



GATTACA

Building a
better future,
one job at
a time



About us

Providing the skills needed to build a better future, one job at a time

Contents

Overview

- 1 Our Purpose-Driven Approach
- 2 At a Glance
- 4 Financial and Operational Highlights

Strategic Report

- 6 Our Strategy
- 8 Investment Case
- 10 Chair's Statement
- 12 CEO's Statement
- 14 Our Purpose, Mission, Vision & Values
- 16 Our Purpose in Action
- 22 Our Business Model
- 24 Market Overview
- 28 Key Performance Indicators
- 30 Chief Financial Officer's Report
- 34 Responsible Business
- 44 Risk Assurance
- 47 Principal Risks and Uncertainties

Corporate Governance

- 54 Chair's Introduction to Governance
- 56 Board of Directors
- 58 Corporate Governance Statement
- 62 Directors' Report
- 65 Audit Committee Report
- 70 Nominations Committee Report
- 73 Remuneration Committee Report

Financial Statements

- 81 Independent Auditors' Report
- 89 Consolidated Income Statement
- 90 Consolidated Statement of Comprehensive Income
- 91 Statements of Changes in Equity
- 93 Consolidated and Company Statements of Financial Position
- 94 Consolidated and Company Cash Flow Statements
- 95 Notes forming Part of the Financial Statements




Our Purpose-Driven Approach

Following the completion of the Improvement Plan and as we embark on a growth phase, the time was right to refresh our Purpose, Vision, Mission and Values.

After a year like no other, Gattaca has taken action to link strategy and operations to a shared purpose: "To provide the skills needed to build a better future, one job at a time".

Becoming purpose-led helps us create greater value for our key stakeholders: candidates, clients, colleagues, suppliers and investors. To help achieve our purpose, we launched our new Vision, Mission and Values, to align our actions and behaviours to the change we want to see.

Purpose Providing the skills needed to build a better future, one job at a time

 Read more about how we have relaunched our Purpose, Mission, Vision and Values on **page 14**



Helping over 2,000 unemployed candidates back to work

 [Page 17](#)



On a mission to help 10,000 client contacts build a better future

 [Page 18](#)



Inspiring the next generation of STEM talent

 [Page 20](#)

▼ **ACHIEVED THROUGH** ▼

Vision To be the STEM talent partner of choice

Mission Everyday we deliver a service that is so trusted that our clients, candidates, colleagues and suppliers recommend us without hesitation

▼ **UNDERPINNED BY** ▼

Values



Trust



Professional



Ambition



Fun

At a Glance

What we do

An AIM-listed group delivering technical recruitment, outsourced services and workforce solutions to sectors requiring STEM talent.

Technical Recruitment Services

Delivering total coverage through technical engineering, technology, professional and training skill specialists

Workforce Solutions

Collaborative workforce solutions for clients with technical skill needs: sourcing, compliance, onboarding and experience

Statement of Work ('SOW') Services

Solving complex technical and operational challenges through engineering or technology-led packages of work

MATCHTECH 

NETWORKERS  BARCLAYMEADE 

Resourcing Solutions 

ALDERWOOD 

 GATTACA SOLUTIONS

 GATTACA PROJECTS

Talent consultancy

Across all of our solutions, we are also able to offer additional talent consultancy, including but not limited to:

Talent mapping and insights	Rate/salary benchmarking	Diversity consultancy
Talent attraction and employer branding	Recruitment process analysis	Recruitment technology services
Workforce compliance	Workforce planning	Assessment and selection

We connect STEM employers with technical candidates and outcomes through tailored solutions, expert consultancy, robust governance and subject matter expertise.

Our markets

We operate across 8 markets providing in-depth industry knowledge of the best STEM (‘Science, Technology, Engineering and Mathematics’) talent, services and solutions to serve our clients.



DEFENCE

- Air
- Land
- Sea
- Communications



ENERGY

- Renewables
- Oil and gas
- Transmission and distribution
- Nuclear
- Mining and extraction



FINANCE, BANKING AND INSURANCE

- Banking
- Insurance
- Fintech



INFRASTRUCTURE

- Highways, traffic and planning
- Buildings and construction
- Rail
- Water, fibre and utilities
- Aerospace



MOBILITY

- Automotive
- Maritime and shipping



PUBLIC SECTOR TECHNOLOGY

- Central government
- Local government
- NHS




RETAIL, MANUFACTURING AND LIFE SCIENCES

- Logistics
- eCommerce
- Pharmaceutical
- Medical



TECHNOLOGY, MEDIA AND TELECOMS

- Technology
- Media and broadcasting
- Telecommunications

 Read more about our markets on **pages 25-27**

Financial and Operational Highlights

Accelerating the rebuild
for future growth

Financial highlights

2021	£415.7m	2021	£42.1m	2021	£2.2m
2020 restated	£534.7m	2020 restated	£52.8m	2020 restated	£1.3m
2019	£634.3m	2019	£69.1m	2019	£3.4m

REVENUE FROM CONTINUING OPERATIONS

£415.7m

(2020 restated¹: £534.7m)

NET FEE INCOME² ('NFI') FROM CONTINUING OPERATIONS

£42.1m

(2020 restated¹: £52.8m)

PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

£2.2m

(2020 restated¹: £1.3m)

2021	£3.2m
2020 restated	£4.8m
2019	£11.7m

CONTINUING UNDERLYING³ PROFIT BEFORE TAX

£3.2m

(2020 restated¹: £4.8m)

2021	1.8p
2020	-5.5p
2019	-18.3p

BASIC EARNINGS PER SHARE

1.8p

(2020: -5.5p)

2021	8.4p
2020 restated	11.7p
2019	28.4p

CONTINUING UNDERLYING³ BASIC EARNINGS PER SHARE

8.4p

(2020 restated¹: 11.7p)

2021	1.5p
2020	nil
2019	nil

DIVIDEND PER SHARE⁴

1.5p

(2020: nil)

2021	8.6%
2020	11.7%
2019	19.8%

OPERATING MARGIN FROM CONTINUING UNDERLYING OPERATIONS

8.6%

(2020 restated¹: 11.7%)

1 2020 figures have been restated for the presentation of operations discontinued in 2021 as explained in Note 11 of the consolidated financial statements.
 2 Net fee income is equivalent to gross profit, being revenue less cost of sales.
 3 Underlying results are defined as total consolidated results less non-underlying items, amortisation and impairment of goodwill and acquired intangible assets, impairment of plant, property and equipment and right-of-use assets and foreign exchange differences.
 4 Subsequent to year end, the Group declared a dividend of 1.5p per share.

Operational highlights

- In response to the significant impact of the COVID-19 pandemic on trading and operations, the Group completed its organisational restructure in October 2020, ensuring the right balance of resources across functions and geographies. As we have seen demand increase in our core sectors and markets, we have seen our numbers employed gradually increase in the second half of the year, particularly in the high growth areas of sales.
- With the Improvement Plan now largely complete, we are now in growth mode and took the decision to review our group purpose, vision, mission and values. This was launched in July 2021 and we believe this will serve as a guiding light as we continue to develop our capability to deliver a service that is so trusted that our clients, candidates and colleagues recommend us without hesitation.
- In April 2021 we successfully completed the implementation of our new global technology platform which replaced all of our legacy systems, the single biggest change initiative in the Group's history.
- The ongoing success of our Gattaca Solutions business continues to provide core support to a number of our major clients and was recognised again for our achievements in both HRO Today 'Baker's Dozen' and TIARA Talent Solutions awards.
- On 27 October 2020 the Group repaid the £7.5m remainder of the Revolving Credit Facility ('RCF') in full and cancelled the facility. As a result the Group no longer has any covenant obligations. During the year the Group has maintained a robust balance sheet and liquidity position.
- Resumption of a dividend payment announced, the first since 2018.

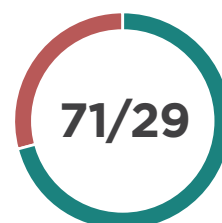
Reporting segments

As a leading provider of engineering and technology recruitment solutions we report our segments for the UK by the skills we recruit for, providing our full range of products and services across each segment:

- Our UK Engineering segment encompasses those services within engineering.
- Our UK Technology segment encompasses those services within technology and IT.
- Our International segment comprises our operations principally in North America.

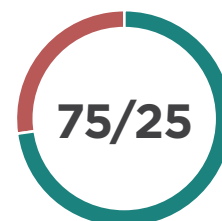


For further information go to:
www.gattacapl.com/investors



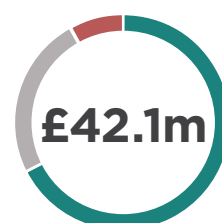
HEADCOUNT RATIO

■ Sales	71%
■ Group Support	29%



CONTRACT VS PERMANENT NFI SPLIT

■ Contract	75%
■ Permanent	25%



GROUP CONTINUING NFI BY SEGMENT

■ UK Engineering	£28.4m	67.5%
■ UK Technology	£10.2m	24.3%
■ International	£3.5m	8.2%

Our Strategy

Beyond the Improvement Plan

VISION

An ambitious vision that will require us to outgrow the market



MISSION

A mission that ensures trust is at the heart of our actions



STRATEGIC PILLARS

The core principles of how we will bring our vision and mission into being



STRATEGIC PRIORITIES

The priority objectives for Gattaca to execute our strategic pillars, which will alter over time to reflect market conditions



Our growth strategy foundations are built on the building blocks put in place from the Improvement Plan we launched in 2019 and focuses on our vision to be the STEM talent partner of choice. Our strategic pillars provide the Group with the core principles that will deliver our growth trajectory going forwards.

To be the **STEM** talent partner of choice

Everyday we deliver a service that is so trusted that our **clients, candidates, colleagues** and **suppliers** recommend us without hesitation



SELL TO MARKET

- Focus on STEM sectors which offer long-term sustainable growth potential
- Focus on growth opportunities in our primary locations of the UK and North America



ADD VALUE BY PRODUCT

- Provide a full range of services to meet customers' needs within our target sectors and embed a systematic sales approach
- Grow workforce solutions
- Continue to innovate and develop our product offerings



EXPERT FULFILMENT BY SKILL

- Provide a first-class candidate experience to improve attraction and retention
- Increase the capability and efficiency of candidate attraction by realising the potential of our fulfilment function



COLLABORATIVE HIGH-PERFORMING CULTURE

- Enable our people to achieve their full potential through focused training and development
- Harness our new technology platform to deliver a better and more efficient service
- Become a more diverse and sustainable organisation

Investment Case

Our vision is to be the STEM talent partner of choice

Defining arguments:



Market-leading solutions with a trusted reputation



Defined, long-term high-growth markets

Supporting evidence:

- A leading provider of specialised and in-demand engineering and technology skills
- Ability to deliver tailored solutions and products
- Broad client base and long-term partnerships
- Recognised with awards for a second year in:
 - HRO Today 'Baker's Dozen' in five different categories including being named as the number one provider for both size and breadth of services for mid-sized deals
 - 2021 TIARA Talent Solutions highly commended 'Best Client Service' and 'Best Long-Term Partnership'
 - 2020 TIARA Talent Solutions 'Best Candidate Experience'

- STEM skills are especially in demand across geographies and markets, driven by the growing importance of the digital economy
- Well-established and scalable UK business, with further growth and market share opportunity
- Extensive client base within high-growth engineering and technology sectors
- Presence in North America, as well as UK markets

An established, trusted partner providing innovative solutions with clear opportunities to scale in growth markets.



Deep expertise with revitalised leadership

- Deep skill and market-based expertise within the business
- A motivated management team that brings fresh perspective and drive to professionalise the business
- Group-wide Improvement Plan completed over last three years, setting the business up for growth



Focused growth strategy

- Cross-selling and focus on growing share of client staffing spend provides growth opportunity
- New integrated technology platform replacing all core systems successfully implemented across all business units in April 2021, enabling productivity optimisation, coordinated sales activity and improved data and insights
- Investing in organic growth in geographies with clear growth prospects
- Growing and investing in Gattaca Solutions which embeds Gattaca within client operations and delivers incremental margin improvement
- A more agile, scalable business being built



Resilient business model

- Focused on STEM skills which will remain in high demand
- Significantly strengthened and robust balance sheet and financial resilience
- No financing covenants
- Contract-permanent NFI split of 75/25 provides more predictable and recurring revenues
- A growing Gattaca Solutions business, further increasing revenue diversity
- Strong contract mix provides resilience and visibility and the permanent market provides future growth opportunities



Chair's Statement

Well-placed and robust for the future

The pandemic had a significant impact on nearly all our clients, candidates and colleagues throughout the whole of the financial period. There was a noticeable positive change around mid-year as many of our clients reassessed their talent requirements. It is also notable that the STEM skill shortages that we have often discussed are even more apparent as the economy improves. We are very quickly moving to a candidate-led market.

We are determined that whilst the pandemic has had an impact on our operations we will not let it define us. Our leadership team and colleagues have grown immensely as a result of the challenges thrown at them and we commend them accordingly. It has allowed us to re-look at how we operate and we have found that hybrid working, when done well, can be as productive as working full-time in the office. This also enables us to recruit our own talent from a wider pool, with many consultants able to be based closer to their clients. This is the new 'norm' and we will embrace it.

Overview

The financial year has been a year of two halves. The first six months remained significantly impacted by the pandemic as clients were cautious in the search for talent. By mid-year there were early signs of a recovery and the market for STEM skills had rebounded. It is not back to the pre-pandemic levels as there are a number of key markets where the recovery is slower than others, but it is moving in the right direction. Initially we have seen a step up in permanent opportunities and we also expect further growth from our

contractor base. The balance has swung in favour of candidates and indeed in many areas there is a shortage of STEM skills. This has always been anticipated but the speed of the change has been surprising. There is no single reason for this and we look forward to the challenge to support our clients and to be seen as the STEM partner of choice.

Our leadership team have been exceptional throughout the year, even though the majority of our people were working from home for the whole period. They have used the opportunity to reset the business for the post-pandemic period. The Improvement Plan is now completed and in the final stages we implemented a revitalised commission scheme, focused on core delivery for our larger clients, embraced hybrid working, successfully supported our customers through IR35 and launched our new systems. At the same time they have worked tirelessly to support our people to ensure everyone remains connected. In July we launched our new Purpose, Vision, Mission and Values which we believe will ensure we deliver a service that is so trusted that our clients, candidates and colleagues recommend us without hesitation.

As part of the reset we initially had to make a number of colleagues redundant during October 2020. This allowed us to keep our costs under control at the low point of the pandemic cycle but it has subsequently allowed us to address the balance of skills required in the business.

We have seen our numbers employed in UK sales gradually increase in the second half (16% from January to July).

Towards the end of the year we chose to close our operations in Mexico as recent government legislation prohibiting outsourcing of workers meant that it would no longer be financially viable to operate in the market. We also agreed the divestment of our South African operations to a management buyout. The sales operation in South Africa was always borderline and we took the decision to focus on our core support centre in the region who provide delivery support for our UK and North American operations.

We remain focused on managing our working capital and our net cash position. We ended the year with £19.9m of net cash (excluding lease liabilities), compared with £27.3m at the end of 2020. This is largely due to the repayment of £4.7m of deferred VAT together with a deterioration in debtor days. The latter is closely monitored and we are cognisant that as our clients emerge from the pandemic their balance sheets are often stretched.

Following the repayment of our revolving credit facility last year we no longer have any covenant restrictions. In addition, we have £53.4m of liquidity at the year end, being our cash resources and our undrawn invoice financing facility. Whilst future growth will see the need for additional working capital we have mitigated this to some extent by changes in contractor terms and therefore we expect to maintain a strong balance sheet.

“We are confident that the changes we have made in the business leave us better placed for the future.”

Patrick Shanley
Non-Executive Chair



Dividend

When we announced we would not be paying any dividends in 2018, the decision was not taken lightly. At that time we had net debt of £40m and needed to address our balance sheet. We believe we have now done so and feel confident that we can manage any challenges thrown up by the pandemic. Our long-standing objective has been to achieve a through-the-cycle dividend pay-out of approximately 50% of profits after tax. The Board believe that this year we should reinstate the dividend and feel that 1.5p per share is a reasonable first step towards our objective.

Diversity and inclusion

We recognise that we fell short on the gender balance on the Board and indeed within our leadership group. We are grateful that Tracey James joined the Board as a non-executive director with effect from December 2020. Tracey chairs the Audit Committee and is a member of the Remuneration Committee. Tracey is a chartered accountant who has spent 26 years with Grant Thornton, the latter 14 years as an audit partner. As a result David Lawther has moved over to chair the Remuneration Committee. It is the Board's intention to appoint a further independent non-executive director in the near term to address the balance between independent and non-independent directors.

Below Board level we have also committed to ensuring that by 2024, 40% of our leadership group will be female. We recognise as an organisation we need to redress the balance within the Group and Tracey has agreed to provide Board

sponsorship with Kevin of our Diversity and Inclusion steering group. This group will look at the wider aspects of diversity and inclusion.

Outlook

The fundamentals of our business model position us well for the upswing in the economy. It is well recognised that the demand for STEM skills will only increase and we are well balanced to fulfil our role with our clients in finding the talent that they require. Last year we were cautious regarding the timing and whilst we feel more confident today we are also aware that this pandemic may well be wounded but is not yet finished. There may well be twists and turns over the coming months.

What we do know is that our business is in the best possible position to exploit any market growth having been focused on our core markets for over 37 years. We have left behind us Brexit, IR35, new systems implementation and hopefully the worst of COVID-19. What lies ahead is a period where the expectation for major infrastructure projects in the UK is unprecedented and an optimism amongst our client base that we are entering a growth phase for STEM skills with a shortage of candidates. We are therefore hopeful that as the markets return we will see a significant recovery in the medium-term to our level of profitability.

Patrick Shanley
Non-Executive Chair

5 November 2021

CEO's Statement

Using group expertise to support clients with their STEM skills needs to sustain the recovery

GROUP CONTINUING REVENUE

£415.7m

(2020 restated: £534.7m)

GROUP CONTINUING NFI

£42.1m

(2020 restated: £52.8m)

Introduction

This has been a challenging year for our clients, candidates and colleagues as we continued to be significantly impacted by the effects of the global pandemic. Whilst successfully operating remotely for a significant part of the year, we focused on ensuring that we continued to support our clients with their talent requirements through the challenges posed by the pandemic, alongside managing operational costs to an appropriate level.

This could not have been achieved without the commitment, dedication and expertise of our people. I would like to thank them all as they have continued to focus on our clients, contractors and candidates whilst managing the complexities of the new environment that we have all had to adapt to. Each colleague is a valued member of the Gattaca family.

Some difficult decisions were needed in the early part of the year whilst the impact of the pandemic continued, namely the reset of our cost base with a redundancy programme. We ensured the appropriate operational scale during this time but also proactively accelerated our plans to align the organisation with the markets and our client's needs. This included the closure of our Mexico business and the sale of our trading operations in South Africa.

We worked extensively with our client and contractor base in the period leading up to the much delayed IR35 changes in the private sector which were implemented in April 2021, with relatively little disruption compared to 2017 when the changes came into force in the public sector.

Since February we have seen the markets returning to growth across the majority of our major sectors, which has led to a candidate short market. We are now in investment mode and in January embarked on a sales hiring programme to invest in talent with skill sets aligned to our new operating model. At the end of the year our people numbers were 512 colleagues compared to 587 the previous year.

The Group delivered net fee income of £42.1m (2020 restated: £52.8m). The pandemic primarily impacted the last quarter of the prior financial year, whereas it has impacted all of our 2021 results, albeit that we saw sequential growth of 5% in the second half of the year. The Group is reporting continuing underlying profits before tax of £3.2m (2020 restated: £4.8m), exceeding our expectations at the beginning of the year.

During the year we also accelerated our plans to adjust our operating model and I am pleased that these foundations are now in place.

Accelerating the rebuild

The year ended July 2021 has been a significant year of rebuilding for the Group as together with the senior leaders of the business we accelerated and implemented a number of key initiatives which were introduced in our last annual report. Whilst this investment will be a factor in 2022 profits, it will set the business up for growth in the medium and long-term.

Through our UK Engineering, Technology and International businesses, we will be focused on the following market sectors:

- Defence,
- Energy,
- Finance, banking and insurance,
- Infrastructure,
- Mobility,
- Public sector technology,
- Retail manufacturing and life sciences, and
- Technology, media and telecoms.

These are sectors that have significant requirement for STEM skills and that offer long-term sustainable growth potential.

With our focus on STEM skills, our sales activities are now aligned to market sectors with an agile structure around account management, account development and new client acquisition and we have further increased the scale of our centralised delivery capability.

» *“We have seen increasing optimism with our clients and continued significant investment in major infrastructure projects in the UK. Our business is well placed to support future market growth.”*

Kevin Freeguard
Chief Executive Officer



Following our major systems investment programme we were pleased to go live with our new technology platform across all businesses in April. This is the biggest change programme the Group has ever undertaken. This platform replaced all of our core systems and whilst such a major change programme did inevitably cause some brief disruption, we are already seeing substantial benefits. We now have a holistic view of all our operations with granular visibility to underlying activity, enabling more efficient and effective customer delivery capability and deeper business insight for the Group.

There is an increasing focus on Environmental, Social and Governance (‘ESG’) matters and whilst this is an area that has always been part of Gattaca’s DNA we are mindful there is more we can do. As such, during the year we started to take a more structured approach which is covered in more detail later in the strategic report.

As we emerged from lockdown we have chosen to embrace hybrid working as a core practice having observed some of the benefits arising from the working patterns adopted during the pandemic.

This offers greater flexibility to our people which helps retention and we believe enhances productivity, but also enables access to wider markets for internal talent.

We have also revised our purpose, vision, mission and values to ensure it is fully aligned to support the direction of the Group. I am pleased with progress as we roll out and embed this across the organisation.

Our vision to be the STEM staffing partner of choice is underpinned by our four strategic priorities:

- Sell to a market – growing our customer base and deepening relationships,
- Add value by product – innovating and developing products to meet customer needs,
- Expert fulfilment by skill – enriching the customer experience and enhancing our service delivery capability, and
- Collaborative high performing culture – improving organisational alignment and performance.

With these changes made, our business model will now be better positioned to support market demand.

Outlook

The demand for STEM skills remains high and in certain areas clients are finding it more challenging to identify and secure specialist talent. This plays well to our core capability which is all about finding critical skills and expertise for businesses.

We have seen increasing optimism within our clients and continued significant investment in major infrastructure projects in the UK. We continue to invest in sales headcount and expect sustainable growth over the medium to long term in our chosen markets.

Finally, as part of our increasing confidence in the future we are pleased to be resuming dividends.

Kevin Freeguard
Chief Executive Officer

5 November 2021

Our Purpose, Mission, Vision & Values

We are proud to have relaunched our Purpose, Mission, Vision and Values. These are the building blocks that define what Gattaca Stand for.

We are proud to present how each underpins how we support our clients, candidates and colleagues.

Purpose

Our purpose is clear:

Providing the **skills needed** to build a better **future**, one job at a time

Our purpose helps every single person associated with Gattaca understand why we exist, beyond the individual tasks we do or the goals we have – it all comes back to building a better future.

Through the skills of our colleagues, we deliver the talent and solutions our clients need to build a faster, smarter, cleaner and fairer world. We stay grounded in the knowledge that change doesn't happen overnight – we focus project-by-project and job-by-job to live our purpose.

 Read more about our purpose in action on **Pages 16-21**

Vision

Our vision is simple:

To be the **STEM** talent **partner of choice**

Our vision is both ambitious and achievable, but most importantly drives change in our organisation to help us continuously pursue the goal of being the number one choice for our clients, candidates, colleagues, suppliers and investors.

With 37 years experience, we're deeply embedded and ideally positioned within STEM industries, but we recognise that we will only be the partner of choice by continuing to invest in the people, systems and solutions that they need.

“Talent is both the biggest risk and greatest opportunity for any business, especially in engineering and technology markets. As such, finding, recruiting and retaining high-quality STEM talent has never been more important. Gattaca is ideally positioned to be the partner of choice for organisations requiring STEM talent, whether they’re a fledgling startup or a large enterprise.”

Kevin Freeguard
Chief Executive Officer

Mission

Our mission is bold:

Every day we deliver a **service** that is so **trusted** that our clients, candidates, colleagues and suppliers **recommend us** without hesitation

Our mission ensures that ‘service’ and ‘trust’ is at the heart of our actions. For our stakeholders to recommend us without hesitation, they must trust us. For this to happen, we need to deliver an exceptional service.

Our mission drives these priorities not just into our strategic activities, but in the day-to-day actions of every one of our colleagues. This could mean helping our clients make talent become an enabler for their success, enriching the lives of our candidates through the right career opportunities, creating more fun, inclusive and fulfilling working environments for our colleagues, or generating shared value and opportunity for our supply chain.

Values

Underpinned by our purpose, mission and vision, our values define the **behaviours** that we aspire towards and help us achieve **greater success**.



Trust

We do the right thing, honour our commitments and deliver on our promises. Above all else, nothing is more important to us than our clients’ trust.



Professional

We’re proud of our reputation and maintain high standards internally and externally. We deliver a professional service that clients don’t hesitate to recommend.



Ambition

We’re high performers, and we operate with edge and pace. Every day, we strive to set an industry example in everything we do and try to make a positive impact to everyone we work with.



Fun

We enjoy the work we do and the people we do it with. We collaborate, celebrate and promote a working environment where everyone is valued for their contributions and treated with respect.

Our Purpose in Action

“Sometimes in recruitment it’s easy to forget the impact you are having on the lives of those around you. When we pledged to get over 2,000 unemployed workers back into employment, it helped remind me and my colleagues of the life-changing work we do, and it brought us all an important sense of fulfilment in tough times.”

Recruitment consultant in Gattaca





Helping over 2,000 unemployed candidates back to work

At the start of our financial year in August 2020, unemployment was rising and putting many into uncertain and unstable waters, with more challenges to come over the winter months.

Many talented STEM candidates found themselves out of work and facing the prospect of being overlooked, due to the competitive nature of the job market and the unfortunate reality that employers often favour candidates who are currently in work.

As a staffing business we naturally place many thousands of STEM-skilled workers into employment every year, but in these new operating environments, we felt it was imperative to focus our efforts on championing those who had lost the stability of full-time employment.

We also wanted to begin transitioning to being more purpose-led approach, and helping our colleagues appreciate and feel proud of the impact they were having on the lives of those around them.

We therefore made a pledge: to help over 2,000 unemployed and displaced candidates (not including those who were between assignments) back into work. We didn't know how long it would take, but our colleagues proved straight away how keen they were to help their communities across the globe.

They began talking to their clients about the initiative and asking for their support; as well as filling their shortlists of candidates with unemployed talent.

We are incredibly proud to say we completed our mission before the end of June 2021. Below is a quote about the initiative from one of the candidates we helped find work:

"I found myself unemployed right at the beginning of the pandemic in March 2020. I thought I wouldn't be back in work until the pandemic was over, and it began to impact my mental health.

Gattaca changed all of that. They responded to my emails very quickly, and it only took 2-3 weeks to find a new role for me. I'd lost my financial stability, and Gattaca helped me get it back."

Systems Subject Matter Expert placed into a Healthcare business

Our Purpose in Action



On a mission to help 10,000 client contacts build a better future

Beyond our goal to help unemployed candidates, we also pledged to support our clients through a highly challenging time.

We knew the main way we could help them was by cultivating a range of resources to help them adjust to the rapidly evolving talent landscape. We set a target to support 10,000 clients contacts build a better future.

In particular, we knew we could help them:



Attract, engage & retain talent more effectively



Control workforce costs and risk



Optimise their workforce strategies

Our main method of providing our customers with helpful resources was through the purpose-built Insights Centre on our website, which included a calendar to all our virtual events (all of which are also available on-demand) and a range of free tools and resources to help business achieve their talent ambitions.

We're proud to have helped over 2,500 client contacts with their workforce challenges through insightful webinars, helpful downloads, useful online tools and resources and one-to-one calls with internal and external specialists.

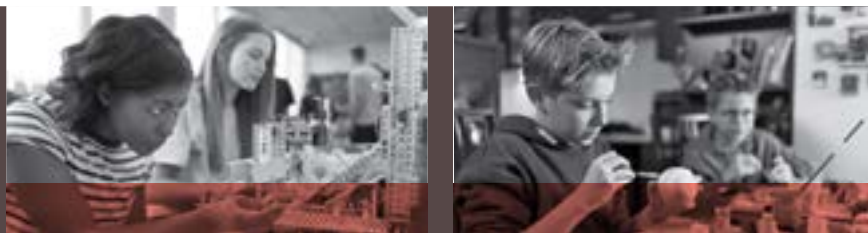
"We want to do everything we can to help our customers through these difficult times, and whilst we've got a great range of talent solutions services available, we wanted to offer more", said Matthew Wragg, Chief Customer Officer.

"As such, we've pulled together as a group and reached out to our valued partner network to provide our customers with a variety of events and resources to help them and their business in the post-COVID-19 world," Matthew commented.

"From how to engage your staff in a remote environment, transforming your business, coordinating mindfulness sessions to help your personal wellbeing, to facilitating a roundtable event on how to embed diversity into your business, and much more in between, we're here to help."



Our Purpose in Action



Inspiring the next generation

At Gattaca, we're proud to work within vital STEM sectors, placing thousands of talented engineers and technologists into extraordinary companies that help shape the modern world. However, we're also aware of the current skills shortage, which is why it's so important to help inspire the next generation and build a pipeline of future talent.

In addition, with the COVID-19 pandemic resulting in many of our key communities working from home with their children, we wanted to help make home-schooling a little easier and more exciting, with the hope of inspiring young minds.

To help with this we launched 'Building STEM futures': an online hub dedicated to helping inspire the next generation of STEM talent.

We launched a range of simple but fun video-guided activities that subtly taught children about a range of STEM-focused skills and topics such as the forces, coding, problem solving, perseverance, experimenting, logical thinking and much more.

