions.

Share buyback and cancellation

During the year, the Company made market purchases of, and subsequently cancelled, 423,000 (2023: 447,000) of its own ordinary shares as part of a public share buyback. The buyback and cancellation were approved by shareholders at the Annual General Meeting held in December 2022. The shares were acquired at an average price per share of £1.18 (2023: £1.11), with prices ranging from £1.05 to £1.29 (2023: £0.94 to £1.16). The total cost of the share buyback, financed from the Group's cash reserves, was £502,000 (2023: £500,000) which has been deducted from retained earnings. On cancellation, the aggregate nominal value of shares was transferred out of share capital to the capital redemption reserve.

Share Options: Long-Term Incentive Plan (LTIP)

Share option arrangements exist over the Company's shares, awarded under the LTIP to incentivise Executive Directors and senior management to maximise the Group's medium and long term performance and therefore drive higher returns for shareholders.

Under the LTIP, participants are granted options which vest if certain performance conditions are met over the vesting period, typically three years. Performance conditions upon which option vesting is assessed in current live grants include total shareholder return (TSR) ranking, growth in adjusted earnings per share (EPS), growth in underlying profit before tax (PBT) and reduction in people attrition.

Once vested, each option may be converted into one ordinary share of the Company for consideration of £0.01 or above. The options remain exercisable for a period of up to 10 years from the grant date.

Participation in the LTIP and the quantum and timing of awards is at the Board's discretion, and no individual has a contractual right to receive any guaranteed benefits.

An employee benefit trust (the Apex EBT) exists as a branch of Gattaca plc to purchase Company shares to be used to settle LTIP share-based payment arrangements that are due to vest in future. Apex Financial Services Limited is appointed as the Trustee and the administrator to this EBT. During the year, the Apex EBT purchased 240,000 (2023: 240,000) Company shares and transferred 61,446 (2023: nil) Company shares to beneficiaries of the LTIP. At 31 July 2024 the Apex EBT held 418,554 (2023: 240,000) shares of Gattaca plc.

The movement in LTIP share options is shown below:

	2024			2023		
	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	1,717	1.0		1,103	1.0	
Granted	817	1.0		864	1.0	
Forfeited/lapsed	(433)	1.0		(230)	1.0	
Exercised	(160)	1.0	115.0	(13)	1.0	73.5
Expired	–	1.0		(7)	1.0	
Outstanding at 31 July	1,941	1.0		1,717	1.0	
Exercisable at 31 July	194	1.0		102	1.0	

The numbers and weighted average exercise prices of LTIP share options vesting in the future are shown below:

	2024			2023		
	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)
Exercisable from						
1 December 2023	–	–	–	4	160	1.0
16 December 2024	5	351	1.0	17	461	1.0
9 May 2025	9	130	1.0	22	130	1.0
6 December 2025	16	729	1.0	29	864	1.0
6 December 2026	28	731	1.0	–	–	–
Outstanding at 31 July		1,941			1,615	

Fair value of LTIP options granted

For LTIP share options granted during the year, the fair value at grant date was independently determined with the valuation method depending on the performance condition:

Fair values of NFI, EPS, PBT and people attrition awards are determined using the Black-Scholes model with reference to the share price at grant date, discounted to exclude any expected dividends.

Fair value of TSR awards is determined using a Monte Carlo simulation model that takes into account the probability of achieving the performance conditions, based on the expected volatility of the Company and the comparator companies.

The model inputs and associated fair values determined for options granted during the year are as follows:

	2024		2023	
	NFI, EPS, PBT and people attrition	TSR	EPS, PBT and people attrition	TSR
Exercise price (£)	0.01	0.01	0.01	0.01
Grant date	06/12/2023	06/12/2023	06/12/2022	06/12/2022
Expiry date	01/12/2033	01/12/2033	06/12/2032	06/12/2032
Share price at grant date (£)	1.22	1.22	0.74	0.74
Expected volatility of the Company's shares ¹	59.63%	59.58%	66.06%	60.41%

Expected dividend yield	5.00%	5.00%	6.00%	6.00%
Risk-free rate	4.15%	4.15%	3.22%	3.22%
Fair value per option at grant date (£)	1.04	0.82	0.61	0.44

1 Expected volatility was calculated independently, by using the historical daily share price of the Company over a term commensurate with the expected life of the award.

At 31 July 2024, liabilities arising from share-based payment transactions total £48,000 (31 July 2023: £33,000). This relates to a provision for employer's National Insurance contributions that would be payable on exercise of LTIP share options.