We also put together a 'STEM toys playbook'; a book featuring commentary and reviews on some of the best STEM-based toys available for a wide range of age groups. These toys were reviewed by none other than Gattaca's parents and their children, rating how fun, educational and (most importantly) how long they kept the children entertained for!

To launch this campaign, we ran a competition, aimed at providing schools and nurseries with a selection of these toys to get children learning all about STEM skills. We donated toys to school classes, nominated by our winners. The toys were delivered with great excitement all round. One of our winners, Greg of the RNLI, nominated his son's infant school and said:

***"Thank you so much
I am really overwhelmed
by how amazing the prize
is for the school... thank
you! My son is definitely
an engineer in the making
and really loves his
STEM toys."***



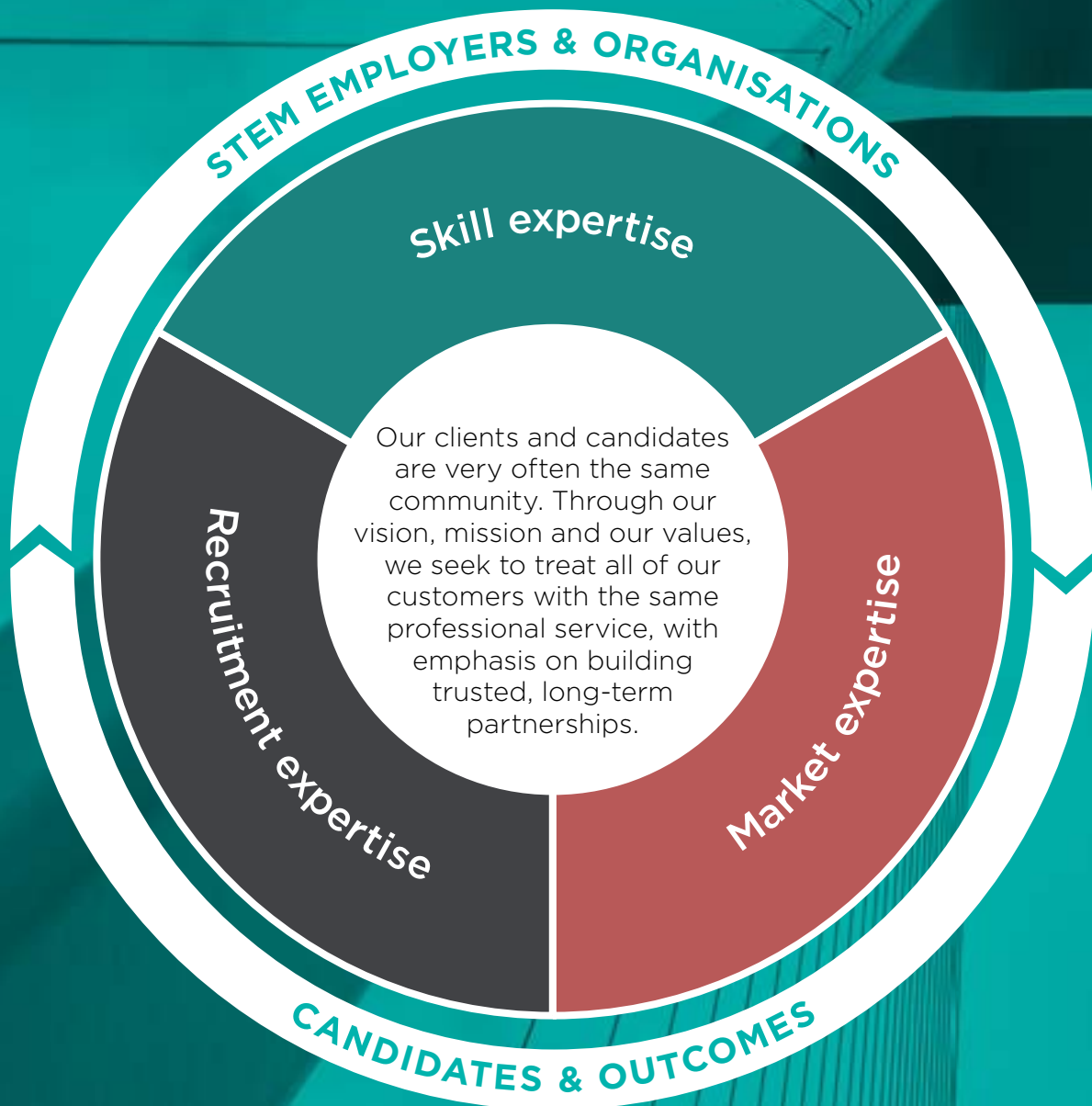
You can explore our four STEM-based video guided activities and download the STEM toys playbook by scanning the QR code here.



Our Business Model

Our business model is straightforward

We connect STEM employers with technical talent and solution based outcomes through tailored offerings, expert consultancy through robust governance, processes, systems, data and subject matter expertise. How we do this is where Gattaca excels.



Skill expertise

It takes real skill to match the right job with the right person, and our business has excelled for 37 years at developing the market-leading fulfilment specialists to execute this role. Our 'inch-wide, mile-deep' philosophy means that each and every recruiter has a market, skill and geographical focus so they are able to foster true expertise on the talent availability in that space. We further enable our people through a market-leading technology platform and innovative tools to support this process and deliver value to both our candidates and our clients.

Market expertise

We're deeply embedded in eight market sectors, enabling greater intimacy and understanding of our clients' requirements, the talent solutions that best enable their business, the skills they need to be successful and the competitive landscape in which they operate. We invest in sector-specific governance and compliance processes, underpinned by a robust central framework, to tailor our service appropriately.

Recruitment expertise

Our clients trust us to excel in recruitment best practice, helping them to attract, engage and retain talent and shape their people strategies. We cater for every talent challenge, from single vacancies, through to complex workforce programmes for thousands of hires, and everything in between. Our workforce solutions and talent consultancy delivers an enhanced quality, cost, speed and compliance experience through robust processes, systems and data, which in turn helps drive our clients' success.

Market Overview

Understanding the trends and opportunities

The industry markets we operate in

As a group we provide technical recruitment, statement of work services and outsourced talent solutions to our clients across our eight market segments.

Technical recruitment

Demand for technical recruitment has been affected by the pandemic over the last 18 months. We have remained resilient through the challenges in 2020 and have seen growth opportunities with our clients as confidence builds in 2021.

Current conditions see a greater growth in demand than the market has ever seen. This combined with a shortage in supply especially across STEM candidates means we are in a candidate-driven market.

Our long established in-depth knowledge of the most niche STEM candidates allows us to identify and engage talent with the right skills that others cannot.

The insight we hold, enables our clients to access this talent and as the demand for talent increases we are well placed to capitalise on this.

Outsourced solutions

Our tailored and collaborative outsourced solutions model provides flexible, permanent and total workforce solutions across the engineering and technology markets.

As businesses become more aware of the importance of talent optimisation, so does the market for mature, forward-thinking workforce strategies.

The global market for permanent Recruitment Process Outsourcing ('RPO') solutions is expected to achieve a Combined Annual Growth Rate ('CAGR') of 18.5% in the period to 2027, according to a new report by US-based Grand View Research. Similarly, according to research conducted by Everest, the global Managed Service Provider ('MSP') market for contractor recruitment solutions has a current approximate value of \$150bn.

The UK and US, both Gattaca territories, are two of the top three largest geographical markets. The market size for MSP is projected to grow by a CAGR of 13% for at least the next 5 years. We are continuing to invest in our workforce solutions offering to better support customers' growing preference for these models, particularly at mid and enterprise levels, as demonstrated by our recent inclusion onto the HRO Today's "Baker's Dozen" list of top midsize RPO providers globally, based on customer feedback.

Statement of work

Our projects business which provides outcome-based services has grown steadily in 2021 with a growing client base that have benefited from our experience in project management and in-depth technical expertise. Our ability to provide the solutions to complex technical and operational challenges has allowed us to build partnerships across our client base.

Our business mix

Our contract business proved resilient with net fees 20.2% lower in the period on a continuing basis. Contract NFI now accounts for 74% (2020 restated: 74%) of group net fee income on a continuing basis, at £31.3m (2020 restated: £41.2m). Contract gross margin on a continuing basis was 7.5% (2020 restated: 7.3%).

Permanent recruitment, which was more susceptible to the economic shocks at the start of the year, declined 15% on prior year with net fees of £11.5m (2020 restated: £13.5m). Permanent net fees represented 27% (2020 restated: 25%) of group NFI on a continuing basis. As companies rebound, demand for permanent labour is the fastest growing service line and as such we have invested in headcount to focus on this accordingly, since January we have increased the size of the permanent recruitment sales team by 8%.

Our markets



DEFENCE

During the 2021 financial year, defence, our second largest sector, was characterised by long-term capital projects providing a level of stability. Our defence market saw only an 11% NFI reduction year-on-year, with much of this attributed to a single customer particularly impacted by the COVID-19 pandemic. There is long-term government commitment to defence programmes and this year saw a £2bn increase in sector spend in the UK compared to the prior year. The continued investment to meet NATO's 2% of GDP target gives a positive expectation of continued growth in the next ten years, both in terms of spend and employment. With ten other countries spending more on defence than the UK, export opportunities continue to exist across the globe. The recent AUKUS Nuclear Deterrent agreement is just one example.

A resurgent and indeed buoyant private technology market has removed the candidate attraction benefit this market had during the height of COVID-19. This has been further challenged by the slow candidate security vetting process in the UK. Though this could be perceived as negative for the outlook, this plays to our strength as clients look for closer collaboration to leverage our very strong presence in this market. A large part of our focus in this and in many of our sectors is the convergence between engineering and technology. According to the REC ('Recruitment and Employment Confederation') data software engineers have the third highest shortfall of candidates versus the demand in the market.



ENERGY

Our energy market was impacted less by COVID-19 with only 11% lower NFI year-on-year. Energy demand remains high with our offering being diversified across: renewables, nuclear, transmission and distribution and with minimal exposure to the oil and gas downturn earlier in the year.

The oil and gas market, to which we have limited exposure, saw a major decline in the year but has now stabilised. With a consolidation in the client and competitor space, we are now seeing signs of increased demand, much of which remains associated to essential maintenance and turnaround projects. We are not expecting any sign-off on capital programmes until 2022.

In transmission and distribution, there is significant investment in to HVDC ('High Voltage to Direct Current') connections to enable greater energy distribution between the UK and Europe.

Nuclear new build is steady, Hinkley Point C has been delayed but Sizewell C is going through planning, so the market offers long-term sustainable opportunity to the group and with developments on smaller 'off-the-shelf' reactors providing a cheaper future energy option.

Both the UK and US governments continue to add stimulus to the growing green agenda and we're seeing governments' investment moving towards renewables which plays well to our credentials in the offshore wind market. We expect continued demand and success supporting both Arklow and Dogger Bank programmes.



FINANCE, BANKING AND INSURANCE

A small but growing market within our UK operations, the Finance, Banking and Insurance ('FBI') market offers us great growth potential. Economies are recovering across Europe and we saw technology skill demand at banks increase earlier than most other markets. Digital transformation is prime in the sector, with large numbers of mid and front office colleagues being replaced by digitised processes. Even at the height of COVID-19, investment continued for more creative, agile and disruptive services and ways to interact and predict customer behaviours, with significant investment in machine learning, artificial intelligence and customer analytics.

As markets recovered there was an acceleration of hiring and talent requirements into the financial technology sector. We expect to continue to see a shift from traditional systems and development roles to cloud, microservices and cloud development.

Market Overview continued



INFRASTRUCTURE

Infrastructure is by far our largest market within the Group, with a predominant focus on the provision of contract labour for major programme based work. Infrastructure has performed inline with the group average of 18% decline in NFI year-on-year.

Across the larger infrastructure sub-markets of rail, utilities and highways there has been a consistent theme that the major programmes have continued, but not at the pace of pre-COVID-19. All markets have been impacted to some degree through the shortage of both materials and skilled labour.

Typical funding cycles in regulated markets saw considerably less spend committed in the early part of our financial year as they looked to offset the losses brought about from less commercial revenues.

Pleasingly though, we have seen the levels of spend commitment increasing as industry confidence grows. With commercial revenues increasing and programme spending commitments falling within a compressed period, demand for contract labour is likely to increase.

In rail, CP6 ('Contract Period 6') has two more years to run and will see a continuation of spend, with a heavy focus on maintenance and repair and some smaller construction jobs being moved to CP7 which commences in April 2024. Major programmes such as the Transpennine upgrade, East-West Rail New Line and HS2 will generate significant STEM labour demand for many years to come across a broad geography.

In utilities, we've seen a significant increase in demand to assist in the roll out of enhanced fibre networks. In the water and waste markets any reduction in spend in prior year is resulting in increased investment over a shorter period with programmes such as the upgrade of sewage treatment works at Mogden and Beckton and the utility diversion works at Euston Station, which form part of the HS2 project.

In highways, the market has large demand across nearly all geographies within the UK with various new frameworks going live equating to over £20bn of investment. These include the National Highways (formerly Highways England) Regional Delivery Partnerships ('RDP') framework, the Smart Motorway Alliance, SDF ('Scheme Delivery Frameworks') highways improvements as well as major works on programmes such as Silver Town Tunnel and the Lower Thames Crossing.



MOBILITY

Mobility has been one of our most impacted sectors within the Group with 44% lower NFI year-on-year. The aerospace market has been significantly impacted by the substantial reduction in air travel which is still 40% down on pre-pandemic levels, which is a significant increase on its low of 80% down at the beginning of the financial year. Despite this the second half of the year saw a return in confidence and increase in client demand. Opportunities have been provided in maintenance, repair and overhaul work as aircraft begin to be brought back in to operation and flight travel is now four times higher than at its lowest levels.

The automotive market has continued to see a significant investment and growing consumer confidence in electric and plug-in hybrid vehicles, which this year equated to 16% of all vehicles sales in the 9 months to September 2021, up from 9% in prior year. However, the well publicised semi-conductor shortage has impacted the ability of automotive companies to recover. Our focus remains on both the technology skills and high-end premium brands within this market.

Though areas of the maritime market have been impacted heavily by reduction in travel and tourism, our focus has been towards the naval premium leisure brands and companies supporting shipping which has lessened the impact. Similar to the automotive market, our focus on premium brands and leveraging our coverage of both engineering and technology skills has enabled us to grow within the rapidly expanding automated technology areas.



PUBLIC SECTOR TECHNOLOGY

Our public sector technology market has seen solid growth of 24% NFI year-on-year, albeit on a small base, with hiring both for permanent and contract resource continuing to remain high as the public sector deals with the unpredictability of the demands brought about by the COVID-19 pandemic and Brexit. Contingent labour demands grew across technology skills due to the need for upgrading systems at pace to work in a remote world. Implementation of IR35 within the private sector rebalanced the relative attractiveness of assignments in the public sector versus the private sector.

We have invested in our team and leadership capability in this area to capitalise on an estimated £3.2bn spend on contingent labour in the UK. We expect to benefit from further mandating of the public sector recruitment frameworks in which we participate. We also see a trend for public sector bodies releasing tenders for packages of work and solutions, playing to our skill, scale and service strengths. Though the demand has increased across all markets, this will increase the competition for candidates to public sector bodies.



RETAIL, MANUFACTURING AND LIFE SCIENCES

Retail, manufacturing and life sciences have seen a 22% reduction in NFI year-on-year, with restrictions in manufacturing facilities severely restricted and consumer spending low.

As the economy has recovered we have seen a steady increase in demand in this market. However, this is one of the markets most impacted by the skills and materials availability challenges caused by Brexit. Leisure and luxury markets are forecasting significant growth, but this comes with a level of fragility which, when compared with our other sectors, is closely aligned with economic factors. Candidate confidence to work indoors on production lines has risen during the year but the skills shortage is still rife.

Our presence in the life sciences market focuses on the medical device market, which saw significant growth in the early days of the pandemic with Gattaca playing a significant part in the ventilator programme, but we have not been positioned to capitalise on the growth across the broader technology and R&D investment as yet.



INTERNATIONAL

On a continuing basis, revenue was £10.2m (2020 restated: £13.8m), and NFI declined by 30% to £3.5m (2020 restated: £5.0m). International operations represented 8% of the Group's continuing NFI.

In the US & Canada we focus on growing within the energy and technology markets from Dallas and Toronto. We've matured our offering in the region with the development RPO, which offers scalable opportunity for growth.

This year has seen a further consolidation of our international footprint with the closing of our Mexican operations and the sale of our South African operations. The changes in legislation for contract recruitment in Mexico meant we could not see an opportunity for significant, scalable and sustainable profitability. In South Africa we have retained a significant operations team to support our activities across Europe and North America.



TECHNOLOGY, MEDIA AND TELECOMS

Whilst impacted by the pandemic, this market has recovered quickly with a continued focus on investment in new technologies such as 5G, eSIM and iSIM as all companies look for a more digitised operating model.

NFI for our technology, media and telecommunications business was 30% lower compared with the previous year. This unit was impacted in particular by two managed service contracts which were impacted by the COVID-19 pandemic.

We are seeing key skill set demand, including: software development, cloud, infrastructure, data and enterprise resource planning, and as such the market is candidate-driven, resulting in average salaries increasing and clients increasingly becoming open to fully remote working.



Key Performance Indicators

Financial KPIs

NFI (£m)

2021	43.1
2020	54.7
2019	72.1
2018	78.9

£43.1m

(2020: £54.7m)

NFI from continuing operations (£m)

2021	42.1
2020 ¹	52.8
2019	69.1
2018	71.4

£42.1m

(2020 restated: £52.8m)

Adjusted net cash/(debt)(£m)

2021	19.9
2020	27.3
2019	(24.8)
2018	(40.9)

£19.9m

(2020: £27.3m)

Measurement explained

Net Fee Income ("NFI"), equivalent to gross profit, is revenue less cost of sales, predominately the sum of contract NFI and fees for the placement of permanent candidates, less any directly attributable adjustments or rebates.

NFI from continuing operations is revenue less cost of sales from continuing business, predominately the sum of contract NFI and fees for the placement of permanent candidates, less any directly attributable adjustments or rebates.

Total group net cash/(debt) excluding lease liabilities, less any cash and cash equivalents, after capitalised financing costs.

Rationale

Indicates the volume of business generated in the year and is a prerequisite to any sustainable bottom-line growth.

Indicates the volume of continuing business generated in the year.

Adjusted net cash/(debt) is a key element of the Group's capital structure.

Operational KPIs

NFI mix (%)

2021	75	25
2020 ¹	75	25
2019	70	30
2018	72	28

75%/25%

(2020 restated: 75%/25%)

Average NFI per sales head (£'000)

2021	125.0
2020	113.4
2019	135.8
2018	126.1

£125.0

(2020: £113.4)

NFI Mix: UK vs International (%)

2021	92	8
2020 ¹	91	9
2019	87	13
2018	81	19

92%/8%

(2020 restated: 91%/9%)

Measurement explained

Total NFI generated through temporary contractor placements or permanent placements separated out and expressed as a percentage of total group NFI.

Total NFI divided by the average annual number of sales heads.

Total NFI generated from business operations outside of the UK, expressed as a percentage of total group NFI.

Rationale

Contract NFI provides better visibility of income and generates long-term relationships with our clients. Growth in permanent recruitment NFI enables the group to benefit quickly from operational gearing.

Indicator of staff productivity, with growth demonstrating an improved efficiency in fee earner activity or a higher percentage of fee earners at full capacity.

Geographic diversification spreads risk and reduces reliance on any one economy.

1 Due to the discontinuation of certain operations in 2021 the Group has chosen to present a number of adjusted KPIs for continuing operations as a more representative measure of ongoing business. 2020 figures for continuing operations have been restated for the presentation of operations discontinued in 2021, as explained in Note 11 of the consolidated financial statements.

Continuing underlying basic EPS (pence)

2021	8.4
2020 ¹	11.7
2019	28.4
2018	22.5

8.4p

(2020 restated: 11.7p)

The amount of underlying profit for the year per one share in the group; calculated as the continuing underlying profit attributable to the Group's equity shareholders, divided by the average number of shares in issue throughout the year.

A strong indication as to the continuing underlying profitability of a company for its shareholders.

Underlying profit from continuing operations (£m)

2021	3.6
2020 ¹	6.2
2019	13.7
2018	12.4

£3.6m

(2020 restated: £6.2m)

Underlying profitability of the group for continuing operations before interest and taxes with adjustments for non-recurring costs, impairment and amortisation of acquired intangibles and impairment of right-of-use leased assets.

Demonstrates the profitability of the group and how efficient it is at managing its controllable cost base.

Continuing underlying profit before taxation (£m)

2021	3.2
2020 ¹	4.8
2019	11.7
2018	10.9

£3.2m

(2020 restated: £4.8m)

Profitability of the group from continuing operations before tax with adjustments for non-recurring costs, impairment and amortisation of acquired intangibles, impairment of right-of-use leased assets and foreign exchange differences.

Demonstrates the profitability of the group and how efficient it is in managing its cost base, before taxation.

Conversion ratio (%)

2021	8.6
2020 ¹	11.7
2019	19.8
2018	17.4

8.6%

(2020 restated: 11.7%)

Underlying continuing profit from operations expressed as a percentage of continuing NFI.

Indicates the efficiency of fee earners in generating NFI, the group's ability to control central costs and the level of investment in future growth.

NFI per £ staff cost (£)

2021	1.53
2020	1.70
2019	1.68
2018	1.69

£1.53

(2020: £1.70)

Total NFI divided by the annual costs of all staff in the group.

Key staff productivity metric for Gattaca, as well as reflecting the operational efficiency of the business as a whole.

Staff mix (%)

2021	71	29
2020	72	28
2019	72	28
2018	73	27

71%/29%

(2020: 72% / 28%)

The ratio of fee earning versus operational support staff headcount taken as an average for the year.

Demonstrates the group's ability to maintain a consistent balance of sales and support headcount throughout other business changes.

Positive engagement score (%)

2021	76
2020	78
2019	78
2018	77

76%

(2020: 78%)

An engagement index based on employee responses to seven actionable workplace elements.

Employee engagement has proven linkages to performance, productivity, customer service, quality, retention and increased profit.

¹ Due to the discontinuation of certain operations in 2021 the Group has chosen to present a number of adjusted KPIs for continuing operations as a more representative measure of ongoing business. 2020 figures for continuing operations have been restated for the presentation of operations discontinued in 2021, as explained in Note 11 of the consolidated financial statements.

Chief Financial Officer's Report

Key highlights

- Continuing underlying profit before tax of £3.2m for the year (2020 restated: £4.8m) in a period which continued to be significantly impacted by the pandemic.
- Adjusted net cash, which excludes IFRS 16 finance lease liabilities, of £19.9m (2020: £27.3m).
- Revolving credit facility ('RCF') repaid in October 2020 leaving the group covenant free.
- Completion of our new group-wide technology platform.
- Investment in our staff adding 16% to our UK sales headcount between January and July 2021.

Financial performance

On a continuing basis, revenue of £415.7m (2020 restated: £534.7m) generated NFI of £42.1m (2020 restated: £52.8m). We achieved contract NFI of £31.3m (2020 restated: £39.3m) at a margin of 7.5% (2020 restated: 7.3%), and permanent recruitment fees of £10.8m (2020 restated: £13.5m).

Underlying profit before tax from continuing operations was £3.2m (2020 restated: £4.8m). Statutory profit after tax for the total group was £0.6m (2020: loss of £1.8m).

Net cash at 31 July 2021 (excluding lease liabilities) was £19.9m (31 July 2020: £27.3m), the reduction in net cash year-on-year of £7.4m predominantly as a result of £4.7m repayments of temporary VAT deferral (outstanding VAT deferral payment at 31 July 2021: £5.6m). Whilst we continued to optimise working capital including with regard to payment terms for certain contractors, we had a significant but largely temporary increase in our DSO ('Day Sales Outstanding') as explained on page 33.

Continuing underlying results

Continuing underlying results are shown beneath the consolidated income statement. Continuing underlying profit before tax at £3.2m (2020 restated: £4.8m) was £1.6m below last year with the most significant factor being the impact of the COVID-19 pandemic through most of the period.

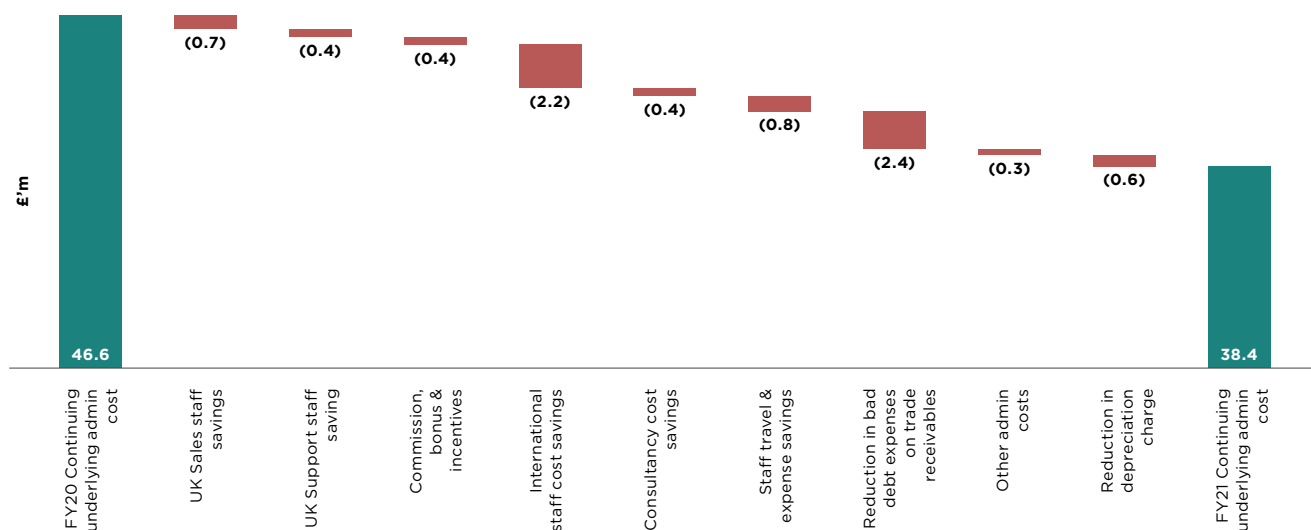
Whilst we moved to full remote working within days of the various national restrictions without any interruption to our operational capability, we saw a significant and relatively sudden reduction in trading volumes, and having anticipated this, took early mitigating actions on our cost base, including acceleration of Improvement Plan efficiencies. We were also able to achieve significant positive changes in terms of digitalisation and process optimisation.

“As our markets emerged from the pandemic, our focus has been in ensuring we have the right resources in the right places to capitalise on our growth opportunities, whilst continuing to enhance our operational capability which includes the successful completion of our technology platform implementation.”

Salar Farzad
Chief Financial Officer



Continuing underlying results



Discontinued operations and non-underlying costs

The group-wide Improvement Plan continued at pace during 2021 and drove some of the non-underlying costs below:

£'000	Profit/(loss) before tax
Continuing underlying profit before tax	3,227
Restructuring costs and onerous lease payments	193
Operating loss related to discontinued operations	(457)
Restructuring and closure costs relating to discontinued operations	(693)
Amortisation of acquired intangibles	(548)
Foreign exchange differences	(741)
Reported statutory profit before tax for the total group	981

In October 2020, the Group completed the UK restructure and the final staff exit costs were lower than anticipated which led to a £0.2m credit to continuing non-underlying costs above. On 30 July 2021, we announced the closure of our Mexican business and sale of our South African trading operations which were not generating appropriate returns, allowing us to devote resources to markets with greater potential. We have retained a team in South Africa to support our ongoing UK fulfilment and solutions operations.

We continue to co-operate with the US Department of Justice and there have been no significant new matters in this regard during the year. Legal fees on this matter were £29,000 in the year (2020: £1.4m). As shown in Note 28 to the financial statements, the Group is not currently in a position to know what the outcome of these enquiries may be and we are therefore unable to quantify the potential financial impact, if any.

Chief Financial Officers Report continued

Cost actions and UK Government Coronavirus Job Retention Scheme

During the year we claimed £0.5m of government grants (2020: £3.8m) with respect to our staff and contractors who were placed on the Coronavirus Job Retention Scheme. Following the successful conclusion of our group restructure in October 2020 we ended our participation in the scheme. The group restructure allowed us to rebalance resource levels in response to the new levels of demand as a result of COVID-19. As demand started to return in the UK recruitment market, we have added sales headcount based on our new operating model and skill requirements, facing those markets where we see most opportunity, growing our sales headcount by 16% between January and July 2021.

Taxation

The Group's reported effective tax rate was 40.7% (2020: 50.5%) as set out in Note 10. One of the drivers of our reduced rate was due to a loss carry back claim under the COVID-19 related US Cares Act enabling additional utilisation of local brought forward losses. The continuing underlying effective tax rate was 15.7% (2020 restated: 20.8%), similarly impacted by the same overseas loss claims.

Earnings per share

Basic earnings per share was 1.8 pence (2020: (5.5) pence), and on a fully diluted basis was 1.8 pence (2020: (5.5) pence).

Continuing underlying basic earnings per share was 8.4 pence (2020 restated: 11.7 pence).

Dividends

The Board proposes to pay a final dividend of 1.5 pence (2020: nil pence), amounting to £0.5 million in total. This will be paid on 17 December 2021 to shareholders on the register as at close of business on 12 November 2021. The ex-dividend date will be 11 November 2021.

Capital expenditure

Capital expenditure in the period of £2.2m (2020: £2.5m) was mainly investment in software related to our Primary Business Systems initiative where we have replaced our in-house built legacy systems with fully integrated industry leading third party systems. This will enhance the data flow and performance management across the entire group. Following the successful go-live of this substantial investment program in April 2021, we expect moderate to more normal levels of capital expenditure in 2022.

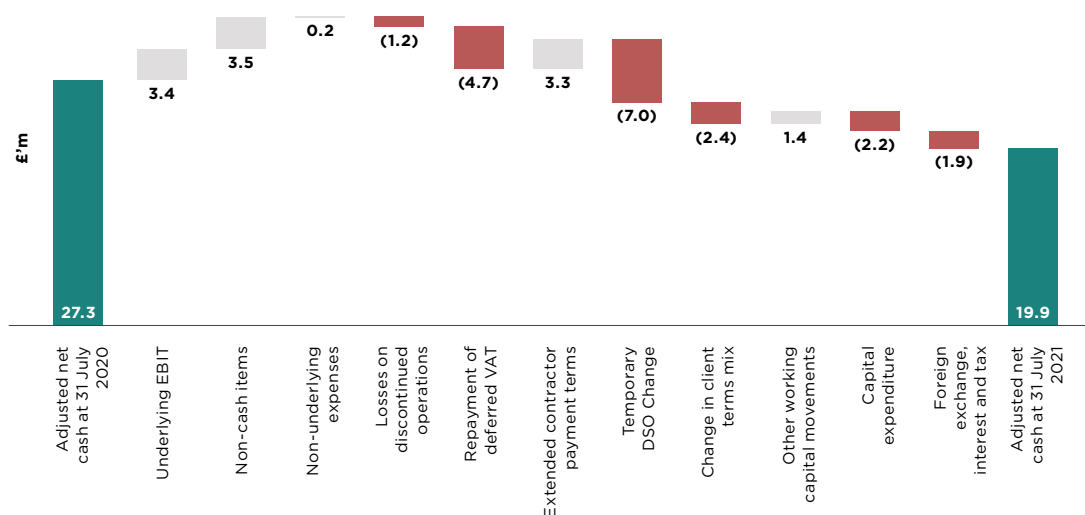
Net assets and shares in issue at 31 July 2021

The Group had net assets of £40.9m (2020: £38.7m) and had £32.3m (2020: £32.3m) fully paid ordinary shares in issue.

Cash flow and net cash/net debt

Working capital optimisation continues to be a key focus for the Group. Net cash at 31 July 2021 was £14.1m (2020: £19.6m). Adjusted net cash (net cash excluding IFRS 16 lease liabilities) was £19.9m (2020: £27.3m).

Cash flow and net cash/(debt)



During the period, we repaid £4.7m of deferred VAT to HMRC and the outstanding VAT deferral payment as at 31 July 2021 was £5.6m, which will be repaid in full by 31 January 2022. We have also repaid the outstanding balance on our RCF (31 July 2020: £7.5m) thus eliminating all covenants and significantly reducing financial risk.

We have continued the roll out of the change to payment terms of certain contractors from 7 to 28 days which is in alignment with normal payment cycles for businesses and most company employees. During the financial year this has resulted in further cashflow benefit of £3.3m.

There was a significant increase in DSO to 43.9 (2020: 35.3) using the countback methodology. Our high performing pay, bill and collections team were heavily involved in the go-live of our new technology platform which was the single biggest change initiative undertaken in the Group's history, and this inevitably caused some short term disruption and slightly longer billing times leading to higher levels of accrued revenue. We estimate that approximately 75% of the increase in DSO was driven by this temporary disruption. The remainder is largely driven by a change in mix of clients, for example in infrastructure, where industry custom is for longer payment terms and more complex, and therefore longer, billing processes.

Cash used in operating activities was £2.4m compared to £57.6m cash generated in 2020. In 2020 cash from operating activities was significantly positively impacted by the sudden reduction in trading and therefore receivables balances. In 2021, our receivables have begun to increase as we return to growth. We expect our working capital requirement to be lower as we grow, due to the recent change in certain contractors payment terms from 7 to 28 days.

Banking facilities and interest rate risk

On 27 October 2020, the Group repaid the £7.5m remaining outstanding RCF balance and cancelled the facility. As a result the Group no longer has any covenant obligations. As of 31 July 2021 the Group had a working capital facility of £75m. This facility includes both recourse and non-recourse facility. Under the terms of the non-recourse facility, the trade receivables assigned to the facility are 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. The utilisation of this facility at 31 July 2021 was £9.3m recourse and £14.2m non-recourse with £7.1m restricted cash collected from customers relating to non-recourse facility.

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 borrowings, cash and various items, such as trade receivables and trade payables that arise from its operations, and some matching forward foreign exchange contracts. 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. We monitor receivable and unbilled balances on an ongoing basis and in 2021 have taken a conservative approach to receivables and unbilled risk and have increased our loss allowance by £0.2m to £4.5m.

There are no significant concentrations of credit risk within the group, with no single debtor accounting for more than 7% (2020: 8%) of total receivables balances at 31 July 2021.

In October 2021 NMCN Plc entered into administration. We first became aware that this client had some financial difficulties and had embarked on a refinancing path in February 2021 and since then we continued to support them to protect our existing receivable asset in the expectation that the refinancing was likely to be successful. Our exposure at 31 July 2021 was £0.8m (which had increased to £1.4m in total by in October 2021 when the client went into administration). The July exposure was covered by the existing expected credit loss provision thus not impacting PBT. We had increased this provision during the pandemic taking account of market conditions and the situation of this particular client.

Foreign currency risk

The Group generates 8% 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.

Salar Farzad
Chief Financial Officer

5 November 2021

Responsible Business

Putting our values at the heart of our business

Introduction

The first half of the year was dominated by the pandemic and the lockdown restrictions that changed the way we managed our people. Moving overnight from being a group with a location-based workforce to one with a remote workforce was a shock to the system and tested the resilience of our people. The resilience of our leaders was also tested as we restructured to face the realities of the changed market, not only did they have to manage some very challenging organisational and people issues but they were also placing people on furlough and restructuring the business. This is tough at the best of times but in the middle of a pandemic, when emotions are heightened, this was a difficult reality.

As the new calendar year kicked in and the UK vaccination programme picked up traction, confidence increased within our marketplace and our HR focus moved from being one of restructuring, supporting remote working, and resilience, to one of hiring, training, talent pooling, hybrid working and starting to focus on our long term goals again. We relaunched our Purpose, Vision, Mission & Values to reinforce the company culture and also launched initiatives within our diversity and inclusion and ESG programmes. More detail below:

People & culture

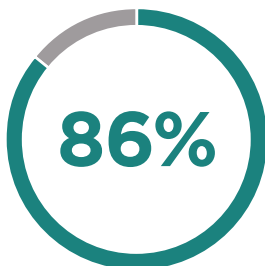
New Purpose, Vision, Mission and Values

As we launched the Group's new Purpose, Vision, Mission and Values to the wider business, having taken the management and leadership teams through, we considered how we weave these values into our practices and processes to ensure they become truly embedded in the organisation. They will also influence the development of our employment value proposition. In a highly competitive talent market, we need to ensure we are setting ourselves apart from our competitors. The new values have been developed to support the success of our business and to clarify the behaviours that we aspire to and those that are unacceptable.



Trust

We placed a great deal of trust in our people through the pandemic period and our people trusted the company to be there for them. We have been able to measure levels of trust through our Employee Engagement tool (Peakon), launched in November 2020, which enables the organisation to provide anonymised feedback on a weekly basis. Our engagement score of 76% across 2020/21 places us within the 'good' range for professional services companies (the benchmark is 79%). With a high participation rate, the tool enables managers to obtain real time feedback, and to respond to it, capturing the voice of our people and prioritising actions.



PEAKON PARTICIPATION RATE

■ Peakon participation rate 86%

“Values are at the heart of our business and we place great emphasis on each when considering how decisions affect our stakeholders, colleagues and communities.”

Claire Cross
HR Director



Professional

Professional development in Gattaca remains a priority to ensure our people have the skills required to best support our clients. We currently have a significant number of active apprenticeships and professional qualifications in progress. We have reinvigorated our Sales Training Academy to support with effectively onboarding new people. Upon launching our new Primary Business Systems, we ensured a great deal of rigour around the training provision to minimise disruption to the business and support with upskilling our people in using the new system. Whilst much training has been delivered virtually this year we are now taking a more hybrid approach.

In order to drive our strategy more effectively a number of structural changes have been made to the business this year as we begin to align our sales teams to market sectors. The introduction of client development managers to the business will better support our clients by identifying those where there are opportunities to provide a broader range of services.



Ambition

We remain ambitious, at both individual and organisational level. Despite having to restructure through the COVID-19 pandemic, we continued to promote people through the year and invested in the growth and development of our people, at the same time revolutionising our approach to training. We recognised the importance of self-directed learning, launching our new e-learning hub ‘Gattaca Explore’. In addition, we took the opportunity to maximise attendance at larger development events by hosting virtual seminars for our people. We have had several speakers, the latest being Geoff Ramm, who talked about providing a “Celebrity Service”.



Fun

Virtual working presented new challenges in keeping our people engaged with the company. During the months of formal lockdown our leaders engaged with each individual and their teams regularly to support them, and arranged various virtual team events. As a company we also wanted to ensure that people remained involved and provided regular updates through our communication channels. During the lockdowns we provided a number of virtual events for our people and their families which were very well received. Throughout the lockdown period our engagement scores remained stable.



Responsible Business continued

Diversity, equality and inclusion

This year we marked International Women's Day (8 March) by setting ourselves specific targets around gender diversity in our management population. We are driving towards 40% of our management positions being filled by females by August 2024 and to promote five women into management roles by August 2022.

While we score 85% (in Peakon) for non-discrimination, which places us in the top 25% for professional services companies, we recognise we have some work to do to improve our diversity and inclusion scores which are 72% and 80%. We have chosen to focus on gender initially as we already have data to measure improvements made and this will raise awareness more broadly around the diversity and inclusion agenda. We have set up a diversity and inclusion action group and network, which has a good representation of people from across the business, with board sponsorship from non-executive director Tracey James and our CEO, Kevin Freeguard

Returning to the new normal/hybrid working

As a sales-based organisation, we do understand the importance of bringing our teams together to share experiences and develop together. At the same time, we know that the world has changed, as have the expectations of our people to operate with greater flexibility. We want our people to be the best that they can be.

We therefore consulted with our leadership team and listened to feedback from our people through Peakon to ensure that, as we developed our approach to hybrid working, we created the best outcome for the business and our people. We know (through Peakon) that many of our people have benefitted from having greater flexibility in achieving a sustainable work-life balance. Our approach is outlined below and will continue to evolve as we get feedback from our people and our leaders.

Our people remain at the heart of every decision we make. Enabling their success and maximising their potential through an enhanced training offering, providing inclusive and flexible ways of working and celebrating their successes through meaningful recognition programmes will continue to be a feature as we look forward.

Wellbeing for our people

Wellbeing has been a focus area for Gattaca over the past year as all of our communities adjusted to the challenges of lockdown.

To help with this, we have rolled out a mental health and wellbeing hub on our intranet, where we host support mechanisms such as an Employee Assistance Programme ('EAP'), resilience and mental health workshops led by our in-house management and executive coach, and details of the five mental health first aiders who we have trained to help support our colleagues.

As well as providing wellbeing support for our people, it was crucial we maintained the levels of connectivity that had supported us so well through the pandemic. Our social events had pivoted from in-person to virtual, and we needed to maintain the engagement of our people. For example we hosted pizza nights, sending ingredients through the post to our people, we all joined for a 'Masterchef' style lesson which this was made more entertaining for our younger family members by providing a magician. At Christmas we sent goodie boxes out to colleagues and had a night of comedians. Whilst we were unable to hold our annual children's Christmas event physically, we sent each child a STEM-related gift.

In recognition of the Gattaca team's efforts to support the Group over the last 18 months, we have announced that all colleagues will receive an extra three days of holiday between the Christmas and New Year period.

Charitable giving/support in local communities

While events to fundraise for the community have been challenging to organise during the COVID-19 restrictions, our people have participated in a range of events for charities including Movember, MacMillan and Trinity. Our main focus this year has been to support Foothold, a charity which, in partnership with the Institute of Engineering and Technology, specifically supports the wellbeing of engineers and technologists. Through the fundraising work we have done with Foothold, we have helped them launch their new wellbeing hub (see myfoothold.org/wellbeinghub), offering free, readily available expertise on all things mental wellbeing for our STEM-based communities. Across all of our charity work this year we have raised funds for national and local charities and maintained our platinum status in the Pennies from Heaven Scheme, donating through payroll giving (which 55% of our colleagues participate in).

Environmental, social and governance

Sustainability is at the core of our purpose to provide the skills needed to build a better future, and we are committed to improving the positive impact we can have in Environmental, Social and Governance ('ESG') areas across our business operations.

During the year we engaged a specialist external consultant to conduct a materiality assessment to review the ESG issues, impacts and opportunities most relevant to our business.

The assessment utilised research of our markets, industry and the wider sustainability landscape, including guidance and input from best practice methodologies and independent, respected reporting guidelines and frameworks. The materiality assessment helped us to identify five areas most relevant to our business and our stakeholders, which will form the basis of our sustainability strategy.

Area of materiality for our business

- Governance, management and compliance:** best-in-class governance, management, compliance and stakeholder relationships are the core of our business operations.
- People and wellbeing:** we are committed to promoting the health, safety and wellbeing of our people by providing an engaging, diverse and inclusive environment focused on wellbeing, development, talent management, and reward and recognition.
- Fair and ethical conduct:** we always conduct ourselves in a professional manner, acting with honesty and integrity, complying with applicable laws, regulations and appropriate standards in all countries in which we operate, and working with our clients, suppliers and other third parties to ensure our high ethical standards are maintained.
- Energy and climate change:** we strive to minimise our use of finite resources by working towards net zero, whilst continually improving our environmental performance across our business operations by reducing water and waste.
- Philanthropy and local communities:** we actively support and engage with local communities to invest in our society and create a positive social impact, including support for charitable organisations.






Our contribution to the United Nations Sustainable Development Goals (SDGs)

The areas of materiality and priorities align to SDG 3, 5, 8, 9, 10, 11, 12, 13 and 16 where we consider our ESG priorities will have the greatest impact.



Responsible Business continued

2021 Highlights

Area of materiality	2021 highlights	Commentary	Focus for 2022	SDG
Governance, management and compliance	<ul style="list-style-type: none"> Improving diversity of the board with the appointment of our first female non-executive director. Implementing continuous improvement opportunities identified via an annual review of the effectiveness of the board and each of the committees. Strengthening our internal controls with the introduction of a new Risk Assurance Framework. Implementing our single end-to-end technology platform improving transparency and accuracy of reporting, further enhancing our control environment. Maintaining our ISO 9001 (quality) certification and Cyber Essentials accreditation. 	<p>We have always maintained strong corporate governance, adhering to the QCA Code and also the UK Corporate Governance Code where appropriate for our business.</p>	<ul style="list-style-type: none"> Continue to evolve our robust governance policies and procedures. Establish a sustainability action group, with board sponsorship, evidencing commitment to the execution of the ESG strategy. Link the ESG strategy, and its effectiveness and progress, to executive remuneration policies. Creation of an annual executive and board training calendar. 	
People and wellbeing	<ul style="list-style-type: none"> Refreshing our values, emphasising the importance of respect and an inclusive culture in which individual contributions are valued. Launching a new diversity and inclusion initiative across the group, including a diversity and inclusion action group with board-level sponsorship and ambitious targets to increase gender diversity across our management and leadership community. Launching our new engagement tool, which enables continuous feedback and input across a wide range of subjects. Continuing to focus on employee mental health and wellbeing, introducing mental health first aiders, 1:1 resilience coaching for all staff and resilience workshops for managers. Introducing our hybrid working environment to promote work-life balance, also providing detailed guidance for managers to support hybrid teams. Refreshing our learning and development offering to increase opportunities for staff across the business. Supporting our clients via industry round-table discussions, webinars and marketing materials to facilitate improvements to recruitment practices to ensure commitment to diversity and inclusion for candidates. Developing a new approach to learning and development through a leading edge programme of online, virtual and face-to-face training interventions designed to ensure our people are equipped for their role at all stages of their career. This coincided with leadership coaching interventions which supported our leadership community. 	<p>The physical, mental and financial wellbeing of our people and stakeholders remains our top priority. During the year we refreshed our values, aligning our purpose, vision and mission to our people strategy, communicating our commitment to maintaining a diverse and inclusive culture in which our people can thrive. We introduced the Peakon tool in order to measure engagement trends across our business. Our overall engagement score remained stable through the year at 76% which is just 3% below the industry benchmark. Our participation rates weekly averaged over 50% and our aggregated participation rate at 86% is 1% below the benchmark. This means that 86% of our total population have engaged with and participated within the survey. We ran a number of Gattaca academies and provided learning interventions around hybrid working, resilience and leadership to support our people through the pandemic. We maintain ethical and compliant labour practices across all of our business operations. We protect our people by adhering to recommended health and safety guidelines, embedding the importance of health and safety in our company culture, working with third parties to extend this influence across our supply chain. We have dedicated health and safety resources for our high-risk rail business and maintain our ISO 45001 (H&S) certification.</p>	<ul style="list-style-type: none"> Continue to make progress towards our target to increase gender diversity across our management, leadership and board community. Continue to drive participation rates and employee engagement as measured by our engagement tool. Ensure our global pay practices continue to align to the Living Wage across our direct business operations. Continue to provide insights, resources and events to the wider community of people with whom we collaborate, including for our clients, suppliers and contractors on issues such as diversity and inclusion. Continuing to develop our new approach to learning and development, and to support the wellbeing of our people. 	   

Area of materiality	2021 highlights	Commentary	Focus for 2022	SDG
Fair and ethical conduct	<ul style="list-style-type: none"> Refreshing key mandatory training including anti-bribery, tax compliance and sanctions. Refreshing our values, emphasising the importance of trust, doing the right thing and delivering on our commitments. 	<p>We are committed to acting with integrity, ethically and responsibly in all our business activities.</p> <p>We maintain strong standards of compliance and ethical conduct, regularly reviewing, adapting and updating our policies and procedures to align to best practice and the changing nature of our business.</p> <p>We maintain a mandatory training programme covering key legal and ethical topics, and provide an independent whistleblowing reporting service for our people to anonymously report any concerns.</p>	<ul style="list-style-type: none"> Expand the range and delivery method of our compliance training to further drive engagement and retention of learning. Embed our new values, including refreshing our code of professional conduct. 	 
Energy and climate change	<ul style="list-style-type: none"> Maintaining our client and candidate presence in the renewable energy sector. Retaining our ISO 14001:2018 (environmental management system) certification and silver membership of EcoVadis. Significantly reducing UK and international travel. Although we expect travel to increase during 2022 due to the easing of COVID-19 restrictions, we continue to invest in technology to enable our people to collaborate and engage in the most efficient manner. Implementing a hybrid working environment which will further reduce the environmental impact by the business. 	<p>While we have made efforts to limit and reduce our energy demands, we recognise that a more targeted approach is required to achieve significant improvement. We are committed to achieving net zero across our direct business operations and our focus for 2022 is to develop our plans and set timescales to achieve this.</p>	<ul style="list-style-type: none"> Develop an ambitious but attainable target to achieve net zero across our direct business operations, whilst challenging our procurement methods and supply chain to reduce our carbon footprint across our indirect business operations. Target client and NFI growth across all sectors in renewable energy projects. Work towards a transition to renewable energy suppliers across our direct business operations. Reduce our carbon footprint by removing single-use plastics and moving to a paperless office, actively promoting the use of technology for staff in our direct business operations. Reduce contractor and client carbon footprint by moving to electronic timesheets/invoices. Set a target to reduce UK and international business travel on pre-COVID-19 levels. 	 
Philanthropy and local communities	<ul style="list-style-type: none"> Our people also continue to be passionate about supporting our communities and raised £11,663 for charity during the financial year. Partnering with registered charity Foothold to launch a mental health and wellbeing hub aimed at supporting engineering and technology contractors. Achieving our target to assist 2,000 unemployed candidates back to work. 	<p>We take our responsibilities as an employer seriously and continue to support several local and wider charity and community initiatives.</p> <p>We partner and support several organisations dedicated to promoting inclusivity of opportunities in STEM industries; including Women in Tech, Women into Construction, the Womens Engineering Society, STEMNet, and Pride in STEM.</p>	<ul style="list-style-type: none"> Actively drive our existing group volunteering programme. Implement a group-wide global charity activity for all staff. 	   

Looking ahead

Whilst we are pleased with our achievements to date, we recognise we are on a journey to embed sustainability into our business operations for the long-term. To that aim, in addition to the specific actions outlined above, our focus for 2022 will be on strategy development to enable us to establish:

- baseline assessments and measurements;
- ambitious but attainable targets;
- clear action plans and timescales;
- data, monitoring and reporting protocols; and
- implementation initiatives to effectively embed change within the organisation.

We look forward to providing further updates on our sustainability journey in future reports.

Responsible Business continued

2020-2021 Energy and carbon reporting

We have calculated our environmental impact across scope 1, 2 and 3 (selected categories) emission sources for the UK only. Our emissions are presented on both a location and market basis. On a location basis (using the UK grid emissions intensity) our emissions are 425 tCO₂e, which is an average impact of 1.0 tCO₂e per employee. We have calculated emission intensity metrics on both an employee and floor area basis.

Further detail of the measures we have taken to meet our environmental responsibilities, and our journey to embed sustainability into our business operations for the long-term, can be found on pages 37 and 39.

The methodology used to calculate the Greenhouse Gas ('GHG') emissions is in accordance with the requirements of the following standards:

- World Resources Institute ('WRI') GHG Protocol (revised version).
- Defra's Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting requirements (March 2019).
- UK office emissions have been calculated using the DEFRA 2020 and DEFRA 2021 issue of the conversion factor repository.

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of August 2020 to July 2021.

Emissions and energy usage

	Emissions source	2020-2021	2019-2020
Scope 1 (tCO₂e)	Gas and transport usage	57	81
Scope 2 (tCO₂e)	Electricity	120	109
Scope 3 (tCO ₂ e)	Electricity transmission and distribution	11	9
	Employee cars	< 1	8
	Rail	< 1	-
	Business flights	83	-
Total scope 3 (tCO₂e)		94	17
Total (market based) (tCO₂e)		318	257
Total (location based) (tCO₂e)		271	207
Total energy usage (kWh)¹		868,549	852,643
Normaliser	tCO ₂ e per FTE	0.6	0.5
Normaliser	tCO ₂ e per m ²	0.04	0.03

¹ Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation).

During our FY2021 review of our energy and emissions data we have noted some inconsistencies in the quality of our data and in FY2022 we will be improving the accuracy of our data sources to enable a robust benchmark to be set.

The Group have also changed travel providers in the year, which now allow us to capture the carbon consumption from flights taken by both our employees and our contractor population. This will allow us to better track our consumption from business travel going forwards.

Stakeholder engagement and section 172

The Board recognises that the long-term success of the business is dependent on the way we interact with a range of key stakeholders.

Gattaca has a history of collaborative and informative stakeholder engagement and considerate decision-making; we comply with the QCA Code which, under principles 3 and 9, requires companies to take account of wider stakeholder and social responsibilities and their implications for long-term success, and to maintain governance structures and processes that support good decision-making.

This section articulates how, as required by section 172 of the UK Companies Act 2006, the directors have acted to promote the success of the company for the

benefit of its stakeholders. In meeting this responsibility during the year, the directors have had regard, amongst other matters, to:

- A. the likely consequences of any decisions in the long-term;
- B. the interests of the Group’s colleagues;
- C. the need to foster the Group’s business relationships with suppliers, customers and others;
- D. the impact of the Group’s operations on the community and environment;
- E. the Group’s reputation for high standards of business conduct; and
- F. the need to act fairly as between members of the Group.

Stakeholder engagement

Why we engage	How we engage	Material topics
<p>Clients</p> <p>Gattaca’s success has been built on numerous long-standing and trusted client relationships. We must ensure that we understand evolving client requirements in order to best match them with our candidates and services.</p>	<p>We engage with clients via regular communications in our day-to-day activities, and via formal feedback requests.</p>	<ul style="list-style-type: none"> • Recruitment services and solutions • Market expertise • Access to high quality candidates • Building long-term partnerships
<p>Candidates</p> <p>One of Gattaca’s key strengths is building relationships with candidates that last many years and even across whole careers. In-depth candidate knowledge also enables us to deliver services and solutions for our clients.</p>	<p>We engage with candidates via regular communications in our day-to-day activities.</p>	<ul style="list-style-type: none"> • Career opportunities • The candidate experience • Data governance • Building long-term partnerships
<p>Colleagues</p> <p>We are a people business, and the knowledge, experience and dedication of our team members is paramount to our success. In order to attract and retain the best people, and to get the most out of them during their time with us, we believe in fostering a culture of engagement, collaboration, support and inclusivity.</p>	<p>In addition to our ongoing employee engagement tool, Peakon, we utilise group forums, intranet forums, onboarding surveys and exit interviews to interact with our people. We hold regular business updates at which our people have the opportunity to ask questions directly to the management team, and undertake specific engagement surveys on topical issues.</p>	<ul style="list-style-type: none"> • Training and development opportunities • Career progression and recognition • Compensation and incentives • Group culture and reputation • Health, safety and wellbeing
<p>Investors</p> <p>The Board regards effective communication with shareholders as crucial to understanding and meeting their needs and expectations. The full Board regularly considers feedback from investors.</p>	<p>Our investor relations programme includes presentations and the opportunity for shareholders to meet with the Chair, Chief Executive Officer and Chief Financial Officer following the announcement of our interim and preliminary results. We release the results of general meetings through a regulatory news service and also on our website, which also contains historical results, presentations and communications.</p>	<ul style="list-style-type: none"> • Financial and operational performance • Long-term growth • Business model and strategy • Capital allocation • Dividends

Responsible Business continued

Examples of principal decisions in 2021

Principal decisions in 2021

The Board considered the interests of and the impact on all stakeholders when making a number of key decisions during the year, as demonstrated by the following examples.

Principal decision 1

Following the COVID-19 pandemic and lockdowns across all of our global offices, we introduced a new hybrid working approach for our people.

In making the decision, we considered:

The impact on the long-term sustainable success of the Group

As we entered the post-pandemic world of work, we had an opportunity to review and take stock of how we operate as a business. One such consideration has been around where we physically locate ourselves; office or remote, to maximise our performance and retain the benefits that have been felt by not travelling into any office location on a full-time basis.

With the lockdowns ending, we took a proactive approach to design a hybrid working approach to ensure we have a model that is productive, balanced and effective to benefit both Gattaca and our people.

Stakeholder considerations

Colleagues

Our hybrid working approach was designed utilising feedback from staff via our employee engagement tool, Peakon, and round-table discussions, as well as extensive consultation with our leadership team.

Our people told us that they had become tired of endless Teams calls, and that some activities are more effective (and more enjoyable!) when we are physically together, for example, on-the-job learning, relationship building and problem solving. However, our people also told us that focus tasks that require time and space can be best performed without the distraction of the office environment.

We reviewed this feedback in detail and designed our hybrid working approach to strike the right balance of office and remote working going forward, which we consider contributes to our success in how we attract, develop and engage talent at Gattaca.

Clients and candidates

Ensuring we have the talent we need to deliver on client opportunities and provide excellent service to our clients, candidates and contractors is essential. Only by having the talent we need will we achieve deepening relationships with our clients, candidates and contractors which are central to our vision to be the STEM talent partner of choice.

Ensuring continuity of service for our clients and candidates was a fundamental consideration in building our hybrid working approach.

Investors

The purpose of our hybrid working approach is to ensure we attract and retain the best talent in the market to deliver excellent service and ensure it continues to deliver sustainable growth in the long term.

Outcome

Our hybrid working approach has been launched and is effectively enabling our people to maintain flexibility in their working patterns and is a strong factor in our approach to talent acquisition.

Principal decision 2

In October 2020, we repaid a £7.5m revolving credit facility ('RCF') with HSBC, thus eliminating all banking covenant requirements.

In making the decision, we considered:

The impact on the long-term sustainable success of the Group

Repayment and repositioning of the Group's financing facilities provides stability and strength to the Group's balance sheet, thus improving our ability to respond to the changing economic environment during the pandemic, and positioning us in a better position to achieve future growth as we emerge from the uncertainty of the last 18 months.

Stakeholder considerations

Colleagues

Increased stability enables the Group to undertake further investment in the systems, processes and development initiatives that support our people in their day-to-day activities.

Clients and candidates

Repaying the RCF improves the stability and strength of the Group's balance sheet which allows us to work with a broader range of clients and support a greater number of candidates and contractors in our markets.

Investors

Removing banking covenants and repaying the RCF provides stability for the Group, lowers risk and reduces financing costs, thus contributing to our long-term sustainability and profitability.

A stronger balance sheet also allows us to better weather the economic change and uncertainty as we emerge post-pandemic.

Outcome

The outstanding RCF balance was repaid in full in October 2020, and the facility was cancelled, thus eliminating banking covenants, increasing stability and strengthening the Group's balance sheet.

Risk Assurance

Risk assurance is a key factor in all decision making throughout the organisation to enable effective and transparent decisions that balance appropriate levels of risk with reward.



Risk and uncertainties are an inherent part of any business. Gattaca's approach to risk reflects our strategic priorities, commercial reality, and our ability to manage potential impact in the event the risk materialises. Effective and efficient risk governance and oversight provide management and the Board with assurance that our business activities will be positively enhanced by opportunities but not be adversely impacted by threats that could have been foreseen, to minimise negative impact on our ability to achieve our strategic priorities.

During the financial year, the Group implemented a revised Risk Assurance Framework ('Framework') to improve the overall structure, direction and oversight for the systematic and consistent identification and assessment, and effective and efficient management of risk. The Framework ensures that risk assurance is a key factor in all decision making throughout the organisation to enable effective and transparent decisions that balance appropriate levels of risk with reward.



Risk Assurance Framework Roles & Responsibilities

Overall responsibility

Overall responsibility for risk assurance, including approving the Group's risk appetite, and regular review of the risk register sits with the Board.

Oversight

The Audit Committee considers regular assurance reports from management on risk exposure relative to risk appetite and tolerance, including regular review of the risk register.