Other share-based payment arrangements

The Group operates a Share Incentive Plan (SIP), which is a HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary at the current market value. For each share purchased the Company grants an additional matching share at no cost to the employee which vests after a three year period of employment. Matching shares are forfeited if the employee resigns or sells the purchased shares before the vesting date. For the purposes of valuing shares and to arrive at the corresponding share-based payment charge, management uses the market price at which matching shares were purchased at the time of their allocation to an employee's account. During the year the Company purchased 68,670 shares (2023: 75,809) under this scheme.

The SIP is held by an Employee Benefit Trust (the SIP EBT) for tax purposes. The SIP EBT buys Company shares at market value with funds from the Group and employees, and shares held by the SIP EBT are distributed to employees once vesting conditions are satisfied. The Group has control over the SIP EBT and therefore it has been consolidated at 31 July 2024 and 31 July 2023.

As at 31 July 2024, excess funds of £64,000 (2023: £13,000) were held by the SIP EBT and the Apex EBT, which has been included in cash and cash equivalents.

Expenses arising from equity-settled share-based payment transactions

The following expenses or credits were recognised in the Income Statement in relation to equity-settled share-based payment arrangements:

	2024 £'000	2023 £'000
Long-Term Incentive Plan	156	(81)
Share Incentive Plan	45	17
Total	201	(64)

24 Transactions with Directors and Related Parties

There were no related party transactions with entities outside of the Group (2023: none) and no related party balances at 31 July 2024 (2023: none).

During the year, Matchtech Group (Holdings) Limited purchased 1 ordinary share of Matchtech Group (UK) Limited, being the entire minority interest in the subsidiary, from George Materna, a then-Director of Gattaca plc (resigned 6 December 2023). The share purchase was made at market value.

The remuneration of key management personnel is disclosed in Note 5.

25 Financial Instruments

The financial risk management policies and objectives including those related to financial instruments and the qualitative risk exposure details, comprising credit and other applicable risks, are included within the Chief Financial Officer's report under the heading 'Group financial risk management'.

Maturity of financial liabilities

The following table sets out the contractual maturities of financial liabilities, including interest payments. This analysis assumes that interest rates prevailing at the reporting date remain constant:

Group	0 to < 1 years £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000	Contractual cash flows £'000
2024					
Lease liabilities	1,000	882	301	–	2,183
Trade and other payables	38,437	–	–	–	38,437
Total	39,437	882	301	–	40,620

Group	0 to < 1 years £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000	Contractual cash flows £'000
2023					
Lease liabilities	1,002	444	611	–	2,057
Trade and other payables	35,500	–	–	–	35,500
Total	36,502	444	611	–	37,557

Company

The Company had no financial liabilities at the reporting date (2023: £nil) other than amounts due to Group undertakings, which are unsecured and repayable on demand.

Interest rate sensitivity

The Group's exposure to fluctuations in interest rates on borrowings is limited to its recourse working capital facility, as explained in Note 20. The Directors have considered the potential increase in finance costs and reduction in pre-tax profits due to increases in the Bank of England's base rate over a range of possible scenarios. Having performed sensitivity analysis, based upon on the actual utilisation of the facility during FY24, the effect of a 100 basis point increase in interest rates would be an increase to the FY24 net interest expense of £2,000 (2023: £1,000).

Borrowing facilities

The Group makes use of working capital facilities, details of which can be found in Note 20. The undrawn working capital facilities available at year end in respect of which all conditions precedent had been met was as follows:

	Group	
	2024	2023
	£'000	£'000
Undrawn working capital facility	29,942	27,565

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has a robust approach to forecasting both net cash/debt and trading results on a monthly basis, looking forward to at least the next 12 months. At 31 July 2024, the Group had agreed banking facilities with HSBC totalling £50m (2023: £50m) comprised solely of a £50m invoice financing working capital facility (2023: £50m invoice financing working capital facility). The Directors consider that the available financing facilities in place are sufficient to meet the Group's forecast cash flows.

Foreign currency risk

The Group's principal foreign currency risk is the short-term risk associated with the trade receivables denominated in US Dollars and Euros relating to the UK operations whose functional currency is Sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency. Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into Sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank. No such contracts existed at 31 July 2024.

Net foreign currency monetary assets are shown below:

	Group	
	2024	2023
	£'000	£'000
US Dollar	1,447	4,968
Euro	756	1,142

The Directors have considered the effect of a change in the Sterling exchange rate with the US Dollar and Euro on the balances of cash, aged receivables and aged payables held at the reporting date, assuming no other variables have changed. The effect of a 10% (2023: 10%) strengthening and weakening of Sterling against the US Dollar and Euro is set out below. The Group's exposure to other foreign currencies is not material.