Management and monitoring

Management are accountable for implementation of appropriate risk assurance, for allocating responsibilities to review and manage risk, and for reviewing and challenging the risk register to ensure controls are operating effectively as intended and that open issues are closed out. Management are also responsible for defining the Group's risk appetite, setting the tone and influencing culture of risk assurance across the business, including approving major programmes/projects that affect Gattaca's risk profile or exposure, and deciding what types of operational risk are acceptable/unacceptable.

Ownership

Business units (supported by group risk) are responsible for managing component risks including escalating key changes to the status of component risks, monitoring and reviewing assigned component risks and controls with sufficient frequency to ensure the ongoing effectiveness of controls, and providing timely and positive assurance on the management of risks and on the effectiveness of controls.

The Framework places strong importance on a robust control environment and the maintenance of a risk-aware culture, the characteristics of which include:

- a distinct and consistent tone from the Board in respect of risk-taking, awareness and, where appropriate, avoidance;
- common acceptance throughout Gattaca of the importance of continuous risk assurance, including clear accountability for, and ownership of, specific risk and risk areas, together with clear delegated authorities;
- transparent and timely risk information flowing up, down and across the organisation;
- commitment to ethical principles and the consideration of wider stakeholder positions in decision making;
- actively seeking to learn from mistakes and near misses;
- the encouragement of appropriate risk-taking behaviours, whilst challenging inappropriate behaviours;
- valuing, encouraging and development of risk management skills and knowledge; and
- sufficient diversity of perspectives, values and beliefs to ensure that the status quo is consistently and rigorously challenged.

The Framework is designed to meet the Group's particular needs and aims, facilitate efficient and effective operations, safeguard the Group's assets, ensure proper accounting records are maintained, and ensure that financial information used within the business and for publication is reliable. Such a system of internal control can only be designed to manage and mitigate, rather than eliminate, risk and provide reasonable but not absolute assurance against material misstatement and loss.

Risk Assurance continued

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 position mirror those of our ultimate parent company and can be found in the Chief Financial Officer's Report of the 2021 annual report for Gattaca plc.

The majority of our staff have now been working remotely for over twelve months and there has not been any significant impact to our ability to operate effectively. The initial reduction in contractor numbers in April 2020, whilst impacting profitability, has resulted in reduced working capital requirements and has created further liquidity. The Group has also undertaken other actions, including an increase to the payment terms of certain contractors and these actions have created a permanent working capital benefit, and will reduce our working capital requirements during growth. We have seen signs of extensions in debtor days as a result of the pandemic impact on trading at our clients and we continue to be alert for any sudden changes. There is sufficient headroom on our working capital facilities to absorb a level of extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. A significant deterioration in payment terms would significantly impact the Group's liquidity.

The Directors have prepared detailed cash flow forecasts to July 2024, covering a period of 33 months from the date of approval of these financial statements. This base case is drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. This conservative base case assumes a recovery of the UK business to 100% of pre-COVID-19 contract and permanent NFI by July 2022, with a further growth to 115% of pre-COVID-19 by July 2023 and 124% growth of pre-COVID-19 by July 2024 years. Trading has been broadly in line with this forecast since the year end.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn as a result of the COVID-19 pandemic, with a slower recovery scenario considered. The Group has modelled the impact of a severe but plausible scenario including a reduction in recovery to 80% of pre-COVID NFI by July 2022, and subsequent slow recovery to 90% of pre-COVID NFI by July 2023, as well as the impact of a subsequent 5 day deterioration in the recovery of customer receivables.

After making appropriate enquiries and considering the uncertainties described above, the directors have a reasonable expectation at the time of approving these financial statements that the Group and the Company has 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 the financial statements.

Viability statement

The Board formally adopted the QCA Code from the year ended 31 July 2018 onwards. Consistent with previous years, Gattaca continues to seek to comply with certain provisions of the UK Corporate Governance Code, where appropriate for our business, on a voluntary basis. In accordance with this position, and in accordance with the provisions of the UK Corporate Governance Code, the directors have assessed the long term prospects of the Group based upon business plans and cash flow projections for the three-year period ending 31 July 2024.

The period of which the directors consider it possible to form a reasonable expectation as to the Group's long-term viability is the three year period to 31 July 2024.

This is based on the directors confidence in:

- the Group's projected financial resources, including the expected cash generation of its operations;
- the low likelihood of all or even most of the identified potential principal risks materialising simultaneously;
- the length of major operating contracts;
- the Group's international operations plus its established business relationships with many customers and suppliers throughout territories in which the Group operates; and
- the incorporation of the uncertainty arising from the ongoing COVID-19 pandemic on both the Group's activities and those of the wider economies in which the Group operates. In forming their opinion, the directors have performed a robust assessment of the principal risk and uncertainties facing the Group as set out on pages 47 to 53.

In addition, note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The directors believe that the Group has a robust balance sheet and considerable financial resources and accordingly they remain confident of the Group's long-term growth prospects, based on a diverse range of clients and suppliers across different geographical locations and sectors.

As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. Based upon the robust assessment of the principal risks and uncertainties facing the Group and the stress-testing-based assessment of the Group's prospects, the directors have, subject to no unforeseen events outside of the Group's control, a reasonable expectation, that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 July 2024.

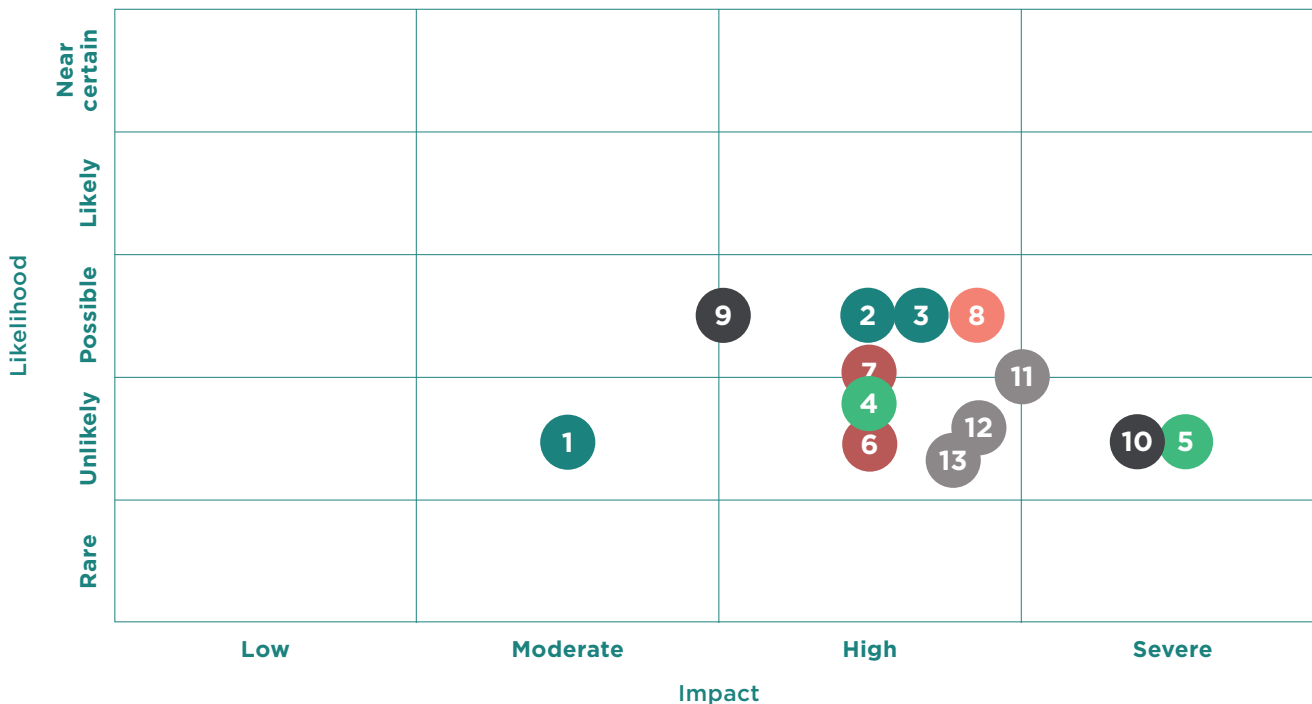
Principal Risks and Uncertainties

Effective risk assurance

The Framework identifies the principal and component risks and uncertainties facing the Group, including those that would negatively impact our ability to achieve our strategic priorities. The table on the following page is not exhaustive and is subject to change as risks which are considered immaterial today may evolve to be more important in the future. The Group’s principal risks are presented in categories (strategic, financial, people, operational, and compliance) for ease of reference.

The graph below shows each of our principal risks on a residual basis according to the likelihood of occurrence and potential impact on a residual basis, after the application of the key controls and mitigations (which, together with the description of each risk and the potential impact of the risk materialising, are set out in the table below). Due to the new methodology of our Risk Assurance Framework, the status of the risk has been assessed at the date of this report rather than status as compared to our 2020 Annual Report.

Risk heat map



● Strategic	1. Uncertain regulatory environment 2. Failure to anticipate and/or embrace change 3. Ineffective stakeholder management
● Financial	4. Inadequate budgeting, forecasting or financial reporting and protection of company assets 5. Inadequate financing
● Operational - Group Support	6. Ineffective systems and security 7. Operational financial process failure
● Operational - Sales	8. Failure in revenue generation effectiveness
● People	9. Ineffective talent management 10. Ineffective management of health and safety
● Compliance	11. Non-compliance with legislation, regulation or code 12. Poor contract management 13. Poor data management

Principal Risks and Uncertainties

continued

Strategic		Current status	Heat map
Executive accountable: Kevin Freeguard, Chief Executive Officer			
Uncertain regulatory environment			
Description and impact Potential for future regulation to be introduced or existing regulations change that impact Gattaca's ability to operate and/or profitability.	Key controls and mitigations <ul style="list-style-type: none"> The Group maintains investment in its internal legal and compliance departments, employing subject matter experts to identify proposed and new regulation which may impact our business, and to help the business anticipate and prepare for regulatory change. 	◀▶ (L)	1
Failure to anticipate and/or embrace change			
Description and impact Failure to employ effective horizon scanning strategies to identify trends and disruptors that could impact competitive advantage, market position, and long-term performance.	Key controls and mitigations <ul style="list-style-type: none"> The Group's global strategy includes regular market research and horizon scanning activities across all of our market verticals to enable best practice and sector-specific growth plans above market rates. The board and management meet regularly to discuss and define a clear vision of the regions, sectors and skills we operate in. 	▶▶ (M)	2
Ineffective stakeholder management			
Description and impact Failure to anticipate and deploy the right reputational management strategy leading to loss of stakeholder confidence in the Gattaca group.	Key controls and mitigations <ul style="list-style-type: none"> The group has an effective global strategy to manage its approach to markets, products, people and marketing, and takes a proactive approach to communications. The board regards effective communication with shareholders as crucial and operates an ongoing investor relations programme, which includes presentations and the opportunity for shareholders to meet with the Chair, Chief Executive Officer and Chief Financial Officer following announcement of our interim and full year results. The full board receives reports on feedback from investors. We release regular trading updates and the results of general meetings through a regulatory news service and also on the regulatory news section of our website. We are committed to regular and transparent communications with all stakeholders to mitigate risks in this area. 	▶▶ (M)	3



Key

Current status of risk

▲ Increased ◀ Stable ▼ Decreased

Relative severity

(H) High (M) Medium (L) Low

Financial

Executive accountable: **Salar Farzad, Chief Financial Officer** Current status Heat map

Inadequate budgeting, forecasting or financial reporting and protection of company assets

<p>Description and impact</p> <p>Failure in adequate budgeting and forecasting leading to an adverse impact on working capital which adversely affects our ability to operate.</p> <p>Mis-management of financial reporting impacting on management and/or statutory results including regulatory requirements, leading to inappropriate financial decisions (including but not limited to insurance coverage), fines, reputational damage, negative banking and credit consequence and/or financial loss.</p> <p>Failure to appropriately protect company assets including but not limited to incidents of fraud and adequate insurance provision.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • The Group has a dedicated financial planning and analysis team of subject matter experts who work closely with our operational leaders to monitor performance against budgets and produce rolling forecasts including net cash/(debt) and trading performance. • The Group has appropriate procedures to minimise foreign exchange exposure. • The Group maintains strong cash flow management processes, including direct and indirect cashflow forecasts, short and long-term cashflow planning, and bid modelling. • We have appropriate financial governance procedures to prepare, review and provide oversight of financial reporting, including internal audit. • We maintain appropriate financial approval procedures to protect company assets, including segregation of duties. All staff receive training on fraud awareness on a regular basis. • We maintain appropriate levels of insurance. 	<p>◀▶</p> <p>(M)</p> <p style="font-size: 24px; color: teal; border: 1px solid teal; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">4</p>
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Inadequate financing

<p>Description and impact</p> <p>Failure to secure & manage adequate financing leading to an inability to operate.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • The Group paid off in full its revolving credit facility during the financial year and is now covenant free. • We maintain a working capital financing facility with HSBC, with reconciliations performed monthly providing both live view and pipeline visibility. • We have a strong relationship with our bank, which is supportive of our business, and we hold regular discussions to ensure we have our bank's backing to fund strategic plans. Where we foresee material uncertainty we engage proactively with our lenders to mitigate this. 	<p>◀▶</p> <p>(M)</p> <p style="font-size: 24px; color: teal; border: 1px solid teal; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;">5</p>
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Principal Risks and Uncertainties

continued



Operational – Group Support

Executive accountable: Salar Farzad, Chief Financial Officer **Current status** **Heat map**

Ineffective systems and security

<p>Description and impact</p> <p>Failure in efficiency of IT systems leading to an inability to operate, or exposure to regulatory breach or operational loss resulting from breaches of, or attacks on, information systems.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • During the financial year we implemented our cloud-based end-to-end integrated technology platform. This move to a cloud-based system has improved systems security which, together with proactive and effective vendor management, reduces our exposure to material systems failure. • We have subject matter experts in our internal technology team to share best practice, undertake peer review of critical business systems and effectively troubleshoot and manage the recovery of failed or degraded systems. • We utilise specialist security services to conduct regular penetration testing of security measures to review our resilience in light of the changes and threats we face. • The Group's approach to business continuity focuses on our critical systems and processes to ensure continuity of service, including crucially the payment of workers engaged on our clients' sites, and we continue to evolve our business continuity planning in light of our transition to our new technology platform. 	  
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Operational financial process failure

<p>Description and impact</p> <p>Failure in efficiency of operational financial processes leading to an inability to operate core business financial processes, including contractor pay and client invoicing requirements.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • Our key financial processes are documented, implemented and regularly audited to ensure they are operating as intended and effectively. • Dual-approval controls and validation checks operate to manage the risk of payments to contractors, our people and suppliers. • New clients are onboarded by a dedicated team in line with due diligence procedures, including a credit check, and we also conduct detailed and regular credit reviews of all of our client accounts. • We maintain credit insurance on a small subset of our clients, and separately the Group holds appropriate levels of public liability, employers' liability and professional indemnity insurance. • The Group maintains a delegation of authority policy and matrix to manage approvals. 	  
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Operational – Sales

Executive accountable: Kevin Freeguard, Chief Executive Officer **Current Status** **Heat map**

Failure in revenue generation effectiveness

<p>Description and impact</p> <p>Failure to attract, secure, manage and retain clients leading to an adverse effect on NFI generation and client retention.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • The Group's global business strategy ensures NFI is generated across a broad range of territories, sectors and clients, with a weighting towards contract recruitment leading to more stable business streams and reducing the risk of reliance on territory or sector-specific markets. • The group has a very broad base of clients, with no dependency on any one client. • The group continuously monitors the creditworthiness of our clients. • We employ industry and sector experts, making sure the business is clear on the skills it needs to have within the business and has the mechanisms in place to attract them. • This specialist offering enhances our ability to source the right candidates. • The group undertakes a regular client framework review, seeking to ensure it minimises the risk of losing clients to competitors. • The group is focusing increasingly on exclusive arrangements and new solutions. 	  
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Key

Current status of risk

▲ Increased ◀▶ Stable ▼ Decreased

Relative severity

(H) High (M) Medium (L) Low

People

Executive accountable: Kevin Freeguard, Chief Executive Officer

Current status Heat map

Ineffective talent management

<p>Description and impact</p> <p>Failure to attract, allocate, develop, retain and implement succession planning for our people may adversely affect our ability to operate and/or negatively impact our culture and the long-term aims of the Group.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • The Group has appropriate talent attraction, acquisition and management frameworks to effectively manage the end-to-end people journey within Gattaca, and which focuses on remuneration policies to attract the best talent, opportunities to improve the people experience for those working with us, maximising performance, and extending retention of our high performing people. • Our engagement tool, Peakon, captures feedback and engagement on an ongoing basis which is reviewed regularly by the board. • The Group maintains and implements processes, procedures and policies to support with ensuring Gattaca complies with its obligations to our people and to protect the business (including but not limited to appropriate contractual provisions and post-termination restrictions), as well as allowing us the means to implement appropriate consequence management to address inappropriate behaviour where necessary. • Our newly implemented approach to hybrid working, including continued investment in technology, supports our people wherever their place of work. • Our learning and development team provide relevant and effective training and development opportunities to all level of colleagues to ensure they have the knowledge and skills to effectively deliver their job role thus enabling them to make their contribution to the organisations goals. • The Group has recently refreshed its values to reflect those behaviours necessary and consistent with our history and culture as a compliant and ethical organisation. Implementation of these values is ongoing with a programme of activities including management training and support and refreshing our core HR procedures to reflect and embed these values. 	<p>◀▶</p> <p>(M)</p> <p>9</p>
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Ineffective management of health and safety

<p>Description and impact</p> <p>Ineffective management of workplace safety leading to loss of life or injury to colleagues, contractors or persons visiting Gattaca locations.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> • The Group has appropriate frameworks in place to manage our health and safety requirements for the protection of our people, contractors and visitors. • The Group is committed to providing for the health and safety and welfare of all of our people and has established an occupational health and safety management system that complies with ISO 45001. The Group also has procedures in place to comply with all legal and contractual obligations relevant to the Group's activities. • Our dedicated H&S rail manager provides specialist support to our higher risk rail business. • We have an effective and appropriately maintained group crisis management approach, including personnel, contacts and specialist sub-areas, to appropriately manage and respond effectively to any significant incidents within the Group. • The Group provides a range of mental health support and resources for our people, including a community of mental health first aiders and training for managers on mental health awareness. • Specifically during COVID-19, we maintained a COVID-19 playbook which outlines the measures we have implemented to keep our people safe in our offices, and have a dedicated project team to react to the changing situation and government guidance in each of our locations. 	<p>◀▶</p> <p>(M)</p> <p>10</p>
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Principal Risks and Uncertainties

continued

Compliance		Current status	Heat map
Executive accountable: Salar Farzad, Chief Financial Officer			
Non-compliance with legislation, regulation or code			
Description and impact	Key controls and mitigations	◀▶	11
<p>Failure to comply with applicable legislation, regulation and codes, or failure to assess and prepare for known, incoming legislation, could expose the Group to potential legal, financial and reputational risks.</p>	<ul style="list-style-type: none"> The Group has dedicated legal, compliance and tax functions which manage the Group's compliance with its legal and regulatory obligations and monitor changes in legislation that affect our business, supported by leading external advisers as appropriate. The Audit Committee provides governance and oversight of the Group's compliance and tax risks. The Group also works closely with the Recruitment and Employment Confederation ('REC') to ensure it is up to date with all industry trends and best practice relating to current and emerging legislative and regulatory changes in the markets we operate in. The Group has clearly defined standards covering our business activities, which are outlined in our code of professional conduct with which all colleagues are required to comply. The Group also has clear policies and statements setting out the Group's zero-tolerance approach to, amongst other matters, bribery and corruption, sanctions violations, facilitation of tax evasion, and modern slavery. All of these core policies are referred to in our contracts of employment, and are underpinned by training to reinforce these policies, and the associated required behaviour. The Group has recently refreshed its values to reflect those behaviours necessary and consistent with our history and culture as a compliant and ethical organisation. Implementation of these values is ongoing with a programme of activities including management training and support and refreshing our core HR procedures to reflect and embed these values. The Group maintains an independent whistleblowing reporting service for colleagues to raise any matters of concern anonymously. Any reported incidents are investigated and reported to the Audit Committee. We maintain appropriate governance processes and a strong internal control environment, including delegation of authorities. We worked closely with our clients to effectively implement the changes to the IR35 rules in the private sector, which came into force in April 2021. The Group made use of the Coronavirus Job Retention Scheme for our people and contractors, an area that will undoubtedly be under intense scrutiny. We implemented robust and effective processes and procedures to ensure we were meticulous in the claims process and to ensure our furloughed colleagues adhered to the guidance by not working whilst on furlough. Although there has been an increase in legal and regulatory requirements on our business over the past few years, we continue to be comfortable that we are managing these external developments appropriately and responsibly. In this regard, we consider that the external risk environment in this area has not changed. As noted in previous announcements, we continue to cooperate with US authorities with respect to historical transactions in our discontinued telecommunication infrastructure business. 	(H)	

Key

Current status of risk

▲ Increased ◀▶ Stable ▼ Decreased

Relative severity

(H) High (M) Medium (L) Low

Compliance

Executive accountable:
Salar Farzad, Chief Financial Officer

Current status **Heat map**

Poor contract management

<p>Description and impact</p> <p>Failure to appropriately manage risks within contracts or over commitment to terms deemed uncommercial, leading to a contract breach or unprofitable contract arrangement.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> The Group's legal team review non-standard commercial contracts and adhere to a contract playbook which defines our risk appetite. We have appropriate governance procedures in place to ensure commercial decisions are taken by the right people and are properly documented. Where appropriate, we liaise with our insurance providers regarding onerous non-standard terms. 	<p>◀▶</p> <p>(M)</p> <p>12</p>
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Poor data management

<p>Description and impact</p> <p>Failure to prevent a breach of any individual's personal or special category data, or corporate sensitive or confidential data which Gattaca is responsible for, could lead to potential legal, financial, operational and reputational risks.</p>	<p>Key controls and mitigations</p> <ul style="list-style-type: none"> The Group maintains procedures for handling and storing sensitive, confidential and personal data as part of its Data Protection and IT Systems Usage policies and information security processes and procedures. Our people receive data protection training on joining the Group, and regular refresher training sessions. Specialised training is provided where required. The Group maintains appropriate resource in the compliance team to ensure continued adherence to data protection legislation, and we monitor developments in the law and manage our response as appropriate. 	<p>◀▶</p> <p>(M)</p> <p>13</p>
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Strategic Report approval

The Strategic Report on pages 4 to 53 was approved by the Board of Directors on 5 November 2021 and signed on its behalf by

Kevin Freeguard
Chief Executive Officer

Salar Farzad
Chief Financial Officer

Chair's Introduction to Governance

Committed to a culture of good governance

"The Board is responsible for ensuring strong governance throughout the Group's operations to support management in building sustainable growth for all of our stakeholders."



Patrick Shanley
Non-Executive Chair
5 November 2021

BOARD COMPOSITION:

33%

executive

67%

non-executive

Board tenure:

0-3 years	50%
4-6 years	33%
6+ years	17%



Board of Directors

The right mix of skills and experience



Patrick Shanley
Non-Executive Chair

December 2015



Patrick has extensive boardroom experience having previously been Chair of chemicals business, Accsys Technologies, CFO of Courtaulds plc and Acordis bv, CEO of Corsadi bv, Chair of Cordenka Investments bv and of Finacor bv. Patrick began his career working for British Coal where he qualified as a chartered management accountant. He has a strong operational, restructuring, merger and acquisition background and has worked in high growth businesses, manufacturing and service industries.



Kevin Freeguard
Chief Executive Officer

October 2018

Kevin was previously Managing Director for Verifone from 2015 to 2018 and has extensive international and business transformation experience across multiple sectors including Financial Services, Technology and Industrial, having held senior leadership positions with organisations such as De La Rue, Siemens and Motorola.



Salar Farzad
Chief Financial Officer

June 2017

Salar, a chartered accountant, has a background of finance leadership in high-paced international businesses experiencing significant change. His previous roles include Group CFO of Zodiac Media, Global Finance Director of Macmillan Science & Education, CFO of 2 Entertain, CFO of MTV Networks International and finance leadership roles with EMI Music within its North American and digital operations. His early career was with Price Waterhouse in audit followed by lead advisory in mergers and acquisitions.

Key to Committee membership

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Chair



George Materna
Non-Executive
Deputy Chair

August 1984



George has over 40 years' experience in the recruitment industry and is the founder of the Group, having founded Matchmaker Personnel in 1984 and Matchtech Engineering in 1990, before combining the two businesses in 2002 to form Matchtech Group plc. George is a fellow of both the Institute of Recruitment Professionals and the Chartered Institute of Personnel and Development. The Board does not consider George to be independent.



David Lawther
Independent
Non-Executive Director,
Senior Independent
Director

June 2018



David is a senior leader in the global construction industry. He was formerly CEO at ISG Plc, where he grew the company to a £1.6bn turnover, operating internationally in 26 countries - gaining its reputation as a world-leading fit-out specialist focused on commercial, retail and data centres. Prior to that, David was Chief Financial Officer at ISG. David has served as the Group Finance Director for Wilson Connelly Holdings, a quoted house builder and commercial property developer operating across the UK. David is also currently a non-executive Chair for Syntegragroup plc and senior independent non-executive for Maris LLP.



Tracey James
Independent
Non-Executive Director

December 2020



Tracey is a Chartered Accountant and leadership coach. She trained and spent most of her career at Grant Thornton where she was a Senior Audit Partner as well as a member of the Partner Oversight Board and Audit Risk Committee; specialising in advising fast growing quoted companies around financial reporting and governance. Tracey has also lived in France and Canada where in the latter she was the Director of Finance for a medical supplies business. Tracey was a NED at Places for People Group Limited and was the Chair of Audit at Activate Learning.



Katie Selves¹
Group Company
Secretary and
General Counsel

December 2017

Katie is Group General Counsel and Company Secretary, and advises the Board on all governance matters. Katie started her career as an HR specialist and is a chartered member of the Chartered Institute of Personnel and Development. She went on to qualify as a solicitor and spent 11 years in private practice in the City of London before moving in-house at Gattaca. Katie joined Gattaca in 2016 as Head of Employment and was promoted to General Counsel and Company Secretary, responsible for the legal and compliance function, in 2017.

¹ Katie Selves is not a member of the Board.

Corporate Governance Statement

QCA Code Compliance

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. Set out below is our Statement of Compliance with the key principles of the QCA Code.

	Governance Principle	Compliant	Explanation	Further reading
1	Establish a strategy and business model which promotes long-term value for shareholders	<input checked="" type="checkbox"/>	By providing recruitment solutions and support to both clients and candidates with engineering and technology skills, we help to unleash potential in people, projects and companies.	See pages 6 to 23
2	Seek to understand and meet shareholder needs and expectations	<input checked="" type="checkbox"/>	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our half-yearly results roadshows. The full Board is available at the Annual General Meeting ('AGM') to communicate with shareholders.	www.gattacaplc.com/investors/corporate-governance
3	Take into account wider stakeholder and social responsibilities and their implications for long-term success	<input checked="" type="checkbox"/>	In addition to our shareholders, our clients, candidates, contractors, suppliers and colleagues are our most important stakeholders. We engage with these communities via regular communications in our day-to-day activities, and via formal feedback frameworks.	See pages 8 to 9 and 34 to 43
4	Embed effective risk management, considering both opportunities and threats, throughout the organisation	<input checked="" type="checkbox"/>	Ultimate responsibility for risk management rests with the Board but day-to-day management of risk is delivered through the way we do business and our culture and is monitored via our Risk Assurance Framework.	See pages 44 to 53
5	Maintain the Board as a well-functioning, balanced team led by the Chair	<input checked="" type="checkbox"/>	The Board has three established Committees for Audit, Nominations and Remuneration. The composition and experience of the Board is reviewed regularly, primarily by the Nominations Committee.	See pages 70 to 72
6	Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	<input checked="" type="checkbox"/>	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of the recruitment, technology and international markets.	See pages 54 to 57
7	Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<input checked="" type="checkbox"/>	The Board regularly considers the effectiveness and relevance of its contributions, any learning and development needs and the level of scrutiny of the Senior Management Team. During the 2021 financial year the Board undertook an internal Board Evaluation which included input from all Directors and the Company Secretary. The output of the Evaluation, together with recommendations for continuous improvement was considered and, as appropriate, implemented by the Board.	See pages 60 to 61
8	Promote a corporate culture that is based on ethical values and behaviours	<input checked="" type="checkbox"/>	Our values define the standards and behaviour we work and live by and underpin our culture. Our values are integrated into our business operations and are regularly reinforced via training and performance management.	See pages 34 to 39
9	Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	<input checked="" type="checkbox"/>	The Board is responsible for the Group's overall strategic direction and management, and for the establishment and maintenance of a framework of delegated authorities and controls to ensure the efficient and effective management of the Group's operations. The Board maintains a list of matters reserved for the Board.	See pages 44 to 45 and www.gattacaplc.com/investors/corporate-governance/role-of-the-board
10	Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<input checked="" type="checkbox"/>	The Investors section of our website includes our results, presentations and communications to shareholders. We release the results of general meetings through a regulatory news service and also on the Regulatory News section of our website.	https://www.gattacaplc.com/investors

Board composition

The Board, via the Nominations Committee, regularly reviews the composition of the Board. At the date of this report, the Board has four Non-Executive Directors, including the Chair. The Board considers the independence of the Board annually to determine independence from management on the basis that the Directors have no business or other relationship that could interfere materially with the exercise of their judgement. Due to George Materna's long-standing relationship with the Group and his material shareholding, the Board does not consider George Materna to be independent. The composition of the Board as at the date of this report therefore comprises, the Chair, two Independent Directors and three Non-Independent Directors (including Executive Directors).

Under the Company's Articles of Association, all Directors must retire at the first AGM following their appointment and may offer themselves for election or re-election by shareholders. In accordance with best practice, all Directors will retire at the AGM and, being eligible, will offer themselves for election or re-election.

Governance structure

The Board has three established Committees for Audit, Nominations and Remuneration which each have Terms of Reference that are reviewed at least bi-annually. The Terms of Reference for all Committees were reviewed, updated and formally approved by the Board in November 2020. Copies of the Terms of Reference are available on the Group's website or on request from the Company Secretary.

The Board may, on occasion, delegate authority to a sub-committee consisting of any two Directors to facilitate final sign-off for an agreed course of action within strict parameters. The responsibilities and operation of the Audit, Nominations and Remuneration Committees are summarised below:

Audit Committee

The Committee monitors the integrity of the interim and annual Financial Statements and formal announcements relating to the Group's financial performance. It reviews significant financial reporting issues, accounting policies and disclosures, reviews the effectiveness of internal controls and risk management, as well as overseeing the engagement and scope of the annual audit.

The Audit Committee report on pages 65 to 69 contains further information on the Committee's role and activities.

Nominations Committee

The Committee reviews the structure, size and composition of the Board and its Committees, and makes recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge, diversity and independence.

The Nominations Committee report on pages 70 to 72 contains further information on the Committee's role and activities.

Remuneration Committee

The Committee reviews and makes recommendations as to the Directors' remuneration, including benefits, terms of appointment and share schemes.

The Remuneration Committee report on pages 73 to 80 contains further information on the Committee's role and activities.

Corporate Governance Statement

continued

Board responsibilities

	Maximum formal meetings	Meetings attended
Patrick Shanley (Chair)	10	10
Richard Bradford	4	4
Tracey James	7	7
David Lawther	10	10
George Materna	10	9
Kevin Freeguard	10	10
Salar Farzad	10	10

The Board recognises its employment, environmental and health and safety responsibilities and devotes appropriate resources towards monitoring and improving compliance with existing standards. The Executive Directors have responsibility for these areas at Board level, ensuring that the Group's policies are upheld and providing the necessary resources.

The Board approves a business plan and annual budgets for individual business units and the Group. All Directors receive regular and timely information on the Group's operational and financial performance, including detailed Executive and Operational Board reports which are provided in advance of all Board meetings and which report on performance (actual and forecasted) against the agreed budget and any significant variances. We report to our shareholders on a half-yearly basis. Members of the Senior Management Team regularly present at Board meetings to provide detailed information on their business units and central functions and to allow an opportunity for Directors to review and assess matters requiring decision or insight.

A detailed list of matters reserved for the Board is available on our website: <https://www.gattacaplc.com/investors/corporate-governance/role-of-the-board>

Conflicts of interest

Each Director is required, in accordance with Companies Act 2006, to declare on appointment any interests that may give rise to a conflict of interest with the Company and its subsidiaries subsequently as they arise. Where such a conflict or potential conflict arises, the Board is empowered under the Company's Articles of Association to consider and authorise such conflicts, as appropriate.

The Chair and Non-Executive Directors do not participate in any meeting at which discussions in respect of matters relating to their own position takes place.

There are effective procedures in place to monitor and deal with conflict of interest. The Board is aware of the other commitments and interests of its Directors, and Directors are required to report any changes to these commitments and interests to the Board for discussion and, where appropriate, agreement. There were no notified conflicts of interest during the 2021 financial year.

Information and support

Directors are regularly briefed on regulations which affect the business through presentations arranged by our advisers and our leadership team. During the year we specifically covered diversity and inclusion, IR35 and directors' duties. Directors are also encouraged to remain up to date through independent seminars and continuous professional development courses.

The Board also receives regular updates on matters of corporate culture via the Executive Report, compliance updates to the Audit Committee (including details of matters raised via the Speak Up reporting service, as appropriate) and regular presentations from the Group HR Director.

The Group receives advice from a number of external advisers. Specific advisers to the Board committees are set out in the Committee reports at pages 65 to 80. During the year, the Board received specific advice on repayment of the Revolving Credit Facility, and the Group's continued cooperation with the US Department of Justice.

The Company Secretary advises the Board, through the Chair, on all governance matters. All Directors have access to the services of the Company Secretary and may take independent professional advice at the Group's expense in conducting their duties. In accordance with the Articles of Association and the Group Delegation of Authorities Policy, the appointment and removal of the Company Secretary is a matter for the whole Board.

Board evaluation

During the financial year, and in line with principle 7 of the QCA Code, the Board undertook an internal Board evaluation which included input from all Directors and the Company Secretary. The output of the evaluation, together with recommendations for continuous improvement, was considered and, as appropriate, implemented by the Board.

The review covered several specific areas including the role of the various sub committees. The overall conclusion was the Board is open, well-structured and an environment where everyone can challenge or express opinions. There is widespread recognition that everyone can contribute to the success of the organisation and is encouraged to be engaged.

The evaluation also concluded that the Board and its sub-committees were performing well and addressing key issues. Concern was expressed around Values and Culture which is not unsurprising given the historical challenges following the Networkers acquisition and a desire to grow the business from a solid base. The Group has subsequently launched a new set of values around Trust, Professionalism, Ambition and Fun, and the Board understand the importance of their role in living these values to effectively embed these across the organisation. Diversity had also been a concern at previous reviews, but the addition of Tracey James has started to address the gender balance on the Board and we are committed to making further progress in this area in the short-term. We have also set ourselves a target of 40% of our leadership team will be female by 2024.

The review agreed that the Board continues to have a clear understanding of its role relative to the business, although it occasionally lapses into operational issues rather than strategic. This was felt to be inevitable given the restructuring over the last two to three years. However, as we move into a growth phase in the economy, it was expected that the Board would focus more on strategic areas and particularly challenge progress against the strategic plan.

There was a sense of continued progress being made in terms of the functioning of the Board with meetings regularised, well prepared and managed with good discipline. There was a suggestion that we could split meetings, so some were focused on reporting whilst others were mainly strategic which is being considered as we finalise our 2022 Board schedule.

Although we meet the AIM test of having two independent NEDs on the Board, there was acknowledgement that there would be benefit in the addition of one more. It was also acknowledged we had a financial bias on the Board and any additional NED should have a sales background. We are committed to addressing this balance in the short-term.

The division of responsibilities between the Chair and Chief Executive has been well established for a number of years as are 'The Role of the Board' and its three committees. The schedule of matters reserved for the Board is considered appropriate and is regularly and properly reviewed. Equally, the Board has frequent interaction with members of the Senior Management Team and other senior managers through regular presentations.

Perhaps the most challenging areas was the interaction of NEDs with members of senior management outside of the Board. Whilst interaction is always encouraged, there was acknowledgement that such interaction should not step into management's area of responsibility. It was acknowledged that interaction by NEDs with a wider community of our colleagues had been somewhat limited due to the pandemic, but that this was being addressed in the 2022 Board schedule.

There was agreement that the information presented to the Board had improved over the last four years but also recognition that the detailed papers could be refreshed with highlighted key information in summary format. As we move into the next phase, we recognise that we should be looking at more strategic information rather than historical - whilst still keeping one eye firmly fixed on performance.

It was felt that the Risk Assurance framework launched during the year would be a significant benefit and help mitigate the need for substantial historical data. It was acknowledged that the Board understood the key risks across the business but the introduction of the Risk Assurance framework would be a significant step forward in formalising this process. There was agreement that this needed to be owned by the business leaders for it to be truly effective.

In addition to the Board evaluation, the Chair undertook a formal review of the performance of all individual Directors, with a review of the Chair undertaken by the Senior Independent Director.



Directors' Report

Directors

The Directors have the benefit of an indemnity covered by insurance which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The Company has granted this indemnity in favour of the Directors of the Company as is permitted by Section 232-235 of the Companies Act 2006. The indemnity was in force during the full financial year up to the date of approval of the financial statements. Neither the insurance nor the indemnities provide cover where the relevant Director or officer has acted fraudulently or dishonestly.

The Board may exercise all the powers of the Company, subject to the provisions of relevant legislation, the Company's Articles of Association and any directions given by a special resolution of the shareholders. Specific powers are detailed in the Company's Articles of Association, including the power to issue and buy back shares, along with the rules for the appointment and removal of Directors.

Substantial shareholders

In addition to the Directors' interests shown in the Remuneration Report, and in accordance with Part 22 of the Companies Act 2006, the Company has been notified that the following shareholders' interests exceeded 3% of the Company's ordinary share capital in issue at 31 July 2021:

Shareholder	%
George Materna	25.01
MMGG Acquisition Ltd	20.01
Chelverton Asset Management	6.10
Hargreaves Lansdown Asset Mgt	6.02
Paul Raine	5.52
Interactive Investor	4.07
Winterflood Securities	3.04
Matchtech Group SIP	3.00

Subsequent to the year end, the Company has not been notified of any changes to significant shareholdings. As at 31 July 2021, 28.11% of the Company's share capital was held by Directors, senior management and other colleagues.

The Group made no donations for political purposes either in the UK or overseas during the year (2020: £nil).

Policy on the payment of creditors

The Group's policy is to agree terms and conditions for its business transactions with suppliers and to endeavour to abide by these terms and conditions, subject to the supplier meeting its obligations. No single supplier arrangement is considered essential to the business of the Group.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The group has also prepared financial statements in accordance with and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Disclosure of audit information

Each Director confirms that, as at the date this report was approved, and so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware and that he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Audit exemption

For the year ended 31 July 2021, Gattaca plc has provided a legal guarantee under s479A of the Companies Act 2006 to the following companies:

- Alderwood Education Ltd
- Application Services Limited
- Barclay Meade Ltd
- Cappo Group Limited
- Cappo International Limited
- CommsResources Limited
- Connectus Technology Limited
- Gattaca Solutions Limited
- Matchtech Group (Holdings) Limited
- Matchtech Group (UK) Limited
- Networkers International Limited
- Networkers International (UK) Limited
- Resourcing Solutions Limited
- The Comms Group Limited

This guarantee is dated 5 November 2021 and all the above entities have 31 July year ends.

Directors' Report continued

Auditor

In December 2020, the Board proposed, and shareholders approved at the AGM, the appointment of PwC LLP as the Company's registered independent public accounting firm for the financial year ended 31 July 2021, with Julian Gray as the senior statutory auditor. The Board has decided to propose the reappointment of PwC LLP and a resolution concerning its reappointment will be proposed at the forthcoming AGM.

Company registered office

1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF.

Company registered number

04426322

Further information on the following areas (which are incorporated into this Report by reference) can be found as follows:

A full description of the Group's principal activities, business performance, likely future developments, principal risks and uncertainties	See pages 1 to 53
Anti-Bribery and Corruption Statement	www.gattacaplc.com/investors/corporate-governance/statements
Company's Articles of Association	www.gattacaplc.com/investors/shareholder-information/AIM-Rule-26
Corporate culture	See pages 34 to 40
Corporate responsibility (including environmental responsibilities and charitable donations)	See pages 34 to 40
List of Directors serving at the date of this Report	See page 56 to 57
List of principal subsidiary undertakings	See pages 63
Main Committees of the Board and their activities	See pages 59
Stakeholder engagement (including employee engagement and our commitment to equal opportunities)	See pages 41 to 43
Statement of Going Concern	See page 46
Use of financial instruments and financial risk management	See pages 33, 49, 130 to 131
Viability Statement	See page 46

Cautionary statement

Under the Companies Act 2006, a company's Directors' Report is required, among other matters, to contain a fair review by the Directors of the Group's business through a balanced and comprehensive analysis of the development and performance of the business of the Group and the position of the Group at the year end, consistent with the size and complexity of the business.

The Directors' Report set out above, including the Chair's Statement, the Chief Executive Officer's Review and the Chief Financial Officer's Report incorporated into it by reference, has been prepared only for the shareholders of the Company as a whole, and its sole purpose and use is to assist shareholders to exercise their governance rights. In particular, the Directors' Report has not been audited or otherwise independently verified. The Company and its Directors and colleagues are not responsible for any other purpose or use or to any other person in relation to the Directors' Report.

The Directors' Report contains indications of likely future developments and other forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and business segments in which the Group operates. These factors include, but are not limited to, those discussed under principal risks and uncertainties.

Approved by the Board and signed by order of the Board by:

Katie Selves

Group Company Secretary and General Counsel

5 November 2021

Audit Committee Report

Providing oversight and guidance

“The Audit Committee continues to provide assurance that shareholders’ interests are being properly protected by appropriate financial management, reporting and internal controls.”



Tracey James
 Chair of the Audit Committee
 5 November 2021

I am pleased to present the Audit Committee’s (‘the Committee’) Annual Report on its activities for the period up to the review of our 2021 Annual Report and Accounts.

This report is intended to explain how the Committee has met its responsibilities throughout the year and what it has done to address continued regulatory change.

As Chair of the Committee, I would welcome questions from shareholders on any of the Committee’s activities, at CoSec@gattacapl.com.

4 Meetings
100% Attendance

Committee members
Tracey James (Chair)
 Patrick Shanley
 David Lawther

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	●	●	●	●
David Lawther	●	●	●	●
Tracey James	●		●	

Audit Committee Report continued

Aims and objectives

The Committee monitors the integrity of the Financial Statements of the Interim and Annual Reports and formal announcements relating to the Group's financial performance, including advising the Board that the Annual Report taken as a whole is fair, balanced and understandable. It reviews significant financial reporting issues, key judgements and accounting policies and disclosures in financial reports, reviews the effectiveness of the Group's internal control procedures and risk management systems and considers how the Group's internal audit requirements shall be satisfied, making recommendations to the Board. It reviews the independent auditor's audit strategy and implementation plan and its findings in relation to the Annual Report and Interim Financial Statements. It monitors the relationship with the Group's independent auditor including the consideration of audit fees and independence.

Membership of the Committee

During the year to 31 July 2021, the responsibilities of the Committee Chair were transferred to Tracey James from December 2020 who joins the Group as Independent non-Executive Director. David Lawther retains responsibility as independent Non-Executive Director on the Audit Committee alongside Patrick Shanley who has joined the Audit Committee replacing George Materna for the 2021 cycle. The Board considers that the Committee as a whole has competence relevant to the sector in which the Group operates.

Meetings and attendance

The Committee met four times during the year.

NED	Maximum meetings	Meetings attended
Tracey James (Chair)	4	4
David Lawther	4	4
Patrick Shanley	4	4

The Executive Directors are routinely invited to Committee meetings, with the Chair of the Board now a permanent member. During the period from the last report to the date of this report, the Committee met privately with the independent auditor. The Committee Chair also met privately with the senior statutory auditor, Julian Gray, outside of the Committee meetings.

Operation of the Committee

The Committee reviews and updates the Terms of Reference regularly, to conform to best practice, which are subject to approval by the Board. The Terms of Reference are available on the Group's website (www.gattacaplc.com), as well as in hard copy format from the Company Secretary. Each year, the Committee works to a planned programme of activities, which are focused on key events in the annual financial reporting cycle and other matters that are considered in accordance with its Terms of Reference.

It provides oversight and guidance to contribute to the ongoing good governance of the business, particularly by providing assurance that shareholders' interests are being properly protected by appropriate financial management, reporting and internal controls. The Committee approves the terms of all audit and non-audit services provided by the Group's Auditors to ensure audit objectivity is maintained.

The main activities of the Committee during the period since the last Report were as follows:

Financial statements: The Committee reviewed the Interim and Annual Reports. Management and PwC gave presentations about the key technical and judgemental matters relevant to the Financial Statements.

Going concern, including the Viability Statement:

The Group continues to prepare its Financial Statements on a going concern basis, as set out in Note 1 to the Financial Statements on page 95. Management produces working capital forecasts on a regular basis. The Board reviews those forecasts, particularly ahead of the publication of Interim and Annual results. The Board continue to scrutinise the Group's detailed economic forecasts in light of the changing economic conditions created COVID-19 pandemic to ensure that all relevant events and conditions are being incorporated that might affect both short, medium and long term performance. Having reviewed the forecasts as at the date of this Report, the Committee concluded that it was appropriate for the Group to continue to prepare its Financial Statements on a going concern basis and to publish the Viability Statement on page 46.

Billing system migration: The Committee reviewed the impact of the migration of the Group's legacy pay and billing systems to the new Primary Business Systems in the year. The Committee focused the review on the processes for closing the Group's legacy systems, reviewing the effects of the transition on the Group's financial records and ensuring the policies adopted were appropriate. The Committee continue to monitor the impact of the new systems on the Group's financial records, putting processes in place to ensure Internal Audit provide the Committee assurance over the post migration control environment in the 2022 cycle.

Taxation: The Group operates under multiple and varied tax regimes. The completeness and valuation of provisions to cover the range of potential final determinations by the tax authorities of the Group's tax positions are the subject of judgement and estimation uncertainty. Further information is set out in Notes 10 and 16 to the Financial Statements. The provisions held by the Group as at 31 July 2021 were reviewed by management. The Committee agreed with management's assessment of the Group's tax provisions. The Committee reviewed the Group's Tax Strategy which was approved by the Board in July 2021.

Fair, balanced and understandable: The content and disclosures made in the Annual Report are subject to a verification exercise by management to ensure that no statement is misleading in the form and context in which it is included, no material facts are omitted which may make any statement of fact or opinion misleading, and implications which might be reasonably drawn from the statement are true. The Committee was satisfied that it was appropriate for the Board to approve the Financial Statements and that the Annual Report taken as a whole is fair, balanced and understandable such that it allows shareholders to assess the Group's performance against the Group's strategy and business model.

Risk management and internal control framework: The Committee reviewed the Group's Risk management and internal control framework in the year, providing input and recommendations to management on the scope, methodology and governance of the Group's risk processes as management evolve the activities. The Committee have regular dialogue with the Group's risk and compliance function to ensure the risks and control monitoring activities are effective and appropriate for the Group. The Committee was satisfied that it was appropriate for the Board to make the statements regarding internal controls included in the Corporate Governance Statement.

Internal audit: As part of the Committee's policy, certain specialist internal audit work is undertaken by external organisations. In 2021, the Group refreshed the Internal Audit plan with the Group's outsourced internal audit provider KPMG. The committee reviewed the scope and extent of the plan to ensure the testing programmed focused on both financial and non-financial processes and controls within the Group, adopting a risk based approach.

The internal audit function have substantially completed the review of the Group's IT Risk Management, Infrastructure and Governance to review the overall effectiveness of the function. The committee review the findings of the internal audit reviews, ensuring findings are scrutinised and remediation plans are regularly reviewed by the Committee where appropriate. The Chair of the Committee reported to the Board on the Committee's activities after each meeting, identifying relevant matters requiring communication to the Board and recommendations on the steps to be taken.



Audit Committee Report continued

Significant issues

The Committee reviewed the key judgements applied to a number of significant issues in the preparation of the Financial Statements. The review included consideration of the following:

Issue	How the committee addresses
Revenue recognition	<p>The Group has well-developed accounting policies for revenue recognition in compliance with IFRS15 as shown in Note 1.6 to the Financial Statements.</p> <p>The Committee receives reports from management and from the auditors to evidence that the policies are complied with across the Group.</p> <p>On the basis of these reports, the Committee concluded that it was content with the judgements that had been made.</p>
Goodwill and acquired intangibles: assessment for impairment	<p>As set out in Note 1 (parts 1.10 and 1.11) and Note 13 to the Financial Statements, following the acquisition of Networkers in 2015, the Group recognised significant goodwill and finite life intangible assets. The acquisition of Resourcing Solutions Limited in February 2017 further increased the Group's goodwill and finite life intangible assets. Goodwill and intangible asset impairment calculations (including assumptions about future performance of the Group) and sensitivities are undertaken at least annually by management and reviewed by the Board and the Committee. Based on the impairment reviews as at 31 July 2021 and reflecting on the decisions arising from management's detailed review of operations, the Committee agreed with management's recommendation that there were no impairment's identified at 31 July 2021.</p> <p>The Committee also considered and agreed the appropriateness of the sensitivity analysis disclosures.</p>
Receivable and accrued income provisions	<p>The Group has significant trade receivable and accrued income balances and reviewed the level of provisioning required in light of the economic conditions in which the Group operates as a result of the COVID-19 pandemic. The Group hold both specific provisions against identified risk of recovery as well as an expected credit loss provisioning methodology. The committee regularly reviews managements judgements over the level of provisioning required against specific client receivables, such as £0.8m provision recorded against the NMCN plc balances at 31 July 2021, as well as reviewing the Group's provisioning methodology including scenario testing to ensure the judgements adopted by the Group are robust and appropriate. The Board receives regular reports on the collectability of aged accounts receivables and accrued income.</p>
Contingent liabilities	<p>As previously announced and further discussed, the Group continues to co-operate with the United States Department of Justice regarding certain factual enquiries. The Group is not currently in a position to know what the outcome of these enquiries may be and whether this line of enquiry will lead to any liabilities for the Company or its subsidiaries. The Committee has received regular reports from management in respect of the ongoing enquiries and, on that basis, has agreed with the conclusion management has reached in respect of contingent liabilities recognition and disclosures.</p>
Accounting for and disclosure of non-underlying items	<p>The Committee considered the accounting for and disclosure of non-underlying items (see note 4 to the Financial Statements). The Committee reviewed with management and discussed the accounting and disclosure with the Group's auditors. The Committee concluded it was content with the accounting for and disclosure of non-underlying items.</p>
COVID-19	<p>The Committee continue to consider the continuing impact of the COVID-19 pandemic on the cash flows and liquidity of the Group, particularly in relation to the preparation of the Group's financial statements on a going concern basis and the assessment of the Group's viability.</p> <p>Appropriate financial modelling has been undertaken to support the assessment of the business as a going concern with no material uncertainty from COVID-19 and in support of viability.</p> <p>More detail is given on page 66. The Group and Company's going concern and Viability Statements are set out on page 46.</p>

Shareholders' attention is drawn to the section titled 'Responsibilities for the financial statements and the audit' in the Report from the independent auditor on pages 81 to 88, about specific areas as reported by the independent auditor in order to provide its opinion on the Financial Statements as a whole.

Independent auditor: reappointment

The appointment of the independent external auditor is approved by shareholders annually. The independent auditor's audit of the Financial Statements is conducted in accordance with International Standards on Auditing (UK) ('ISAs'), issued by the Auditing Practices Board. There are no contractual obligations that act to restrict the Committee's choice of external auditor.

In December 2020, the Board proposed and shareholders approved at the AGM, the appointment of PwC LLP as the Group's registered independent public accounting firm for the financial year ended 31 July 2021.

This year, having considered the effectiveness and performance of the independent auditor, the Committee recommended to the Board the reappointment of PwC LLP as independent auditor of the Company for the next financial year.

Independent auditor: services, independence and fees

The independent auditor provides the following services:

- A report to the Committee giving an overview of the results, significant contracts, estimates, judgements and observations on the control environment
- An opinion on whether the Group and Company Financial Statements are true and fair
- An internal controls report to the Committee, following its audit, highlighting to management any areas of weakness or concern highlighted through the course of their external audit work

The Committee monitors the cost-effectiveness of audit and any non-audit work performed by the independent auditor and also considers the potential impact, if any, of this work on independence. It recognises that certain work of a non-audit nature may be best undertaken by the independent auditor as a result of its unique position and knowledge of key areas of the Group.

Approval is required prior to the independent auditor commencing any material non-audit work in accordance with a Group policy approved by the Committee. Certain work, such as providing bookkeeping services and taxation planning advice, is prohibited.

Further, the Committee seeks positive evidence of the independence of the independent auditor through its challenge to management.

The Committee regularly reviews all fees for non-audit work paid to the independent auditor. Details of these fees can be found in Note 4 to the Financial Statements. Non-audit fees were £nil in both 2021 and 2020. The Committee concluded that the level of non-audit fees, which represent 0% (2020: 0%) of the audit fees for the Group, did not have a negative impact on PwC's independence. The Committee will continue to keep the area of non-audit work under close review, particularly in the context of developing best practice on auditors' independence.

The Committee regulates the appointment of former colleagues of the independent auditor to positions in the Group. The independent external auditor also operates procedures designed to safeguard its objectivity and independence. These include the periodic rotation of the senior statutory auditor, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all staff.

The independent external auditor reports to the Committee on matters including independence and non-audit work on an annual basis.

Approval

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

Tracey James
Chair of the Audit Committee

5 November 2021

Nominations Committee Report

**Providing oversight
and guidance**

“The Board is committed to promoting diversity, inclusion and accessibility in all its actions, including Board composition and culture.”



George Materna
Chair of the Nominations Committee
5 November 2021

Committee activities 2021

- Appointment of Tracey James as Non-executive Director in December 2020
- Changes to the composition of Board Committees to ensure an appropriate balance of skills, expertise, knowledge and independence
- Consideration of succession plans for the Board and operational Management Board.
- Reflecting on the Board evaluation and the improvement opportunities identified therein in relation to the Committee’s activities and responsibilities.

2

Meetings

100%

Attendance

Committee members

George Materna (Chair)

Patrick Shanley
David Lawther

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	●	●	●	●
George Materna	●	●		●
David Lawther	●	●	●	●

I am pleased to present to the shareholders the report of the Nominations Committee (the 'Committee') for the year.

The Committee's focus for the year has again been to ensure the size, structure and experience of the Board is suited to meet the opportunities and challenges facing the Group going forward.

After over nine years' service as a Non-Executive Director, and Chair of the Remuneration Committee, Richard Bradford stepped down as independent Non-Executive Director and Chair of the Remuneration at the AGM in December 2020. The Board would like to thank Richard for his highly significant and intelligent contribution to the business and wish him every success in the future.

David Lawther moved from his role as Chair of the Audit Committee to Chair the Remuneration Committee at the AGM in December 2020.

After a full and proper process to recruit to new Chair for the Audit Committee, engaging The Inzito Partnership to provide independent search advice, Tracey James was appointed Independent Non-Executive Director and Chair of the Audit Committee at the AGM in December 2020. In line with the Board's Diversity Policy, Tracey's appointment was made on merit and delivered the Board's recognition of the importance of a diverse and inclusive culture as an essential element in maintaining Board effectiveness.

The Committee continues to review succession planning and Board composition.

Aims and objectives

The aims and objectives of the Nominations Committee are set out in the Nominations Committee's full Terms of Reference, which can be found in the Corporate Governance section on the Company's website, www.gattacaplc.com.

In summary, the role of the Committee is to:

- review the structure, size and composition of the Board, and make recommendations to the Board with regard to any changes required to ensure an appropriate balance of skills, expertise, knowledge and independence;
- review the succession plan for Executive Directors and the operational Management Board, as appropriate;
- identify and nominate, for Board approval, candidates to fill Board and operational Management Board vacancies as and when they arise;
- review annually the time commitment required of Non-Executive Directors; and
- make recommendations to the Board regarding membership of the Audit and Remuneration Committees in consultation with the Chair of each Committee.

The Nominations Committee, assisted by an external executive search agency, primarily manages appointments to the Board, but all Board members have the opportunity to meet shortlisted candidates, thus ensuring a wide range of feedback in the appointment process.

All Executive Directors are engaged on a full-time basis.

Non-Executive Directors have letters of appointment stating their annual fee, their re-election at forthcoming AGMs, the minimum required time commitment and that their appointment is subject to satisfactory performance. Their appointment may be terminated with a maximum of three months' written notice at any time. Copies of letters of appointment are available at the Group's registered office during normal business hours, and will also be available for inspection prior to and during the AGM.

Nominations Committee Report

continued

The remuneration of the Chair and Non-Executive Directors is determined by the Board following proposals from the Nominations Committee, within the limits set out in the Articles of Association, including reviewing the level of fees paid by comparator companies.

Membership of the Committee

During the relevant year, the Committee comprised its Chair, George Materna, Patrick Shanley, Richard Bradford (August to December 2020) and David Lawther (December 2020 to July 2021). Patrick Shanley, Richard Bradford and David Lawther are all Independent Non-Executive Directors, who have been members of the Committee since 2017, 2013 and 2020 respectively.

Meetings and attendance

The Committee met twice during the year.

NED	Maximum meetings	Meetings attended
George Materna (Chair)	2	2
Patrick Shanley	2	2
Richard Bradford ¹	0	0
David Lawther	2	2

¹ Richard Bradford resigned on 8 December 2020.

Nominations Committee activities

The key activities during the year have been in reviewing the structure, size and composition of the Board and its Committees. The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of the Recruitment, Technology and International markets.

Priorities for the coming year

In the coming year, the Committee will:

- continue to monitor the composition and effectiveness of the Board and its Committees, specifically in relation to the balance of Independent and Non-Independent Directors;
- continue to review succession plans for the Board and operational Management Board; and
- keep abreast of developments in corporate governance to ensure that we act in the spirit of good governance practice.

Diversity policy

As an organisation dedicated to helping companies realise their full people potential, the Board understands the value diversity brings to every workplace. The Board is committed to promoting diversity, inclusion and accessibility in all its actions, including Board composition and culture.

The Board appreciates the range of perspectives, insights and challenge needed to support good decision making that a diverse culture brings. All appointments to the Board and its Committees will be made on merit, taking into account suitability for the role, composition, independence and balance of the Board, together with diversity of skills, knowledge, experience, personal characteristics and background.

Information and training

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. There is an agreed procedure for Directors to obtain independent professional advice, paid for by the Group.

George Materna

Chair of the Nominations Committee

5 November 2021

Remuneration Committee Report

Remuneration to support the Group's objectives

“The Committee has considered carefully remuneration outcomes and its approach to assessing performance as the Group recovers from the pandemic”



David Lawther
 Chair of the Remuneration Committee
 5 November 2021

Committee activities 2021

Gattaca's Remuneration Policy was approved by shareholders at the 2019 AGM. 2021 was the second year of the three-year policy and no changes are being proposed to the policy for 2022. The pay outcomes for 2021 are in line with company performance and takes into account our wider stakeholders, and our approach to implementing the Directors' remuneration in 2022 will be in line with the approved policy.

On behalf of the Board, I am pleased to present the Remuneration Committee's ('the Committee') report for the year ended 31 July 2021.