	Group	
	2024	2023
	£'000	£'000
USD / EUR exchange rate – increase 10% (2023: 10%)	192	527
USD / EUR exchange rate – decrease 10% (2023: 10%)	(163)	(449)

The Company only holds balances denominated in its functional currency and so is not exposed to foreign currency risk.

26 Capital Management Policies and Procedures

Gattaca plc's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the Statement of Financial Position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. Capital for the reporting year under review is summarised as follows:

	Group	
	2024	2023
	£'000	£'000
Total equity	28,304	30,817
Cash and cash equivalents	(22,817)	(23,375)
Capital	5,487	7,442
Total equity	28,304	30,817
Lease liabilities	2,070	1,821
Overall financing	30,374	32,638
Capital to overall financing ratio	18%	23%

27 Net Cash

Net cash is the total amount of cash and cash equivalents less interest-bearing loans and borrowings, including finance lease liabilities.

Net cash flows include the net drawdown of loans and borrowings and cash interest paid relating to loans and borrowings.

	1 August 2023	Net cash flows	Non-cash movements ¹	31 July 2024
	£'000	£'000	£'000	£'000
2024				
Cash and cash equivalents	23,375	(123)	(435)	22,817
Lease liabilities	(1,821)	1,147	(1,396)	(2,070)
Total net cash	21,554	1,024	(1,831)	20,747

1 Non-cash movements includes impairment of cash and cash equivalents of £408,000 (2023: £nil).

	1 August 2022	Net cash flows	Non-cash movements	31 July 2023
	£'000	£'000	£'000	£'000
2023				
Cash and cash equivalents	17,768	5,809	(202)	23,375
Working capital facilities	(1,801)	1,801	–	–
Lease liabilities	(3,625)	1,200	604	(1,821)
Total net cash	12,342	8,810	402	21,554

Restricted cash

Included in cash and cash equivalents is the following restricted cash which meets the definition of cash and cash equivalents but is not available for use by the Group:

	2024	2023
	£'000	£'000
Balances arising from the Group's non-recourse working capital arrangements	16	253
Cash on deposit in accounts controlled by the Group but not available for immediate drawdown	706	1,101
Total restricted cash	722	1,354

Included within restricted cash is £nil (2023: £391,000) held on deposit in a Russian bank account, to which the Group currently has no access. During the year, the Group impaired its cash on deposit in Russia due to the increased credit risk associated with the financial and regulatory

sanctions imposed on and by Russia.

28 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in the year ended 31 July 2024 have incurred £nil (2023: £2,000) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

The Directors are aware of other potential claims against the Group from a client which may result in a future liability. The Group considers that at the date of approval of these Financial Statements, the likelihood of a future material economic outflow is not probable and an estimate of any future economic outflow cannot be measured reliably, therefore no provision is being made.

29 Dividends

	2024 £'000	2023 £'000
Equity dividends proposed after the year end (not recognised as a liability) at 2.5 pence per share (2023: 5.0 pence per share)	778	1,580

Dividends paid in the year totalled £1,566,000, consisting of the final (2.5 pence per share) and special (2.5 pence per share) dividends for FY23 announced in August 2023. On 15 August 2024, the Board announced its intentions to recommend a full year dividend of 2.5 pence per share which is expected to be paid in December 2024.

30 Events After the Reporting Date

The Group has not identified any subsequent events.

31 Subsidiary Undertakings

The subsidiary undertakings at the year end are as follows:

	Registered Office Note	Country of Incorporation	Share Class	% Held 2024	% Held 2023	Main Activities
Alderwood Education Ltd ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
Barclay Meade Ltd ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
Cappo Group Limited	1	United Kingdom	Ordinary	100%	100%	Holding
Cappo International Limited ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
CommsResources Limited ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
Connectus Technology Limited ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Projects Limited ¹	1	United Kingdom	Ordinary	100%	100%	Engineering and technical services via Statement of Work
Gattaca Solutions Limited ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
Matchtech Group (Holdings) Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Matchtech Group (UK) Limited ^{1,2}	1	United Kingdom	Ordinary	100%	99.998%	Provision of recruitment consultancy
Matchtech Group Management Company Limited	1	United Kingdom	Ordinary	100%	100%	Non-trading
Networkers International (UK) Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Networkers International Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Networkers Recruitment Services Limited ¹	1	United Kingdom	Ordinary	100%	100%	Non-trading
Resourcing Solutions Limited ^{1,3}	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
The Comms Group Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Gattaca BV	1	Netherlands	Ordinary	100%	100%	Non-trading
Gattaca GmbH	2	Germany	Ordinary	100%	100%	Non-trading
Gattaca Information Technology Services SLU	3	Spain	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Inc.	4	United States	Ordinary	100%	100%	Non-trading
Networkers Inc.	4	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International LLC	4	United States	Ordinary	100%	100%	Non-trading