The stated aim of our Policy is to:

- Attract, motivate and retain Executives in order to deliver the Group's strategic objectives and business outputs;
- Encourage and support a high-performance sales and service culture;
- Adhere to the principles of good corporate governance and appropriate risk management; and
- Align Executives with the interests of shareholders and other key stakeholders

6

Meetings

100%

Attendance

Committee members

David Lawther (Chair)

Patrick Shanley
 Tracey James

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	●	●	●	●
David Lawther	●	●	●	●
Tracey James	●		●	

Remuneration Committee Report

continued

We are committed to engaging on pay matters with our shareholders and wider stakeholders

Business context and remuneration outcomes for 2021

The 2021 full year results for the Group show continuing underlying profit before tax ('PBT') of £3.2m. This was 33% lower than the prior year primarily due to the trading downturn driven by the COVID-19 pandemic. Continuing underlying basic EPS fell from 11.7 pence (restated) to 8.4 pence as COVID-19 continued to impact the global economy. The decisions the Committee made on remuneration were taken in this context.

At the start of the last financial year, as disclosed in last year's remuneration report, the Remuneration Committee determined that no bonus scheme would operate having taken into account the impact of the pandemic on the business and that it would reconvene and consider whether a bonus scheme should apply for the second half of the year at an opportunity of no more than 50% of maximum. As the year progressed and pandemic restrictions eased, the Remuneration Committee implemented a bonus scheme for the second half of the year to motivate and incentivise senior colleagues but at a further reduced opportunity of 35% of salary for executive directors. The strong H2 recovery in the business has meant that the maximum stretch PBT target of £2m was exceeded and a 35% of salary bonus became payable to the CEO and CFO. The Remuneration Committee believes this outcome is appropriate taking into account the underlying performance of the business over the course of the year, the fact that no Government support was taken in the H2 financial year and the payment of bonuses to the wider employee population.

Implementation of Policy in 2021/2022

For 2021/22 Executive Directors' base salaries and Non-Executive Directors' fees will increase by 3% in line with the general workforce increase of 3%.

The Committee was mindful of the UK corporate governance code requirements and investor sentiments relating to executive pension levels. At the present time the committee has concluded that our arrangements in this regard are appropriate and has not proposed a change in the remuneration policy at this time. However for any new executive the pension contribution level will be capped at the workforce main contribution rate of 5%.

The annual bonus for 2021/22 will enable executive directors to earn 100% of their annual base salary subject to the achievement of pre-set measures and targets; 40% will be based on NFI, 40% on PBT and 20% on the achievement of strategic objectives (including an ESG criteria).

The Remuneration Policy provides the opportunity to grant Executive Directors LTIP awards with a face value of 120% of base salary in shares. Despite the recovery in the Company's share price, the Remuneration Committee has decided the FY21 grant level should be set at 100% of base salary. The vesting of these will be subject to EPS performance condition and a relative TSR metric measured over a three-year performance period ending 31 July 2024. The EPS measure will apply to 75% of the awards with the remaining 25% based on TSR measured against the FTSE Small Cap constituents (excluding Investment Trusts).

During the year, the Company established an Employee Benefit Trust to enable it to purchase shares in the market to partially satisfy vested share awards.

2022 is the final year of our shareholder approved remuneration policy. Over the course of this year, we will be reviewing our Directors' Remuneration Policy ahead of a vote at the 2022 AGM. We are committed to hearing, and taking active interest in, your views as shareholders and if you have any comments or feedback on this report or input into the design of the new policy, then I would welcome your views and can be reached via the Company Secretary at CoSec@gattacaplc.com.

On behalf of the Committee and Board,

David Lawther
Chair of the Remuneration Committee

5 November 2021

Directors' remuneration policy

The Group's remuneration strategy is to provide a remuneration framework based on the following five principles:

1. Attract, motivate and retain Executives in order to deliver the Group's strategic goals and business outputs.
2. Encourage and support a high-performance sales and service culture.
3. Recognise and reward delivery of the Group's business plan and key strategic goals.
4. Adhere to the principles of good corporate governance and appropriate risk management.
5. Align Executives with the interests of shareholders and other key stakeholders.

The Committee believes that the remuneration structure in place will support and motivate our executive directors in furthering the Group's long-term strategic objectives including the creation of sustainable shareholder returns. Furthermore, the Committee is satisfied that the composition and structure of the remuneration package is appropriate and does not incentivise undue risk-taking or reward underperformance.

Full detail of the remuneration policy can be found on the Gattaca plc website (www.gattacaplc.com/investors).

Executive director remuneration

Single figure remuneration table

The remuneration of Executive Directors, showing the breakdown between components with comparative figures for the prior financial year, is shown below:

		Base salary £'000	Taxable benefits ¹ £'000	Bonus £'000	Long-term incentives ² £'000	Pension £'000	Total £'000
Kevin Freeguard (Chief Executive Officer)	2021	300	11	105	-	30	446
	2020	280	12	-	-	28	320
Salar Farzad (Chief Financial Officer)	2021	227	13	79	-	23	342
	2020	211	13	-	-	21	245
Keith Lewis ³ (Chief Operating Officer)	2021	-	-	-	-	-	-
	2020	163	5	-	-	5	173

1 Taxable benefits comprise car benefits and private medical insurance.

2 Long-term incentives vesting relate to the performance in the financial year.

3 Resigned on 5 November 2019.

4 Salaries in 2020 were reduced by 20% as part of our COVID-19 measures for 4 months

Annual bonus outcomes for the financial year ending 31 July 2021

As explained in the Annual Statement and in last year's remuneration report, the Remuneration Committee decided not to implement a bonus scheme and at the start of the 2020/21 financial year in light of the continued uncertainty resulting from the global pandemic and that it would consider operating a bonus scheme at the half year for H2 at an opportunity of no more than half the maximum annual opportunity. Following easing of restriction measures, the Committee implemented a bonus scheme at the half year under which executive directors could earn up to 35% of salary if PBT targets were achieved. The table below provides information on the PBT targets, actual performance and resulting bonus payment for each Executive Director.

Based on this performance the CEO and CFO have earned a bonus of 35% of salary for 2021 performance (2020: £nil).

Performance measure	Bonus opportunity	Threshold performance (20% of bonus payable)	Maximum performance (100% of bonus payable)	Actual performance	% of maximum bonus payable
Underlying profit before tax	35% of salary	£1m	£2m	100%	35%

Remuneration Committee Report

continued

Long-term incentive awards made during the year

LTIP awards made on 1 December 2020 were equivalent to a face value of 50% of salary for each Executive Director. The awards granted are summarised in the table below:

	Number of options granted	Performance measures and targets	Vesting date	Exercise price
Kevin Freeguard	178,571	The award is based on achieving cumulative underlying PBT targets over the three-year period ending 31 July 2023.	1 December 2023	£0.01
Salar Farzad	134,881	Targets: <ul style="list-style-type: none"> • Below £16m: 0% vesting • £16m: 25.0% vesting • Between £16m and £24m: straight-line vesting between 25%-100% • Above £24m: 100% vesting 		

SIP awards granted in 2021

During the year, the Group operated a Share Incentive Plan ('SIP') for Executive Directors and all staff. Under the scheme, staff are entitled to buy shares in the Company out of pre-tax salary. Staff can invest up to a maximum of £1,800 per annum, which will be used to purchase shares. The Group will award one free share for every share that is purchased.

Staff will receive matching shares at the end of a three-year holding period, subject to remaining employed within the Group and the shares they bought remaining in the plan throughout the holding period. The table below details the shares bought and matching shares awarded to the Executive Directors during the year.

Director	Purchased	Matching shares awarded
Kevin Freeguard	-	-
Salar Farzad	-	-

Payments to past Directors for loss of office

There were no payments to directors for loss of office during the year.

1. Implementation of Policy in 2020/2021

Fixed remuneration

Executive Directors will receive a salary increase of 3% in line with the increase provided to the general employee population.

The Committee has concluded that the current executive directors' pension contribution rate of 10% of salary is appropriate for this year and reflect the terms agreed on joining the Board.

However, for any new executive director appointments (including promotions), the pension contribution level will be capped at the workforce contribution rate of 5% of salary. The Remuneration Committee will continue to monitor best and market practice on pensions and other corporate governance related matters over the course of the year.

Bonus

The 2021/22 annual bonus opportunity for executive directors is 100% of salary; 40% will be based on NFI, 40% on PBT and 20% on the achievement of strategic objectives (including an ESG criteria). The targets are commercially sensitive and are not disclosed in this report. However, they will be disclosed in full together with the bonus outcomes in next year's remuneration report.

LTIP

The Committee intends to make a grant to Executive Directors of face value of 100% of base salary in the year (which is lower than the 120% of salary policy maximum). Vesting will be subject to two measures - 75% on underlying EPS targets and 25% on relative TSR, both measured after three years. The TSR measurement would be calculated with reference to the relevant TSR against a benchmark of FTSE small cap (excluding Investment Trusts).

The introduction of relative TSR provides an appropriate balance between profit delivery and share price growth. In setting the EPS target, the Committee has taken steps to ensure that these have been calibrated to represent a stretch target at vesting threshold and exceptional stretch at maximum opportunity. In determining the vesting outcome, the Committee will exercise its discretion and take into account a number of criteria one of which will be the Company's dividends over the period.

2. Non-executive director remuneration policy and letters of appointment

Remuneration policy table

The Board as a whole is responsible for setting the remuneration of the Non-Executive Directors, other than the Chair whose remuneration is determined by the Committee and recommended to the Board.

The Non-Executive Director Remuneration Policy remains the same as reported in the 2020 Annual Report.

Remuneration Committee Report

continued

3. Non-executive director remuneration

Single figure remuneration table

The remuneration of non-executive directors showing the breakdown between components, with comparative figures for the prior year, is shown below:

Director		Fees £'000	Other benefits £'000	Total £'000
Patrick Shanley	2021	100	-	100
	2020	93	-	93
George Materna	2021	51	-	51
	2020	48	-	48
Richard Bradford ²	2021	18	-	18
	2020	48	-	48
David Lawther ³	2021	57	-	57
	2020	51	-	51
Tracey James ⁴	2021	34	-	34
	2020	-	-	-

1 As a result of pandemic, all non executive Directors in office during the prior year made a sacrifice through a 20% reduction in base fees which is reflected in the table above.

2 Resigned 8 December 2020.

3 David Lawther was appointed as Senior Independent Director (SID) from December 2019 with an additional fee of £5,300. This increase was off-set by the 20% voluntary fee reduction taken as a result of the COVID-19 pandemic from April to July 2020.

4 Appointed 8 December 2020.

Fees to be provided in 2022 to the non-executive directors

The Board has determined that a workforce-aligned 3% fee increase will be applied to the current Chair and Non-Executive fees in 2022.

Fee component per role	2022 £'000	2021 £'000	% change
Chair fee	103	100	3%
Non-Executive Director base fee	47	46	3%
Senior Independent Director fee	5	5	0%
Committee Chair fee (Audit and Remuneration Committees)	5	5	0%
Committee member fee (Audit and Remuneration Committees)	-	-	-

4. Directors' shareholding and share interests

Shareholding and other interests at 31 July 2021

Directors' share interests are set out below. In order that their interests are aligned with those of shareholders, Executive Directors are encouraged to build and maintain a personal shareholding in the Company equal to 200% of their base salary.

Director	Shareholding at 31 July 2021		Interests in shares under the LTIP		SIP awards (matching shares)	
	Number of beneficially owned shares ²	% of salary held ³	Total interests subject to conditions	Total vested interests unexercised	Total interests subject to conditions	Total interests at 31 July 2021
Kevin Freeguard	12,880	10%	597,099	-	-	609,979
Salar Farzad	-	-	456,735	-	-	456,753
Patrick Shanley	15,000	-	-	-	-	15,000
George Materna	8,077,405	-	-	-	-	8,077,405
Richard Bradford	-	-	-	-	-	-
David Lawther	-	-	-	-	-	-
Tracey James ⁴	-	-	-	-	-	-
Total	8,105,285		1,053,834	-	-	9,159,119

1 Appointed 1 October 2018.

2 Beneficial interests include shares held directly or indirectly by connected persons. These also include partnership and vested match shares held under the SIP.

3 % of salary held calculated using the share price on 31 July 2021, being 241.0 pence.

4 Tracey James joined the Board on 8 December 2020.

There have been no changes between 31 July 2021 and the date that this Report was signed.

5. Considerations by the Committee of matters relating to Directors' remuneration in 2021.

The Committee determines and agrees with the Board the Policy for the Chair of the Board, the Executive Directors and other management team members, and approves the structure of, and targets for, their annual performance-related pay schemes. It reviews the design of share incentive plans for approval by the Board and shareholders, and determines the annual award policy to Executive Directors and Management Board members under existing plans.

Within the terms of the agreed Policy, the Committee determines the remainder of the remuneration packages (principally comprising salary and pension) for each Executive Director and senior leadership member. It also reviews and notes the remuneration trends across the Group. The Committee's full Terms of Reference are available on the Company's website, www.gattacaplc.com.

Members of the Committee during 2021	Independent	Number of meetings held	Meetings attended
David Lawther (Chair)	Yes	6	6
Richard Bradford ¹ (Chair)	Yes	2	2
Patrick Shanley	No	6	6
Tracey James ²	Yes	4	4

1 Resigned on 8 December 2020.

2 Appointed on 8 December 2020.

Remuneration Committee Report

continued

During the year, there were six Committee meetings. The matters covered at each meeting included setting up an employee benefit trust to enable the Company to purchase shares to partially satisfy share awards, the 2021 bonus scheme (including setting of targets at the half year), the LTIP grants made during the year and LTIP vesting outcomes, 2021 salary review budget proposal, Remuneration Committee advisers and senior management remuneration plans for 2022.

None of the Committee members has any personal financial interest (other than as a shareholder) in the decisions made by the Committee, of conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

The Chief Executive Officer, Chief Financial Officer and HR Director may attend meetings at the invitation of the Committee, but are not present when their own remuneration is being discussed. The Committee is supported by the HR Director, finance and company secretariat functions.

The Committee received external advice in 2021 from FIT Remuneration Consultants ('FIT'). The total fee paid to FIT in respect of services to the Committee during the year was £25,699.

6. Statement of voting

The 2021 Directors' Remuneration Report will be put forward to shareholders on an advisory basis at the next AGM.

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

David Lawther

Chair of the Remuneration Committee

5 November 2021

Independent Auditors' Report

to the members of Gattaca plc

Report on the audit of the financial statements

Opinion

In our opinion, Gattaca plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2021 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 July 2021; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We conducted full scope audit work over four operating units which accounted for 93% of the group's revenue and 81% of the group's continuing underlying profit before taxation.
- We performed procedures at group level over goodwill, acquired intangible assets, share-based payments, taxation and testing of the consolidation.

Key audit matters

- Recoverability of trade receivables and accrued income (group)
- Risk of fraud in revenue recognition – permanent and contractors (group)
- Impact of COVID-19 (group and company)

Materiality

- Overall group materiality: £340,000 (2020: £445,000) based on 0.8% of net fee income (gross profit) from continuing operations (2020: 5% of the average of the last three years' profit from continuing operations before tax adjusted for non-underlying items).
- Overall company materiality: £1,105,000 (2020: £1,104,000) based on 1% of total assets.
- Performance materiality: £255,000 (group) and £828,750 (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report continued

to the members of Gattaca plc

Our audit approach continued

This is not a complete list of all risks identified by our audit.

Non-underlying costs and discontinued operations and goodwill and acquired intangible asset impairment assessments, which were key audit matters last year, are no longer included because of, in the case of non-underlying costs and discontinued operations, a significantly reduced quantum of non-underlying costs are recorded in the current year and there is limited judgement or estimation in the discontinued operations assessment. In the case of goodwill and acquired intangible asset impairment assessments there is significant headroom in the value in use models produced by management, including when sensitised to include significant shortfalls in cashflows versus the base models. Otherwise, the key audit matters below are consistent with last year.

Key audit matter

How our audit addressed the key audit matter

Recoverability of trade receivables and accrued income (group)

Refer to page 68 (Audit Committee Report), Note 1.17 (The Group and Company Significant Accounting Policies) and Note 17 (Trade and Other Receivables).

At 31 July 2021, the group had gross trade receivables and accrued income balances of £65,443,000 (2020: £47,859,000) and provisions of £4,514,000 (2020: £4,256,000).

The recoverability of trade receivables, accrued income and the level of provisions for expected credit losses are considered to be a key risk due to the significant quantum of these balances to the financial statements and the judgements required in determining these provisions, including the impact of COVID-19.

In order to test the recoverability of trade receivables and accrued income, we performed the following procedures:

- We sent accounts receivable confirmations to a sample of customers. Where these were not received, we assessed recoverability by reference to cash received subsequent to year end, and issue of credit notes post year end, as necessary;
- Where cash had not been received post year end, we performed alternative procedures by agreeing amounts recorded to supporting timesheets approved by the customer and corroborated rates used in calculating bill rates to supporting documents;
- We considered, at a total debtor level, the quantum of cash received post year end against the debtor book and how this supported the expected credit loss provision applied;
- We assessed the reasons the amounts that were not yet paid with Gattaca's local management teams to determine if there were indicators of impairment;
- We evaluated the group's credit control procedures, including the use of non-recourse invoice financing and credit insurance and validated the ageing profile of trade receivables;
- We agreed a sample of accrued income to approved timesheets, rates and post year end invoices to agree that revenue had been accrued for time that had been worked pre year end. Where payment has been received to date we also traced cash receipts to bank statements;
- We considered the appropriateness of judgements regarding the level of expected credit loss for trade receivables and accrued income and assessed whether the associated provisions were calculated in accordance with the group's expected credit loss policies and IFRS 9 'Financial Instruments' and whether there was evidence of management bias in provisioning, obtaining supporting evidence as necessary;
- We evaluated the known circumstances with regards to doubtful recovery of the NMCN plc receivable balances at 31 July 2021, and subsequent administration, and agreed with management's treatment in providing for the full exposure at 31 July 2021;
- We challenged management as to the recoverability of specific aged unprovided debtors, corroborating management's explanations with underlying documentation and correspondence with the relevant customers;
- We researched viability of a sample of debtors and considered provisioning rates of businesses in the same industry;
- We agreed that management appropriately considered the heightened risk of collectability of debtors held by discontinued operations noting that all material balances are provided for in full; and
- We agreed that management had appropriately incorporated the actual experience and future anticipated impact of COVID-19 into the estimates made.

There were no material issues identified in the testing of trade receivables or accrued income and the respective expected credit loss provisions.

Key audit matter

How our audit addressed the key audit matter

Risk of fraud in revenue recognition – permanent and contractors (group)

Refer to page 68 (Audit Committee Report), Note 1.6 (The Group and Company Significant Accounting Policies), Note 2 (Segmental Information) and Note 3 (Revenue from Contracts With Customers).

There is an inherent incentive to manipulate income through the fraudulent posting of journals to revenue during the year to meet financial targets.

At the year end, significant manual journals are posted to record accrued income, in respect of time worked by contractors that has not been billed.

The audit risk includes both of the above aspects. We determined that these specifically impact the occurrence of revenue and pre-year end cut-off.

We performed the following procedures to address the risk that revenue had been recorded fraudulently:

- We assessed the design and implementation of key controls around all streams of revenue recognised. This included conducting an end to end walkthrough of the contractor pay to bill process both under the group's legacy system, and the new 'PBS' system. Testing of key controls was performed for the contractor revenue stream;
- For contractor revenue we tested the occurrence of revenue journals posted throughout the year using a combination of data auditing techniques and corroboration of transactions to third party documentation for a sample of invoices;
- We tested the permanent revenue stream through agreement to third party documentation and tracing cash receipt to bank statement;
- We tested a sample of credit notes post year end to identify where revenue recognised during the year has been subsequently reversed;
- We tested the accrued income associated with work performed by contractors before the year end, by comparing the amounts to customer approved timesheets submitted after year end;
- We considered the appropriateness and accuracy of any cut-off adjustments processed by considering the start date of permanent placements and the term of a temporary placement with reference to the year end date; and
- We tested material rebate arrangements to the underlying agreement and tested the accuracy of the calculations.

We validated that the group's revenue recognition accounting policy complies with the requirements of IFRS 15 'Revenue from contracts with customers'. We have agreed that revenue has been recognised in accordance with Gattaca's accounting policy by reviewing the details of the group's revenue recognition policy, the application of this, and any significant new contracts.

There were no material issues identified by our testing of revenue during the period and no instance of fraud in revenue recognition identified.

Independent Auditors' Report continued

to the members of Gattaca plc

Our audit approach continued

Key audit matter

How our audit addressed the key audit matter

Impact of COVID-19 (group and company)

Refer to page 68 (Audit Committee Report), Note 1.3 (Group and Company Significant Accounting Policies), Note 1.10 (The Group and Company Significant Accounting Policies), Note 1.11 (The Group and Company Significant Accounting Policies) and Note 13 (Goodwill and Intangible Assets) and disclosures in the Executive Review of the Annual Report.

In the year to 31 July 2021, and subsequently, the impact of COVID-19 on the UK and global economy has been significant. Measures including restructuring programmes and placing workers on furlough were taken by the group in responding to the short-term impact.

However, as an international recruitment business, the group continues to be impacted by the pandemic.

The forecasts used for going concern and goodwill and acquired intangible impairment purposes have taken into consideration these ongoing COVID-19 impacts upon the group.

Management has concluded that the group and company remains a going concern and that there is no material uncertainty in respect of this conclusion.

Management have also concluded that the carrying value of goodwill and acquired intangible assets are supported by the present value of the projected future cash flows of the Cash Generating Units (CGUs) to which they relate and hence no impairment is recorded.

The pandemic has resulted in the year end financial close process, as well as the external audit, having to take place through a mixture of remote and on-site work.

In advance of the year end, and throughout the course of our audit procedures, we assessed the risks arising from COVID-19. We have performed the following procedures in order to assess the group's and company's response to the uncertainty created by COVID-19 specifically in relation to going concern, as explained in the section below entitled 'Conclusions relating to going concern'.

We have performed the following procedures in order to assess the group's response to the uncertainty created by COVID-19 specifically in relation to goodwill and acquired intangible impairment assessments:

- We challenged the cash flow projections used within the model, by reference to current levels of sales, including the impact of COVID-19 and anticipated recovery, and assessment of management's historical forecasting accuracy. We held discussions with financial and non-financial personnel, corroborating explanations to supporting documentation, including third party evidence, such as industry reports, where possible. We consider the projections to be reasonable; and
- With the assistance of our valuation specialists, we assessed the growth and discount rates used in the impairment calculations, by comparing the group's assumptions to external data. We concluded that the group's assumptions were appropriate.

We concur with management's conclusion that there is no impairment in goodwill and acquired intangible assets.

We have performed the following procedures where COVID-19 has had an impact on other areas of the financial statements:

Assessed the process for placing employees and contractors on furlough, audited a sample of the amounts received from the UK Government support programmes, agreed a sample of the employees to the returns and reviewed that the accounting treatment and disclosures are in line with IAS 20;

Considered the appropriateness of management's disclosure of the impact of the pandemic on the trading environment and future plans and that they are consistent with our wider understanding of the business;

We assessed that the conclusions reached and disclosures provided in relation to COVID-19 are appropriate;

Whilst we have undertaken much of our year end audit work remotely, we did not encounter any significant difficulties in performing our audit testing or in obtaining the required evidence to support our audit conclusions.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group has 42 operating units which fall into three reporting segments, namely UK Engineering, UK Technology and International.

Of the group's 42 operating units, we performed audits of complete financial information at 4 operating units in the UK due to their financial significance to the group representing 93% of the group's revenue and 81% of the group's continuing underlying profit before taxation.

In addition, we performed analytical procedures on the remaining 38 operating units to understand key balances and transactions in the year and performed additional procedures on any unusual balances identified.

All testing was performed by the group engagement team with no component teams utilised.

The combination of the work referred to above, together with additional procedures performed at group level including over goodwill, intangible assets, share-based payments, taxation and testing of the consolidation and adjustments made to the financial statements gave us the evidence we needed for our opinion on the financial statements as a whole.

We performed testing over material financial statement line items in the company financial statements, including the in year capital contribution and impairment testing over the carrying value of the investment.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£340,000 (2020: £445,000).	£1,105,000 (2020: £1,104,000).
How we determined it	0.8% of net fee income (gross profit) from continuing operations (2020: 5% of the average of the last three years' profit from continuing operations before tax adjusted for non-underlying items).	1% of total assets.
Rationale for benchmark applied	The profit measure previously used has been disproportionately impacted by the impact of COVID-19 on the business. Net fee income is considered to be a benchmark we believe best reflects the performance of the business.	We believe that total assets are an appropriate metric for assessing the company as it holds the investment instruments of the group and intercompany positions with subsidiaries. We applied a lower materiality of £323,000 to certain line items, account balances and disclosures that were in scope for the audit of the group financial statements.

Independent Auditors' Report continued

to the members of Gattaca plc

Our audit approach continued

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £275,000 and £320,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £255,000 for the group financial statements and £828,750 for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £17,000 (group audit) (2020: £22,500) and £17,000 (company audit) (2020: £22,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the inputs and underlying assumptions of the base case going concern model prepared by management which includes the anticipated future impacts of COVID-19.
- Verified the mathematical accuracy of the going concern forecasts.
- Assessing the severe but plausible downside scenario which has been used to sensitise the base case model, including consideration of the underlying assumptions within this forecast.
- Assessing the liquidity headroom on the group's invoice financing facility on both the base case and severe but plausible downside. We held discussions with the group's key banking partner, who provide the invoice financing facility in order to assess the availability of the facility for the foreseeable future.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment matters, tax legislation, including areas such as the Construction Industry Scheme, compliance with accounting standards and the Companies Act and specific areas of dispute and potential litigation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- With regard to potential non-compliance with laws and regulations, we held discussions with group board members and management at multiple levels across the business and the group's legal counsel throughout the year, as well as at year end. These discussions have included enquiries of known or suspected instances of non-compliance with laws and regulations and fraud, outcomes of investigations and actions taken.
- With regard to the legal matter discussed in note 28 (Contingent Liabilities), we held discussions with the group's external legal counsel.
- With regard to fraudulent manipulation, we sought to identify and test journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.
- Incorporating elements of unpredictability into the audit procedures performed, including analysis of significant payments made to contractors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent Auditors' Report continued

to the members of Gattaca plc

Reporting on other information continued

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Julian Gray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Southampton

5 November 2021

Consolidated Income Statement

For the year ended 31 July 2021

	Note	2021 £'000	Restated ¹ 2020 £'000
Continuing operations			
Revenue	2	415,726	534,709
Cost of sales		(373,646)	(481,953)
Gross profit	2	42,080	52,756
Administrative expenses ²		(38,796)	(49,218)
Profit from continuing operations	4	3,284	3,538
Finance income	6	56	24
Finance cost	7	(1,136)	(2,245)
Profit before taxation		2,204	1,317
Taxation	10	(415)	(590)
Profit for the year after taxation from continuing operations		1,789	727
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	11	(1,208)	(2,508)
Profit/(loss) for the year		581	(1,781)

Profit/(loss) for the year for 2021 and 2020 are 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.

	Note	2021 pence	2020 pence
Total earnings per ordinary share			
Basic earnings per share	12	1.8	(5.5)
Diluted earnings per share	12	1.8	(5.5)

	Note	2021 pence	Restated ¹ 2020 pence
Earnings from continuing operations per ordinary share			
Basic earnings per share	12	5.5	2.3
Diluted earnings per share	12	5.5	2.2

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.

	Note	2021 £'000	Restated ¹ 2020 £'000
Profit from continuing operations			
Add		3,284	3,538
Depreciation of property, plant and equipment, depreciation of leased right-of-use assets and amortisation of software and software licences	2	2,467	3,088
Non-underlying items included within administrative expenses	2,4	(193)	1,248
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	2	548	1,382
Underlying EBITDA		6,106	9,256
Less			
Depreciation and impairment of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences		(2,467)	(3,088)
Net finance costs excluding foreign exchange gains and losses	6,7	(412)	(1,389)
Underlying profit before taxation		3,227	4,779
Underlying taxation	10	(506)	(995)
Underlying profit after taxation from continuing operations		2,721	3,784

1 2020 figures have been restated for the presentation of discontinued operations as explained in Note 11.

2 Administrative expenses from continuing operations includes net impairment losses on trade receivables and accrued income of £420,000 (2020 restated: £2,554,000).

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2021

	2021 £'000	2020 £'000
Profit/(loss) for the year	581	(1,781)
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	281	(1,091)
Other comprehensive income/(loss) for the year	281	(1,091)
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	862	(2,872)
	2021 £'000	Restated ¹ 2020 £'000
Attributable to:		
Continuing operations	2,022	507
Discontinued operations	(1,160)	(3,379)
	862	(2,872)

1 2020 figures have been restated for the presentation of discontinued operations as explained in Note 11.

Consolidated and Company Statement of Changes in Equity

For the year ended 31 July 2021

A) Consolidated

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2019 as per originally presented	323	8,706	28,750	753	944	(140)	2,571	41,907
Adjustment on initial application of IFRS 16, net of tax	-	-	-	-	-	-	770	770
Restated total equity at 1 August 2019	323	8,706	28,750	753	944	(140)	3,341	42,677
Loss for the year	-	-	-	-	-	-	(1,781)	(1,781)
Other comprehensive loss	-	-	-	-	(1,091)	-	-	(1,091)
Total comprehensive loss	-	-	-	-	(1,091)	-	(1,781)	(2,872)
Deferred tax movement in respect of share options	-	-	-	-	-	-	(16)	(16)
Reversal of share-based payments charge (Note 23)	-	-	-	(60)	-	-	-	(60)
Share-based payments reserves transfer	-	-	-	(167)	-	-	167	-
Issue of treasury shares to employees	-	-	-	-	-	43	-	43
Transactions with owners	-	-	-	(227)	-	43	151	(33)
At 31 July 2020	323	8,706	28,750	526	(147)	(97)	1,711	39,772
At 1 August 2020	323	8,706	28,750	526	(147)	(97)	1,711	39,772
Profit for the year	-	-	-	-	-	-	581	581
Other comprehensive income	-	-	-	-	281	-	-	281
Total comprehensive income	-	-	-	-	281	-	581	862
Deferred tax movement in respect of share options	-	-	-	-	-	-	65	65
Share-based payments charge (Note 23)	-	-	-	104	-	-	-	104
Share-based payments reserves transfer	-	-	-	(176)	-	-	176	-
Issue of treasury shares to employees	-	-	-	-	-	60	-	60
Transactions with owners	-	-	-	(72)	-	60	241	229
At 31 July 2021	323	8,706	28,750	454	134	(37)	2,533	40,863

Consolidated and Company Statement of Changes in Equity continued

For the year ended 31 July 2021

B) Company

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2019	323	8,706	28,526	753	-	2,390	40,698
Loss and total comprehensive expense for the year (Note 9)	-	-	-	-	-	(1,111)	(1,111)
Reversal of share-based payments charge (Note 23)	-	-	-	(60)	-	-	(60)
Share-based payments reserves transfer	-	-	-	(167)	-	167	-
Transactions with owners	-	-	-	(227)	-	167	(60)
At 31 July 2020	323	8,706	28,526	526	-	1,446	39,527
At 1 August 2020	323	8,706	28,526	526	-	1,446	39,527
Loss and total comprehensive expense for the year (Note 9)	-	-	-	-	-	(866)	(866)
Share-based payments charge (Note 23)	-	-	-	104	-	-	104
Share-based payments reserves transfer	-	-	-	(176)	-	176	-
Purchase of treasury shares	-	-	-	-	(16)	-	(16)
Transactions with owners	-	-	-	(72)	(16)	176	88
At 31 July 2021	323	8,706	28,526	454	(16)	756	38,749

Consolidated and Company Statement of Financial Position

As at 31 July 2021

	Note	Group		Company	
		2021 £'000	2020 restated ¹ £'000	2021 £'000	2020 £'000
Non-current assets					
Goodwill and intangible assets	13	13,778	12,877	13	16
Property, plant and equipment	14	1,578	1,492	-	-
Right-of-use assets	22	5,674	7,338	-	-
Investments	15	-	19	38,463	8,520
Deferred tax assets	16	-	-	-	-
Total non-current assets		21,030	21,726	38,476	8,536
Current assets					
Trade and other receivables	17	63,937	48,862	3,046	101,610
Corporation tax receivables		818	26	195	275
Cash and cash equivalents		29,238	34,796	4	-
Assets classified as held for sale	11	346	-	-	-
Total current assets		94,339	83,684	3,245	101,885
Total assets		115,369	105,410	41,721	110,421
Non-current liabilities					
Deferred tax liabilities	16	(524)	(277)	-	-
Provisions	18	(1,269)	(1,587)	-	-
Lease liabilities	22	(4,281)	(5,746)	-	-
Bank loans and borrowings	20	-	(7,304)	-	(7,304)
Total non-current liabilities		(6,074)	(14,914)	-	(7,304)
Current liabilities					
Trade and other payables	19	(56,121)	(46,129)	(2,972)	(63,590)
Provisions	18	(464)	(1,207)	-	-
Current tax liabilities		(796)	(1,247)	-	-
Lease liabilities	22	(1,480)	(1,990)	-	-
Bank loans and borrowings	20	(9,348)	(151)	-	-
Liabilities directly associated with assets classified as held for sale	11	(223)	-	-	-
Total current liabilities		(68,432)	(50,724)	(2,972)	(63,590)
Total liabilities		(74,506)	(65,638)	(2,972)	(70,894)
Net assets		40,863	39,772	38,749	39,527
Equity					
Share capital	23	323	323	323	323
Share premium		8,706	8,706	8,706	8,706
Merger reserve		28,750	28,750	28,526	28,526
Share-based payment reserve		454	526	454	526
Translation reserve		134	(147)	-	-
Treasury shares reserve		(37)	(97)	(16)	-
Retained earnings		2,533	1,711	756	1,446
Total equity		40,863	39,772	38,749	39,527

The amount of loss generated by the parent Company was £866,000 for the year ended 31 July 2021 (2020: loss of £1,111,000).

The accompanying notes on pages 95 to 132 form part of these financial statements.

The financial statements on pages 89 to 132 were approved by the board of directors on 5 November 2021 and signed on its behalf by

Salar Farzad
Chief Financial Officer

¹ Presentation of provisions between current and non-current liabilities for the year ended 31 July 2020 has been restated as explained in Note 1. 24

Consolidated and Company Cash Flow Statements

For the year ended 31 July 2021

	Note	Group		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash flows from operating activities					
Profit/(loss) after taxation		581	(1,781)	(866)	(1,111)
Adjustments for:					
Depreciation of property, plant and equipment and amortisation of goodwill and intangible assets	4	1,183	1,831	3	4
Depreciation of leased right-of-use assets	4	1,875	2,041	-	-
Profits from sale of subsidiary, associate or investment		-	(304)	-	-
Loss on disposal of property, plant and equipment	4	8	52	-	-
Impairment of goodwill and acquired intangibles	4	-	334	-	-
Impairment of right-of-use assets	4	183	432	-	-
Impairment of property, plant and equipment	4	18	-	-	-
Interest income		(65)	(91)	-	-
Interest costs		1,218	1,936	260	593
Taxation expense recognised in income statement		400	598	(189)	(339)
(Increase)/decrease in trade and other receivables		(15,384)	47,537	68,992	-
Increase/(decrease) in trade and other payables		10,098	5,453	(60,617)	9,120
(Decrease)/increase in provisions		(1,064)	1,085	-	-
Share-based payment charge	23	271	77	-	-
Cash (used in)/generated from operations		(678)	59,200	7,583	8,267
Interest paid		(320)	(1,052)	(63)	(524)
Interest on lease liabilities		(156)	(214)	-	-
Interest received		65	91	-	-
Income taxes paid		(1,322)	(387)	-	-
Cash (used in)/generated from operating activities		(2,411)	57,638	7,520	7,743
Cash flows from investing activities					
Purchase of plant and equipment	14	(332)	(191)	-	-
Purchase of intangible assets	13	(1,872)	(2,348)	-	(20)
Purchase of investments	15	-	(19)	-	-
Proceeds from sale of subsidiary, associate or investment		-	304	-	-
Cash used in investing activities		(2,204)	(2,254)	-	(20)
Cash flows from financing activities					
Lease liability principal repayment		(2,355)	(1,987)	-	-
Issue from/(purchase of) treasury shares		60	(67)	(16)	-
Working capital facility utilised/(repaid)		9,197	(28,968)	-	-
Finance costs paid		-	(223)	-	(223)
Repayment of term loan		(7,500)	(7,500)	(7,500)	(7,500)
Cash used in financing activities		(598)	(38,745)	(7,516)	(7,723)
Effects of exchange rates on cash and cash equivalents		(345)	(1,016)	-	-
(Decrease)/increase in cash and cash equivalents		(5,558)	15,623	4	-
Cash and cash equivalents at the beginning of year		34,796	19,173	-	-
Cash and cash equivalents at end of year¹		29,238	34,796	4	-

Net decrease in cash and cash equivalents for discontinued operations was £1,534,000 (2020 restated: decrease of £3,059,000).

¹ Included in cash and cash equivalents is £7,115,000 of restricted cash (2020: £2,034,000) which meets the definition of cash and cash equivalents but is not available for use by the Group. This balance arises from the Group's non-recourse working capital arrangements, which were entered into in 2020 as explained in Note 20.

Notes Forming Part of the Financial Statements

1 The Group and Company Significant 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. 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 financial statements of Gattaca plc have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 are 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 1.23.

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 position mirror those of our ultimate parent company and can be found in the Chief Financial Officer's Report of the 2021 annual report for Gattaca plc.

The majority of our staff have now been working remotely for over twelve months and there has not been any significant impact to our ability to operate effectively. The initial reduction in contractor numbers in April 2020, whilst impacting profitability, has resulted in reduced working capital requirements and has created further liquidity. The Group has also undertaken other actions, including an increase to the payment terms of certain contractors and these actions have created a permanent working capital benefit, and will reduce our working capital requirements during growth. We have seen signs of extensions in debtor days as a result of the pandemic impact on trading at our clients and we continue to be alert for any sudden changes. There is sufficient headroom on our working capital facilities to absorb a level of extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. A significant deterioration in payment terms would significantly impact the Group's liquidity.

The Directors have prepared detailed cash flow forecasts to July 2024, covering a period of 33 months from the date of approval of these financial statements. This base case is drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. This conservative base case assumes a recovery of the UK business to 100% of pre-COVID-19 contract and permanent NFI by July 2022, with a further growth to 115% of pre-COVID-19 by July 2023 and 124% growth of pre-COVID-19 by July 2024. Trading has been broadly in line with this forecast since the year end.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios in which the Group incurred a sustained loss of business arising from a prolonged global downturn as a result of the COVID-19 pandemic, with a slower recovery scenario considered. The Group has modelled the impact of a severe but plausible scenario including a reduction in recovery to 80% of pre-COVID NFI by July 2022, and subsequent slow recovery to 90% of pre-COVID NFI by July 2023, as well as the impact of a subsequent 5 day deterioration in the recovery of customer receivables.

After making appropriate enquiries and considering the uncertainties described above, the Directors have a reasonable expectation at the time of approving these financial statements that the Group and the Company has 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 the financial statements.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

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 2020 and no new standards have been early adopted. The Group's July 2021 consolidated financial statements have adopted these amendments to IFRS:

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions (effective 1 June 2020)
- Amendment to IFRS 9, IAS39 and IFRS 7 – Interest rate benchmark reform (effective 1 January 2020)
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material (effective 1 January 2020)
- IFRS 3 (amendments) Business Combinations – Definition of a business (effective 1 January 2020)
- Revised Conceptual Framework for Financial Reporting – Various interpretation amendments (effective 1 January 2020)

There have been no alterations made to the accounting policies as a result of considering all of the other 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 only effective for the Group accounting periods beginning on or after 1 August 2021. Forthcoming amendments are noted below.

The directors continually evaluate the impact of the adoption of new standards, amendments and interpretations but currently do not expect them to have a material impact on the Group's or Company's operations or results.

Forthcoming requirements

The following amendments are required for application for the Group's year beginning after 1 August 2021 or later:

Standard		Effective date (annual periods beginning on or after)
IAS 1 Amendments	Classification of liabilities as current or non-current	1 January 2022
IAS 16 Amendments	Property, plant and equipment: proceeds before intended use	1 January 2022
IAS 37 Amendments	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS 3 Amendments	Reference to the conceptual framework	1 January 2022
IFRS Standards 2018-2022	Annual improvements on IFRS 9, IFRS 16 and IFRS 1	1 January 2022

1.5 Basis of consolidation

Subsidiaries are all 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 fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

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 arrangement. 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 on transactions between group companies are eliminated. Unrealised losses are also 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.

Temporary placements

Revenue from temporary, or contract placements is recognised at the point in time when the candidate provides services, upon receipt of a client-approved timesheet or equivalent proof of time worked. Timing differences between the receipt of a client-approved timesheet and the raising of an invoice are recognised as accrued income. The Group has assessed its use of third party providers to supply candidates for temporary placements under the agent or principal criteria and has determined that it is the principal on the grounds that it retains primary responsibility for provision of the services.

A number of contractual rebate arrangements are in place in respect of volume and value of sales; these are accounted for as variable consideration reducing revenue and estimated in line with IFRS 15. Variable consideration is calculated on a contract-by-contract basis and dependent on the volume of candidate placements in a given period or the achievement of certain pricing thresholds holds.

Any consideration payable at the start of contracts to customers is recognised as a prepayment and released to profit or loss over the terms of the contract it relates to, as a reduction to revenue.

Permanent placements

Revenue from permanent placements, which is based on a percentage of the candidate's remuneration package, is recognised when candidates commence employment which is the point at which the performance obligation of the contract is considered met. Some permanent placements are subject to a 'claw-back' period whereby if a candidate leaves within a set 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 material. In addition, a number of contractual rebate arrangements are in place in respect of volume and value of sales; these are accounted for as variable consideration reducing revenue and estimated in line with IFRS 15.

Other

Other revenue streams are generated from provision of engineering services and other fees. Revenue for certain engineering services is measured based on the consideration specified in a contract and recognised when the Group provides a service to a customer, taking into account the requirements of IFRS 15 'Revenue from Contracts with Customers'. The requirements include identifying the different performance obligations within each contract separately and applying the recognition when the obligation has been satisfied, taking into account contract modifications and variable consideration.

1.7 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to operating activities.

Government grants are recognised when there is a reasonable assurance that the Group will comply with the conditions attached to it and that the grant will be received. They are recognised in the consolidated income statement on a systematic basis over the periods in which the related costs that they compensate are recognised as expenses.

Grants are either presented as grant income or deducted in reporting the related expense they compensate in the income statement.

1.8 Non-underlying items

Non-underlying items are income or expenditure that are considered unusual and separate to underlying trading results because of their size, nature or incidence and are presented within the income statement but highlighted through separate disclosure. The Group's 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;
- costs of acquisitions; and
- integration costs following acquisitions.

In addition, the Group also excludes from underlying results amortisation and impairment of goodwill and acquired intangibles, impairment of leased right-of-use assets and net foreign exchange gains or losses.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.8 Non-underlying items continued

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			●
Amortisation and impairment of goodwill and acquired intangibles	●	●	●
Impairment of leased right-of-use assets	●	●	●
Net foreign exchange gains and losses		●	●
Costs of acquisitions	●	●	●
Integration costs following acquisitions	●		●
Tax impact of the above	●	●	●

1.9 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. Annual depreciation rates are as follows:

Motor vehicles	25.0%	Reducing balance
Fixtures, fittings and equipment	12.5% to 33.3%	Straight line
Leasehold improvements	Over the period of the lease term	Straight line

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.

1.10 Goodwill

Goodwill arises on the acquisition of subsidiaries and 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 impairment.

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, being the lowest level at which goodwill is monitored. The carrying value of the assets of the cash-generating unit, including goodwill, intangible and tangible 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 an entity include the carrying amount of goodwill relating to the entity sold.

1.11 Intangible assets

Customer relationships

Customer relationships comprise principally of existing customer relationships which may give rise to future orders (customer relationships), 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.

Trade names and trademarks

Trade names and trademarks have either arisen on the consolidation of acquired businesses or have been separately purchased and are recognised at fair value at the acquisition date. They are 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.

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. These costs are amortised using the straight-line method to allocate the cost of the software licences over their useful lives of between two and five years. Subsequent licence renewals are expensed to profit or loss as incurred. Software licences are stated at cost less accumulated amortisation and impairment.

Internally generated intangible assets

Development costs that are directly attributable to the design and testing of identifiable and unique software products are capitalised as part of internally generated software and include employee costs and professional fees attributable to the development of the asset. Other expenditure that does not meet these criteria is recognised as an expense to profit or loss as incurred. Software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives of between two and ten years.

Expenditure on internally generated brands and other intangible assets is expensed to profit or loss as incurred.

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 accumulated losses.

Amortisation of intangible assets and impairment losses are recognised in profit or loss within administrative expenses.

Intangible assets are tested for impairment either as part of a goodwill-carrying cash-generating unit, or when events arise that indicate an impairment may be triggered. Provision is made against the carrying value of an intangible asset where an impairment is deemed to have occurred. Impairment losses on intangible assets are recognised in the income statement under administrative expenses.

1.12 Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the income statement at the time of disposal.

1.13 Leases

The Group leases office property, motor vehicles and equipment. Rental contracts range from monthly to seven 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. Contracts may contain both lease and non-lease components, and consideration is allocated in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis 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 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.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.13 Leases continued

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.

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 result in a remeasurement of the lease liability using an updated discount rate and a corresponding adjustment to the carrying value of the right-of-use asset.

A lease is deemed to be onerous where the costs required to fulfil the contract are higher than the economic benefit to be obtained from the contract. Where leases are deemed to be onerous, the carrying value of the right-of-use asset is reduced by way of an impairment charge recognised in the income statement.

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, to account for leases with similar characteristics as a portfolio with a single discount rate and to present existing onerous lease provisions against the carrying value of right-of-use assets. 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.

1.14 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 statement of financial position 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 statement of financial position 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.

1.15 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 consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

1.16 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 two long-term incentive share option plans. The Zero Priced Share Option Bonus covers all share options issued with an exercise price of £0.01; the Long-Term Incentive Plan Options have an exercise price above £0.01. Grants under both categories 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 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 'free' 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 EBT are included in the Gattaca plc consolidated statement of financial position.

1.17 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 classifies its debt instruments in the following measurement categories depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- (i) those to be measured subsequently at fair value through other comprehensive income (OCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.
- (ii) those to be measured subsequently at FVTPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.
- (iii) those to be measured subsequently at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are 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. Impairment losses are presented as a separate line item in the income statement.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.17 Financial instruments continued

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets: equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

IFRS 9 requires the application of the Expected Credit Loss ('ECL') model. This applies to all financial assets measured at amortised cost or FVOCI, except equity investments.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

The Group has reviewed each category of its financial assets to assess the level of credit risk and ECL provision 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 based on historical default rates specific to groups of customers by industry and geography that carry similar credit risks. Separate ECLs have been modelled for UK customers in different industries, and customers in the Americas, Europe, Asia and Africa.
- Accrued income is in respect of temporary placements where a client-approved timesheet has been received or permanent placements where a candidate has commenced employment, but no invoice has been raised. Default rates have been determined applying consistent method with trade receivables other than 100% provision for any unbilled amounts over 6 months.
- 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 provision is not material.

At each reporting date, the ECL provision will be reviewed to reflect changes in credit risk and historical default rates and other economic factors. Changes in the ECL provision are recognised in profit or loss.

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 loans. 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 derecognised and any difference between the receivable value and amount received through non-recourse factoring is recognised as a finance cost.

1.18 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.

1.19 Provisions

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

1.20 Dividends

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

1.21 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 'currency' (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 statement of financial position 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 statement of financial position 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 balance sheet 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 the 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.

1.22 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.
- 'Merger reserve' represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel and to record the excess fair value above the nominal value of the share consideration on the acquisition of Networkers International plc.
- 'Share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised or lapsed.
- '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 plan.
- 'Retained earnings' represents retained profits.

Notes Forming Part of the Financial Statements continued

1 The Group and Company Significant Accounting Policies continued

1.23 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including anticipated future events and market conditions, that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical accounting judgements

The directors are of the opinion there are no critical accounting judgements.

Key sources of estimation uncertainty

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

ECL provisions in respect of 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 and accrued income. Estimation is used in assessing the ultimate realisation of these receivables and accrued income, including reviewing the potential likelihood of default, the past collection history of each customer, any insurance coverage in place and the current economic conditions. As a result, expected credit loss provisions for impairment of trade receivables and accrued income have been recognised, as discussed in Note 17. The ongoing impact of COVID-19 has been incorporated into these estimates.

The Group's policy on specifically providing for doubtful debts reflects a key customer going into administration post year end. Management have made a judgement as to the trigger point for specifically providing for balances, which includes where there is a reasonable possibility that the company may go in to administration, based on publicly available information. In the case of the customer in question, the judgement is that the balances were credit impaired as at 31 July 2021. This judgement will impact the treatment of revenue and receipts in subsequent periods.

Valuation of goodwill and intangible assets

Goodwill and intangible assets (including acquired intangibles) are tested for impairment on an annual basis or otherwise when changes in events or situations indicate that the carrying value may not be recoverable. This requires an estimate to be made of the recoverable amount of the cash-generating unit to which the assets are allocated, including forecasting future cash flows of each cash-generating unit and forming assumptions over the discount rate and long-term growth rate applied. The impact of COVID-19 has been reflected in the forecast future cash flows. Further details on the sensitivity of the carrying value of goodwill and intangible assets to changes in the key assumptions are set out in Note 13.

1.24 Restatement of provisions presentation between current and non-current liabilities

In July 2020, the Group publicly announced plans for a significant restructuring of its UK employee base and restructuring provisions of £971,000 were recognised based on the directors' best estimate of the forecast direct costs arising from the restructuring. In the financial statements for the year ended 31 July 2020, the £971,000 was incorrectly classified as non-current liabilities. The UK restructure was completed in October 2020, we have therefore concluded that it is appropriate to change the presentation of the £971,000 provision from non-current to current liabilities for the year ended 31 July 2020.

The restatement has decreased the total non-current liabilities from £15,885,000 as reported to £14,914,000 as restated and increased total current liabilities from £49,753,000 as reported to £50,724,000 as restated.

The restatement has no impact on Group's consolidation results for the year ended 31 July 2020, total net assets or cash flow statements as at 31 July 2020, or the consolidated statement of financial position as at 31 July 2019.

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 Group is managed through its three reporting segments: UK Engineering, UK Technology and International, which form the operating segments on which the information below is prepared. The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker, which has been identified as the board of directors of Gattaca plc.

2021	UK Engineering	UK Technology	International	Continuing underlying operations	Non-underlying items ¹	Discontinued operations	Group total
All amounts in £'000							
Revenue	269,993	135,526	10,207	415,726	-	3,432	419,158
Gross profit	28,398	10,212	3,470	42,080	-	1,047	43,127
Operating contribution	17,324	5,163	1,247	23,734	-	(213)	23,521
Depreciation, impairment and amortisation	(1,424)	(781)	(262)	(2,467)	(548)	(244)	(3,259)
Central overheads	(11,911)	(3,812)	(1,905)	(17,628)	193	(693)	(18,128)
Profit/(loss) from operations	3,989	570	(920)	3,639	(355)	(1,150)	2,134
Finance cost, net				(412)	(668)	(73)	(1,153)
Profit/(loss) before taxation				3,227	(1,023)	(1,223)	981

2020 Restated ²	UK Engineering	UK Technology	International	Continuing underlying operations	Non-underlying items ¹	Discontinued operations	Group total
All amounts in £'000							
Revenue	347,173	173,648	13,888	534,709	-	4,281	538,990
Gross profit	34,177	13,602	4,977	52,756	-	1,911	54,667
Operating contribution	20,913	7,061	1,319	29,293	-	(759)	28,534
Depreciation, impairment and amortisation	(1,816)	(873)	(399)	(3,088)	(1,382)	(168)	(4,638)
Central overheads	(13,065)	(4,773)	(2,199)	(20,037)	(1,248)	(1,949)	(23,234)
Profit/(loss) from operations	6,032	1,415	(1,279)	6,168	(2,630)	(2,876)	662
Finance (cost)/income, net				(1,389)	(832)	376	(1,845)
Profit/(loss) before taxation				4,779	(3,462)	(2,500)	(1,183)

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	
	2021	2020	2021	2020
UK	402,254	515,869	20,204	21,051
Rest of Europe	2,316	3,469	-	1
Middle East and Africa	1,685	1,786	551	286
Americas	12,903	17,534	275	388
Asia Pacific	-	332	-	-
Total	419,158	538,990	21,030	21,726

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

- 1 Non-underlying items includes non-underlying income and expenses, amortisation and impairment of goodwill and acquired intangibles, impairment of right-of-use assets and net foreign exchange gains or losses.
- 2 From the 1 August 2020, a reorganisation of the internal composition of the Group moved the reporting of the Engineering Technology division from UK Engineering to UK Technology. As required under IFRS 8, segmental disclosures for the year ended 31 July 2020 have been restated accordingly. In addition, 2020 International figures have been restated for the presentation of discontinued operations as explained in Note 11.

Notes Forming Part of the Financial Statements continued

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

	UK Engineering		UK Technology		International		Total	
	2021 £'000	Restated ¹ 2020 £'000	2021 £'000	Restated ¹ 2020 £'000	2021 £'000	Restated ¹ 2020 £'000	2021 £'000	Restated ¹ 2020 £'000
Temporary placements	260,642	339,004	133,527	171,150	7,976	10,771	402,145	520,925
Permanent placements	6,579	7,886	2,004	2,502	2,231	3,117	10,814	13,505
Other	2,772	283	(5)	(4)	-	-	2,767	279
Total	269,993	347,173	135,526	173,648	10,207	13,888	415,726	534,709

Timing of revenue recognition – continuing underlying operations

	UK Engineering		UK Technology		International		Total	
	2021 £'000	Restated ¹ 2020 £'000	2021 £'000	Restated ¹ 2020 £'000	2021 £'000	Restated ¹ 2020 £'000	2021 £'000	Restated ¹ 2020 £'000
Point in time	267,495	346,890	135,526	173,648	10,207	13,888	413,228	534,426
Over time	2,498	283	-	-	-	-	2,498	283
Total	269,993	347,173	135,526	173,648	10,207	13,888	415,726	534,709

No single customer contributed more than 10% of the Group's revenue (2020: none). Revenue is wholly recognised in relation to performance obligations satisfied in the period.

The Group has determined that its contract assets from contracts with customers are trade receivables, accrued income, and its contract liabilities are deferred income, which are set out below:

	31 July 2021 £'000	31 July 2020 £'000
Trade receivables (Note 17)	34,187	27,703
Accrued income (Note 17)	26,742	15,900
Deferred income (Note 19)	(880)	(1,090)

Accrued income relates to the Group's right to consideration for temporary and permanent placements made but not billed by the year end. These transfer to trade receivables once billing occurs. All accrued income at a given reporting date is billed within the following financial year and is classified in current assets. A provision has been recognised against 100% of the value of unbilled accrued income over 6 months old. 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.

¹ From the 1 August 2020, a reorganisation of the internal composition of the Group moved the reporting of the Engineering Technology division from UK Engineering to UK Technology. As required under IFRS 8, segmental disclosures for the year ended 31 July 2020 have been restated accordingly. In addition, 2020 International figures have been restated for the presentation of discontinued operations as explained in Note 11.

4 Profit/(Loss) from Total Operations

	2021 £'000	2020 £'000
Profit/(loss) from total operations is stated after charging/(crediting):		
Depreciation of plant, property and equipment (Note 14)	213	943
Depreciation of right-of-use leased assets (Note 22)	1,875	2,041
Amortisation of acquired intangibles (Note 13)	548	616
Amortisation of software & software licences (Note 13)	422	272
Impairment of plant, property and equipment (Note 14)	18	-
Impairment of goodwill and acquired intangibles (Note 13)	-	334
Impairment of right-of-use leased assets (Note 22)	183	432
Loss on disposal of property, plant and equipment	8	52
Operating lease costs:		
- Plant and machinery	14	47
- Land and buildings	-	192
Non-recourse working capital facility bank charges	287	241
Share-based payment charges	271	77

The aggregate auditors' remuneration was as follows:

	2021 £'000	2020 £'000
Fees payable for the audit of the parent company financial statements	10	10
Fees payable for the audit of the subsidiary company financial statements	344	294
Total auditors' remuneration	354	304
Non-audit services:		
- Taxation	-	-
- Other services pursuant to legislation	-	-
Total non-audit services	-	-

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

	2021 £'000	2020 £'000
Continuing operations		
Restructuring costs ¹	(284)	1,552
Gain on sale of investment ²	-	(304)
Onerous lease payments ³	91	-
Non-underlying items included in profit from continuing operations	(193)	1,248
Discontinued operations		
Advisory fees ⁴	29	1,395
Costs relating to discontinuation of group undertakings ⁵	664	554
Non-underlying items included in loss from discontinued operations	693	1,949
Total non-underlying items	500	3,197

1 A gain of £284,000 (2020: cost of £1,552,000) was recognised in 2021 as a result of releasing unutilised provisions for employee related expenses and professional fees.

2 In November 2019, the Group concluded the sale of its 10% minority interest investment in Concilium Search Limited for consideration in cash of £304,000. The investment carrying value was £nil, so a profit on sale of investments of £304,000 was recognised, and presented as non-underlying due to its material value and nature not arising from trading activities.

3 Lease expenses of £91,000 were incurred in 2021 in respect of a UK office building no longer in use by the business.

4 Legal fees incurred in 2021 and 2020 in relation to the Group's co-operation with certain voluntary enquiries from the US Department of Justice.

5 Ongoing costs relating to the preparation of entities affected by the closure of the contract Telecoms Infrastructure business and operations in China for liquidation, including professional fees and impairment of certain working capital balances. In addition for 2021, the closure costs also includes Group's operations in Mexico, including staff termination costs and impairment of certain working capital balances.

Notes Forming Part of the Financial Statements continued

5 Particulars of Employees

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

	2021 No.	2020 No.
Total operations		
Sales	345	482
Administration	131	176
Directors	7	7
Total	483	665

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

The aggregate payroll costs of the above were:

	2021 £'000	2020 £'000
Total operations		
Wages and salaries	24,269	27,918
Social security costs	2,830	3,394
Other pension costs	791	806
Share-based payments	271	77
Total	28,161	32,195

Amounts due to defined contribution pension providers at 31 July 2021 were £138,000 (2020: £117,000).

Disclosure of the remuneration of the statutory directors is further detailed in the audited part of the Remuneration Report on pages 73 to 80. Disclosure of the remuneration of Group's key management personnel, as required by IAS 24, is detailed below:

	2021 £'000	2020 £'000
Total operations		
Short-term employee benefits	1,738	1,687
Contributions to defined contribution pension schemes	123	119
Share-based payments	106	(62)
Total	1,967	1,744

6 Finance Income

	2021 £'000	Restated ¹ 2020 £'000
Continuing operations		
Interest income	56	24
Total	56	24

7 Finance Costs

	2021 £'000	Restated ¹ 2020 £'000
Continuing operations		
Bank interest expense	124	1,059
Interest expense on lease liabilities	148	203
Amortisation of capitalised finance costs	196	151
Net losses on foreign currency translation	668	832
Total	1,136	2,245

¹ 2020 figures have been restated for the presentation of discontinued operations as explained in Note 11.