Networkers International (Canada) Inc.	5	Canada	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Mexico Services, S.A. de C.V	6	Mexico	Ordinary	100%	100%	Non-trading
NWI Mexico, S. de R.L. de C.V.	6	Mexico	Ordinary	100%	100%	Non-trading
Gattaca Services South Africa Pty Limited	7	South Africa	Ordinary	100%	100%	Provision of support services
Networkers International (China) Co. Limited	8	China	Ordinary	100%	100%	Non-trading
CommsResources Sdn Bhd ⁵	9	Malaysia	Ordinary	100%	100%	Non-trading
Networkers International (Malaysia) Sdn Bhd	9	Malaysia	Ordinary	100%	100%	Non-trading
Cappo Qatar LLC ⁴	10	Qatar	Ordinary	49%	49%	Non-trading
Networkers Consultancy (Singapore) PTE. Limited	11	Singapore	Ordinary	100%	100%	Non-trading

- For the year ended 31 July 2024, Gattaca plc has provided a legal guarantee dated 23 October 2024 under s479a-s479c of the Companies Act 2006 to these subsidiaries for audit exemption.
- The minority interest in Matchtech Group (UK) Limited was purchased by Matchtech Group (Holdings) Limited on 3 October 2023.
- The trade and certain of the net assets of Resourcing Solutions Limited were transferred to Matchtech Group (UK) Limited on 31 May 2024 as part of the Group's strategic legal entity rationalisation plan. There is no income statement, balance sheet or cash flow impact to the Group or Company as a result of the corporate restructuring undertaken during the year.
- Cappo Qatar LLC is considered to be a subsidiary as Gattaca plc has operational control over this entity.
- CommsResources Sdn Bhd was liquidated on 12 August 2024.

In addition, the following subsidiaries and branches were liquidated during the financial year:

	Registered Office Note	Country of Incorporation	Share Class	% Held at closure	% Held 2023	Main Activities
Elite Computer Staff Ltd	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Recruitment Limited	1	United Kingdom	Ordinary	100%	100%	Non-trading
Matchtech Engineering Limited	1	United Kingdom	Ordinary	100%	100%	Non-trading
MSB Consulting Services Limited	1	United Kingdom	Ordinary	100%	100%	Non-trading
Networkers International (UK) Russia branch	1	United Kingdom	Ordinary	100%	100%	Non-trading

All holdings by Gattaca plc are indirect except for Matchtech Group (Holdings) Limited, Gattaca GmbH and Matchtech Group Management Company Limited.

The Group's Share Incentive Plan (SIP) is held by Gattaca plc UK EBT (the SIP EBT). The Group has control over the SIP EBT and therefore it has been consolidated in the Group's results.

Gattaca plc has a branch for an Employee Benefit Trust (the Apex EBT). Apex Financial Services Limited is the Trustee and the administrator to this EBT. The Group and Company has control over the Apex EBT and therefore it has been consolidated in the Group and Company's results.

Registered office addresses

1	1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF, United Kingdom
2	c/o ETL Breiler & Schnabl GmbH, Steuerberatungsgesellschaft, Bahnhofstraße, 55-57, 65185 Wiesbaden, Germany
3	Calle General, Moscardo 6. Espaco Office, Madrid 28020, Spain
4	c/o Gottfried Alexander Law firm, 1505 West Sixth, Austin, Tx 78703, USA
5	1 Richmond Street West, Suite 902, Toronto, Ontario, M5H 3W4, Canada
6	Avenida Paseo de la Reforma No. 296 Piso 15 Oficina A, Colonia Juárez, Delegación Cuauhtémoc, Código Postal 06600. Ciudad de México, Mexico
7	201 Heritage House, 20 Dreyer Street, Claremont, 7735, South Africa
8	B-2701, Di San Zhi Ye Building, No. A1 Shuguang Xili, Chao Yang District, Beijing, China
9	6th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia
10	Suite #204, Office #40 Al Rawabi Street, Muntazah, Doha, State of Qatar. PO Box 8306
11	3 Phillip Street #14-05, Royal Group Building, Singapore 048693