8 Government Grants

Grant income recognised from government grants recognised in cost of sales and administrative expenses are as follows:

	2021 £'000	2020 £'000
Continuing operations		
UK Government Coronavirus Job Retention Scheme grant income recognised in cost of sales for temporary workers	43	2,335
UK Government Coronavirus Job Retention Scheme grant income recognised in administrative expenses for employees	458	1,471
Total	501	3,806

As a response to the COVID-19 global pandemic, the Group made use of the UK Government's Coronavirus Job Retention Scheme (2021: claim period is from August 2020 to October 2020, 2020: claim period is from April 2020 to July 2020). Under this scheme, Her Majesty's Revenue & Customs (HMRC) provided UK companies with a non-refundable grant equivalent to a portion of wages, National Insurance contributions and pension contributions for employees and temporary workers who were retained in employment but placed on furlough. From 1 August 2021 National Insurance contributions and pension contributions were no longer eligible for claims. When considering temporary workers, the contractors employed by Gattaca's clients that Gattaca provides payroll services to and whose costs are recognised as cost of sales by Gattaca, were also considered eligible.

As the scheme was conditional upon the Group retaining its employees in employment, or the temporary contract workers being retained by their employers, whilst they are furloughed during the COVID-19 pandemic, it was designed to compensate companies for staff or temporary worker costs incurred. As all claims submitted for the period have been received, the Group considers the scheme meets the definition of a government grant as set out in IAS 20 and has accounted for it as such. For grants received for Gattaca's employees on furlough, the Group has presented the grant income as a deduction to staff costs presented in administrative expenses in the income statement; for grants received for temporary contract workers of Gattaca's clients on furlough, the Group has presented the grant income as a deduction to cost of sales.

9 Parent Company Loss

	2021 £'000	2020 £'000
The amount of loss generated by the parent company was:	(866)	(1,111)

10 Taxation

		Continuing	Discontinued	Continuing	Discontinued
		2021 £'000	2021 £'000	Restated ¹ 2020 £'000	Restated ¹ 2020 £'000
Analysis of charge in the year					
Current tax:	UK corporation tax	748	(48)	790	(269)
	Overseas corporation tax	(134)	40	92	124
	Adjustments in respect of prior years	(511)	-	(260)	143
		103	(8)	622	(2)
Deferred tax (Note 16):	Origination and reversal of temporary differences	(58)	(5)	(143)	11
	Adjustments in respect of prior years	290	(2)	111	(1)
	Changes in tax rate	80	-	-	-
		312	(7)	(32)	10
Income tax charge/(credit) for the year		415	(15)	590	8

UK corporation tax has been charged at 19% (2020: 19%).

¹ 2020 figures have been restated for the presentation of discontinued operations as explained in Note 11.

Notes Forming Part of the Financial Statements continued

10 Taxation continued

The charge for the year can be reconciled to the profit/(loss) as per the income statement as follows:

	Continuing	Discontinued	Continuing	Discontinued
	2021 £'000	2021 £'000	Restated' 2020 £'000	Restated' 2020 £'000
Profit/(loss) before tax	2,204	(1,223)	1,317	(2,500)
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	419	(232)	250	(475)
Expenses not deductible for tax purposes and goodwill impairment loss	139	172	21	11
Effect of share-based payments	(19)	-	70	-
Irrecoverable withholding tax	56	-	38	4
Overseas losses not recognised as deferred tax assets	46	163	513	387
Difference between UK and overseas tax rates	(85)	(116)	(153)	(61)
Adjustment to tax charge in respect of previous years	(221)	(2)	(149)	142
Changes in tax rates	80	-	-	-
Total taxation charge/(credit) for the year	415	(15)	590	8

Tax (credit)/charge recognised in equity:

	2021 £'000	2020 £'000
Deferred tax (credit)/charge recognised directly in equity	(65)	16
Total tax (credit)/charge recognised directly in equity	(65)	16

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

	2021 £'000	Restated' 2020 £'000
Income tax expense	415	590
Impairment and amortisation of acquired intangibles	43	143
Non-underlying items	(37)	280
Foreign currency exchange differences	85	(18)
Underlying income tax expense	506	995

Future tax rate changes

The main UK corporation tax rate of 19% will increase to 25% from 1 April 2023 and this has been reflected in the consolidated financial statements.

As these changes of rates have been enacted at the balance sheet date, the impact of this increase has been reflected in the deferred tax liability at 31 July 2021.

11 Discontinued Operations

2021

On 30 July 2021, the Group announced the decision to close its Mexico operations entirely. In addition, the Group also announced a management buy-out agreement of the South African recruitment operations which is expected to complete within one year of 31 July 2021. The Fulfilment, Solutions and Group Support functions of the South African recruitment operations will be retained and transferred to a new South African entity. As a result, the Group has reclassified its entire Mexican operations and South African recruitment operations as discontinued in the consolidated financial statements for the year ended 31 July 2021.

2020

On 9 March 2020, the Group commenced communications with the management and employees of its Chinese subsidiary, announcing its intention to cease its remaining operations in China, having previously ceased all Telecoms Infrastructure business undertaken by China already in 2019. As at 31 July 2020, all operations and staff had been terminated and the Group continued to work with in-country advisors to commence company closure proceedings. As this resulted in the Group's withdrawal from all operations in China, the Group classified its Chinese operations as discontinued in the consolidated financial statements for the year ended 31 July 2020.

Financial performance and cash flow information

	2021 £'000	Restated ¹ 2020 £'000
Revenue	3,432	4,281
Cost of sales	(2,385)	(2,370)
Gross profit	1,047	1,911
Administrative expenses ²	(2,197)	(4,787)
Loss from operations	(1,150)	(2,876)
Finance income	39	383
Finance costs	(112)	(84)
Income from fixed asset investments	-	77
Loss before taxation	(1,223)	(2,500)
Taxation	15	(8)
Loss for the year after taxation from discontinued operations	(1,208)	(2,508)
Exchange differences on translation of discontinued operations	48	(871)
Other comprehensive loss from discontinued operations	(1,160)	(3,379)

The following assets and liabilities were reclassified as held for sale in relation to the discontinued South African recruitment operations as at 31 July 2021:

Assets classified as held for sale	2021 £'000	2020 £'000
Software licences	1	-
Property, plant and equipment	7	-
Right-of-use assets	29	-
Investments	19	-
Deferred tax assets	9	-
Trade and other receivables	171	-
Cash and cash equivalents	110	-
Total assets of disposal group held for sale	346	-

1 2020 figures have been restated for the presentation of discontinued operations as explained above.

2 Included in administrative expenses are £693,000 (2020: £1,949,000) of non-underlying items, as detailed in Note 4. In addition, it includes net impairment costs on trade receivables from discontinued operations of £80,000 (2020 restated: release of £4,000).

Notes Forming Part of the Financial Statements continued

11 Discontinued Operations continued

Liabilities directly associated with assets classified as held for sale	2021 £'000	2020 £'000
Trade and other payables	(136)	-
Provisions	(46)	-
Current tax liabilities	(27)	-
Lease liabilities	(14)	-
Total liabilities of disposal group held for sale	(223)	-

	2021 £'000	Restated' 2020 £'000
Net cash outflow from operating activities	(1,348)	(2,160)
Net cash (outflow)/inflow from investing activities	(32)	1
Net cash outflow from financing activities	(139)	(134)
Effects of exchange rates on cash and cash equivalents	(15)	(766)
Net decrease in cash generated by discontinued operations	(1,534)	(3,059)

12 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 year.

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 (arising from the Group's share option schemes) into ordinary shares has been added to the denominator. Share options (Note 23) are treated as dilutive when, at the reporting date, they would be issuable had the performance year ended at that date.

The Group has dilutive potential ordinary shares, being the LTIP and Zero-priced share options (Note 23). The number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) is calculated based on the monetary value of the subscription rights attached to the outstanding share options.

The effect of potential ordinary shares are reflected in diluted EPS only when they are dilutive. Potential ordinary shares are considered dilutive when their inclusion in the calculation would decrease EPS, or increase the loss per share from continuing operations in accordance with IAS 33. This is regardless of whether the potential ordinary shares are dilutive for EPS from total operations. The effect of potential ordinary shares are considered to be dilutive for year ended 31 July 2021 and 31 July 2020 and therefore have been included in the calculation below. The diluted loss per share is lower than basic loss per share because of the effect of losses from discontinued operations.

There are no changes to the profit numerator as a result of the dilution calculation.

		2021 £'000	2020 £'000
Total profit/(loss) attributable to ordinary shareholders		581	(1,781)
Number of shares		2021 £'000	2020 £'000
Basic weighted average number of ordinary shares in issue		32,290	32,285
Dilutive potential ordinary shares		68	68
Diluted weighted average number of shares		32,358	32,353
Total earnings per share		2021 pence	2020 pence
Earnings per ordinary share	Basic	1.8	(5.5)
	Diluted	1.8	(5.5)
Earnings from continuing operations		2021 £'000	Restated¹ 2020 £'000
Total profit for the year		1,789	727
Total earnings per share for continuing operations		2021 pence	Restated¹ 2020 pence
Earnings per ordinary share from continuing operations	Basic	5.5	2.3
	Diluted	5.5	2.2
Earnings from discontinuing operations		2021 £'000	Restated¹ 2020 £'000
Total loss for the year		(1,208)	(2,508)
Total earnings per share for discontinuing operations		2021 pence	Restated¹ 2020 pence
Earnings per ordinary share from discontinuing operations	Basic	(3.7)	(7.8)
	Diluted	(3.7)	(7.8)
Earnings from continuing underlying operations		2021 £'000	Restated¹ 2020 £'000
Total profit for the year		2,721	3,784
Total earnings per share for continuing underlying operations		2021 pence	Restated¹ 2020 pence
Earnings per ordinary share from continuing underlying operations	Basic	8.4	11.7
	Diluted	8.4	11.7

1 2020 figures have been restated for the presentation of discontinued operations as explained in Note 11.

Notes Forming Part of the Financial Statements continued

13 Goodwill and Intangible Assets

Group		Goodwill £'000	Customer relationships £'000	Trade names £'000	Other £'000	Software and software licences £'000	Total £'000
Cost	At 1 August 2019	28,739	22,245	5,346	3,809	6,225	66,364
	Additions	-	-	-	-	2,348	2,348
	At 31 July 2020	28,739	22,245	5,346	3,809	8,573	68,712
	Additions	-	-	-	-	1,872	1,872
	Reclassification to assets held for sale	-	-	-	-	(2)	(2)
	At 31 July 2021	28,739	22,245	5,346	3,809	10,443	70,582
Amortisation and impairment	At 1 August 2019	24,382	19,924	4,951	3,289	2,067	54,613
	Amortisation for the year	-	325	53	238	272	888
	Impairment	-	281	53	-	-	334
	At 31 July 2020	24,382	20,530	5,057	3,527	2,339	55,835
	Amortisation for the year	-	332	45	171	422	970
	Impairment	-	-	-	-	-	-
Reclassification to assets held for sale	-	-	-	-	(1)	(1)	
At 31 July 2021	24,382	20,862	5,102	3,698	2,760	56,804	
Net book value	At 31 July 2020	4,357	1,715	289	282	6,234	12,877
	At 31 July 2021	4,357	1,383	244	111	7,683	13,778

Other intangibles comprises candidate databases and non-compete agreements.

Included in software and software licenses was a cost of £7,684,000 (2020: £5,819,000) and a net book value of £7,447,000 (2020: £5,819,000) relating to internally generated intangible assets.

The carrying amount of goodwill allocated to Cash Generating Unit's (CGU's) is as follows:

	2021 £'000	2020 £'000
UK Engineering	1,712	1,712
Resourcing Solutions Limited	2,645	2,645
Total	4,357	4,357

Impairment testing

Goodwill and intangible assets are reviewed and tested for impairment on an annual basis or more frequently to determine if there is an indication of impairment.

If any indication of impairment exists, then the goodwill CGU or individual asset's recoverable amount is calculated. The recoverable amounts of the CGU's are determined from value-in-use calculations.

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

Cash flows from operations

Cash flows from operations are based on the Group's 2022 budget as approved by the Group's board of directors plus four years of forecasts at a CGU level updated for any key changes, which are prepared using expectations of revenue and operating cost growth over the next five years. 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 impact of COVID-19 has been incorporated into these forecasts, based on the time expected for trading to return to pre-pandemic levels.

Discount rates

The pre-tax rates used to discount the forecast cash flows were a range from 15.0% to 16.0% (2020: 13.9% to 14.9%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The discount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on government bond rates, is 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 12.5% (2020: 11.7%) for CGUs assessed.

Growth rates

The medium-term growth rates are based on management forecasts, reflecting past experience and economic environment. Long-term growth rates are based on external sources of an average estimated growth rate of 2.0% (2020: 2.0%), using a weighted average of operating country real growth expectations.

As a result of these forecasts, no impairment losses (2020: £334,000) have been recorded in respect of goodwill and acquired intangible assets within any CGUs (2020 impairment loss in UK Technology CGU) as follows:

	Goodwill 2021 £'000	Intangible assets 2021 £'000	Total 2021 £'000	Goodwill 2020 £'000	Intangible assets 2020 £'000	Total 2020 £'000
UK Technology	-	-	-	-	334	334
Total	-	-	-	-	334	334

Goodwill and acquired intangibles within the UK Technology, UK Engineering and International CGU's relate to the Networkers acquisition. At 31 July 2021, the recoverable amount of the UK Engineering CGU was £6,027,000 (2020: £5,075,000) and £13,995,000 (2020: £14,603,000) for the Resourcing Solutions Limited CGU. The UK Technology CGU was fully impaired in the prior year.

Sensitivity analysis has been performed to show the impact of reasonable or possible changes in key assumptions, in particular with reference to the economic uncertainty surrounding the impact of, and future recovery from, the COVID-19 pandemic. An increase in the discount rate by a factor of 0.2% to 12.7%, or a reduction in the long-term growth rate to 1.8%, would not trigger a material impairment for any of the CGU's. A moderate reduction of 10% of management's forecast growth projection for FY22 and FY23 respectively would not trigger an impairment of goodwill for either RSL or UK Engineering CGU's.

Company		Trade names £'000
Cost	At 1 August 2019	-
	Additions	20
	At 31 July 2020	20
	Additions	-
	At 31 July 2021	20
	Amortisation and impairment	At 1 August 2019
Amortisation for the year		4
Impairment		-
At 31 July 2020		4
Amortisation for the year		3
Impairment		-
At 31 July 2021		7
Net book value	At 31 July 2020	16
	At 31 July 2021	13

Notes Forming Part of the Financial Statements continued

14 Property, Plant and Equipment

Group		Motor vehicles £'000	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost	At 1 August 2019	21	4,730	4,632	9,383
	Reclassification of dilapidation assets	-	(1,535)	-	(1,535)
	Additions	-	101	90	191
	Disposals	(37)	(204)	(1)	(242)
	Effects of movements in exchange rates	-	(37)	-	(37)
	At 31 July 2020	(16)	3,055	4,721	7,760
	Additions	-	-	332	332
	Disposals	16	(25)	-	(9)
	Impairment	-	(29)	(92)	(121)
	Reclassification to assets held for sale	-	-	(13)	(13)
At 31 July 2021	-	3,001	4,948	7,949	
Accumulated depreciation	At 1 August 2019	17	1,897	4,177	6,091
	Reclassification of dilapidation assets	-	(576)	-	(576)
	Charge for the year	5	564	374	943
	Released on disposal	(38)	(18)	(134)	(190)
	At 31 July 2020	(16)	1,867	4,417	6,268
	Charge for the year	-	58	155	213
	Released on disposal	16	(17)	-	(1)
	Impairment	-	(29)	(74)	(103)
	Reclassification to assets held for sale	-	-	(6)	(6)
	At 31 July 2021	-	1,879	4,492	6,371
Net book value	At 31 July 2020	-	1,188	304	1,492
	At 31 July 2021	-	1,122	456	1,578

Impairment during the year relates to the closure of the Mexican operations as disclosed in Note 11.

There were no capital commitments as at 31 July 2021 or 31 July 2020.

15 Investments in Subsidiary Undertakings

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cost and carrying value:				
Balance at 1 August	19	-	8,520	8,580
Purchase of investments	-	19	-	-
Capital contributions to subsidiaries/(reversal of capital contributions)	-	-	29,943	(60)
Reclassification to assets held for sale	(19)	-	-	-
Balance at 31 July	-	19	38,463	8,520

The movement in investments in group undertakings represents capitalisation of intercompany receivables due from Matchtech Group (Holdings) Limited in return for an issue of shares in Matchtech Group (Holdings) Limited as well as capital contributions made in Matchtech Group (UK) Limited relating to share-based payments. In the prior year, a reversal of the capital contribution was recorded as historical share-based payment charges were reversed due to vesting performance conditions not being met.

Kula Nathi Investments Proprietary Limited formed a partnership with Ingenious Equity Proprietary Limited in 2018 to set up Sakha Sonke Private Equity Fund. Kula Nathi has control over the private equity fund in line with the criteria of IFRS 10 and therefore Sakha Sonke Private Equity Fund has been consolidated in the Group's result until 31 July 2021 before it was classified as held for sale. Following the announcement of the expected sales of the South African recruitment operations on 30 July 2021, both Kula Nathi Investments Proprietary Limited and Sakha Sonke Private Equity Fund will be sold as part of the deal. As such any assets or liabilities held in those two entities' balance sheets have been reclassified as held for sale as at 31 July 2021.

During the 2020 financial year, Sakha Sonke Private Equity Fund invested a total of £19,000 in external minority investments in accordance with the partnership agreement between Kula Nathi Investments Proprietary Limited and Ingenious Equity Proprietary Limited. At 31 July 2021, this investment has been classified as an asset held for sale as part of the sale of the South African recruitment operations.

The subsidiary undertakings at the year end are as follows:

	Registered Office Note	Country of Incorporation	Share Class	% held 2021	% held 2020	Main Activities
Alderwood Education Ltd ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Application Services Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Barclay Meade Ltd ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Group Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Cappo International Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Comms Software Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Comms Resources Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Connectus Technology Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Elite Computer Staff Ltd. ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Gattaca Recruitment Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Gattaca Solutions Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Engineering Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Matchtech Group (Holdings) Limited ¹	1	United Kingdom	Ordinary	99.7%	99.7%	Holding
Matchtech Group (UK) Limited ¹	1	United Kingdom	Ordinary	99.998%	99.998%	Provision of recruitment consultancy
Matchtech Group Management Company Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Matchtech Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
MSB Consulting Services Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Networkers International (UK) Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Networkers International Trustees Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Networkers Recruitment Services Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Provanis Limited ²	1	United Kingdom	Ordinary	100%	100%	Non trading
Resourcing Solutions Limited ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
The Comms Group Limited ¹	1	United Kingdom	Ordinary	100%	100%	Holding
Gattaca GmbH	2	Germany	Ordinary	100%	100%	Provision of recruitment consultancy
MSB International GMBH	13	Germany	Ordinary	100%	100%	Non trading
Gattaca BV	3	Netherlands	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Engineering Inc. ⁴	4	United States	Ordinary	0%	100%	Non trading
Networkers Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International LLC	5	United States	Ordinary	100%	100%	Non trading
Networkers International (Canada) Inc.	11	Canada	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Mexico Services, S.A. de C.V	6	Mexico	Ordinary	100%	100%	Provision of recruitment consultancy
NWI Mexico, S. de R.L. de C.V.	6	Mexico	Ordinary	100%	100%	Provision of recruitment consultancy
Kithara Investments Proprietary Limited	8	South Africa	Ordinary	100%	100%	Holding
Kula Nathi Investments Proprietary Limited	7	South Africa	Ordinary	100%	100%	Holding
Networkers International Proprietary Limited	7	South Africa	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International South Africa Proprietary Limited	7	South Africa	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International (China) Co. Limited	9	China	Ordinary	100%	100%	Provision of recruitment consultancy
Comms Resource Sdn Bhd	10	Malaysia	Ordinary	100%	100%	Non trading
Networkers International (Malaysia) Sdn Bhd	10	Malaysia	Ordinary	100%	100%	Non trading
NWKI Consultancy FZ LLC ⁴	12	United Arab Emirates	Ordinary	0%	100%	Non trading
Cappo Qatar LLC ³	15	Qatar	Ordinary	49%	49%	Non trading
Networkers Consultancy (Singapore) PTE. Limited	14	Singapore	Ordinary	100%	100%	Non trading
Gattaca Information Technology Services SLU	16	Spain	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Recruitment ETT, SLU	16	Spain	Ordinary	100%	100%	Non trading
Networkers International (India) PTE	17	India	Ordinary	100%	100%	Non trading

1 For the year ended 31 July 2021, Gattaca plc has provided a legal guarantee dated 5 November 2021 under s479a-s479c of the Companies Act 2006 to these subsidiaries for audit exemption.

2 These dormant companies are exempt from preparing individual financial statements by virtue of s394A of Companies Act 2006.

3 Gattaca plc has 100% of the beneficial interest in these entities, and consolidates them as wholly owned subsidiaries in line with IFRS 10.

4 These companies were disposed of or liquidated in the year, with the shareholding remaining the same as per the year ended 31 July 2020 up to the date of disposal or liquidation.

Notes Forming Part of the Financial Statements continued

15 Investments in Subsidiary Undertakings continued

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

Networkers International (UK) Limited has a branch in Russia which is consolidated into the Group's result.

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

During the year, Gattaca plc set up a branch for a new Employee Benefit Trust (the EBT) and appointed Apex Financial Services Limited as the Trustee and the administrator to this new EBT. The Company and Group has control over the new 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 Grant Thornton, Jahnstrasse 6, 70597, Stuttgart, Germany
3	Herengracht 124-128, 1015 BT Amsterdam, Netherlands
4	33 SW Flager Avenue, Stuart, Florida, USA
5	6400 International Parkway, Suite 1510, Plano TX 75093, USA
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	6th Floor, 119 Hertzog Boulevard, Foreshore, Cape Town, 8001, South Africa
9	B-2701, Di San Zhi Ye Building, No. A1 Shuguang Xili, Chao Yang District, Beijing, China
10	Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia
11	1 Richmond Street West, Suite 902, Toronto, Ontario, M5H 3W4, Canada
12	Office 3022, Shatha Tower, Dubai Media City, Dubai, United Arab Emirates
13	Franlinstr. 48, 60456, Frankfurt, Germany
14	371 Beach Road, #15-09 Keypoint, Singapore 199597
15	Suite #204, Office #40 Al Rawabi Street, Muntazah, Doha, State of Qatar. PO Box 8306
16	Calle General, Moscardo 6. Espaco Office, Madrid 28020, Spain
17	3rd Floor, 301 DLF City Court Sikandarpur, Gurgaon-122002 Hararyana, India

16 Deferred Tax

Group	Asset	Liability	Net	Credited/	Credited to	Foreign	Impact of
	2021	2021	2021	(charged)	equity	exchange	transition
	£'000	£'000	£'000	to profit	2021	2021	to IFRS 16
				2021	£'000	£'000	2021
				£'000			£'000
Share-based payments	146	-	146	60	65	-	-
Accelerated capital allowances	-	(466)	(466)	(360)	-	-	-
Acquired intangibles	-	(369)	(369)	45	-	-	-
Other temporary and deductible differences	174	-	174	(50)	-	2	-
Gross deferred tax assets/(liabilities)	320	(835)	(515)	(305)	65	2	-
Amounts available for offset	(320)	320	-				
Reclassification to assets held for sale	-	(9)	(9)				
Net deferred tax assets/(liabilities)	-	(524)	(524)				

Group	Asset	Liability	Net	Credited/	(Charged)	Foreign	Impact of
	2020	2020	2020	(charged)	to equity	exchange	transition
	£'000	£'000	£'000	to profit	2020	2020	to IFRS 16
				2020	£'000	£'000	2020
				£'000			£'000
Share-based payments	21	-	21	(68)	(16)	-	-
Accelerated capital allowances	-	(106)	(106)	(114)	-	-	-
Acquired intangibles	-	(414)	(414)	142	-	-	-
Other temporary and deductible differences	222	-	222	62	-	(6)	119
Gross deferred tax assets/(liabilities)	243	(520)	(277)	22	(16)	(6)	119
Amounts available for offset	(243)	243	-				
Net deferred tax assets/(liabilities)	-	(277)	(277)				

The movement on the net deferred tax is as shown below:

	Group	
	2021 £'000	2020 £'000
At 1 August	(277)	(396)
Impact of transition to IFRS 16	-	119
Recognised in income (Note 10)	(305)	22
Recognised in equity	65	(16)
Foreign exchange	2	(6)
Reclassification to assets held for sale	(9)	-
At end of year	(524)	(277)
	2021 £'000	2020 £'000
Deferred tax assets reversing within 1 year	248	179
Deferred tax liabilities reversing within 1 year	(84)	(232)
Reclassification of deferred tax assets reversing within 1 year to assets held for sale	(9)	-
At end of year	155	(53)
	2021 £'000	2020 £'000
Deferred tax assets reversing after 1 year	72	64
Deferred tax liabilities reversing after 1 year	(751)	(288)
At end of year	(679)	(224)

Unrecognised deferred tax assets

	Group	
	2021 £'000	2020 £'000
Tax losses carried forward against profits of future years	1,865	1,640
Net deferred tax assets	1,865	1,640

Of the unused tax losses £2,071,000 (2020: £3,234,000) can be carried forward indefinitely, £817,000 (2020: £340,000) expires within 10 years and £3,053,000 (2020: £142,000) expires within 20 years. 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 £3,675,000 (2020: £5,345,000). If the earnings were remitted, tax of £45,000 (2020: £120,000) would be payable. The main UK corporation tax rate of 19% will increase 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.

17 Trade and Other Receivables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables from contracts with customers, net of loss allowance	34,187	27,703	-	-
Amounts owed by group companies	-	-	3,046	101,610
Other receivables	1,619	3,554	-	-
Prepayments	1,389	1,705	-	-
Accrued income	26,742	15,900	-	-
Total	63,937	48,862	3,046	101,610

The amounts owed by group companies in the company statement of financial position are considered to approximate to fair value. Amounts owed by group companies are unsecured, repayable on demand and accrue no interest.

Notes Forming Part of the Financial Statements continued

17 Trade and Other Receivables continued

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

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 accrued income

	Group	
	2021 £'000	2020 £'000
Gross accrued income	27,807	16,169
Loss allowance	(1,065)	(269)
Accrued income, net of loss allowance	26,742	15,900

The loss allowance for accrued income was determined as follows:

31 July 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	2.9%	2.7%	2.6%	23.7%	
Gross carrying amount - accrued income (£'000)	21,455	3,546	1,519	1,287	27,807
Loss allowance (£'000)	624	96	40	305	1,065

31 July 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	0.0%	0.0%	0.0%	38.7%	
Gross carrying amount - accrued income (£'000)	13,858	1,398	218	695	16,169
Loss allowance (£'000)	-	-	-	269	269

The loss allowance for accrued income at year end reconciles to the opening loss allowance as per below:

	Group	
	2021 £'000	2020 £'000
Opening loss allowance at 1 August	269	-
Increase in loss allowance recognised in profit and loss during the year	796	269
Closing loss allowance at 31 July	1,065	269

Impairment of trade receivables from contracts with customers

	Group	
	2021 £'000	2020 £'000
Trade receivables from contracts with customers, gross amounts	37,636	31,690
Loss allowance	(3,449)	(3,987)
Trade receivables from contracts with customers, net of loss allowance	34,187	27,703

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 year end and the corresponding historical credit losses experienced within this period. The historic loss rates are then adjusted to reflect any relevant current and forward-looking information expected to affect the ability of customers to settle the receivables. Additionally, the ongoing impact of COVID-19 and projected post-COVID economic recovery, based on external reports, forecast data and scenario analysis, have been taken into account when assessing the credit risk profiles for specific industries and geographies.

The loss allowance for trade receivables was determined as follows:

31 July 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	5.2%	5.0%	18.6%	60.9%	
Gross carrying amount – trade receivables (£'000)	33,741	654	743	2,498	37,636
Loss allowance (£'000)	1,756	33	138	1,522	3,449

31 July 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	6.9%	8.8%	10.2%	91.1%	
Gross carrying amount – trade receivables (£'000)	19,079	8,941	1,788	1,882	31,690
Loss allowance (£'000)	1,307	783	183	1,714	3,987

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

	Group	
	2021 £'000	2020 £'000
Opening loss allowance at 1 August	3,987	2,189
(Decrease)/increase in loss allowance recognised in profit and loss during the year	(296)	2,281
Receivables written off during the year as uncollectible	(242)	(483)
Closing loss allowance at 31 July	3,449	3,987

18 Provisions

Group	2021				2020			
	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000
Balance at 1 August	1,710	-	1,084	2,794	1,747	934	-	2,681
Adjustment on initial application of IFRS 16	-	-	-	-	-	(934)	-	(934)
Restated balance at 1 August	1,710	-	1,084	2,794	1,747	-	-	1,747
Effects of movements in exchange rates	-	-	-	-	(38)	-	-	(38)
Provisions made in the year	74	-	40	114	1	-	1,084	1,085
Provisions utilised	-	-	(679)	(679)	-	-	-	-
Provisions released	(58)	-	(392)	(450)	-	-	-	-
Provisions reclassified to held for sale	(46)	-	-	(46)	-	-	-	-
Balance at 31 July	1,680	-	53	1,733	1,710	-	1,084	2,794

Group	2021				2020 restated ¹			
	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000
Non-current	1,269	-	-	1,269	1,587	-	-	1,587
Current	411	-	53	464	123	-	1,084	1,207
Total	1,680	-	53	1,733	1,710	-	1,084	2,794

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 lease term, ranging between one and seven years.

¹ Presentation of provisions between current and non-current liabilities for the year ended 2020 has been restated as explained in Note 1.24.

Notes Forming Part of the Financial Statements continued

18 Provisions continued

Other provisions have been recognised primarily for restructuring activities, with the remainder in respect of claims for certain legal matters. In July 2020, the Group publicly announced plans for a significant restructuring of its UK employee base and restructuring provisions of £971,000 were recognised based on the directors' best estimate of the forecast direct costs arising from the restructuring. £679,000 of the restructuring provision was utilised in the year to 31 July 2021 and the remainder of the provision has been released. As such, there is no restructuring provision held as at 31 July 2021. Other provisions held as at 31 July 2021 are primarily in respect of claims for certain legal matters.

No provisions are held by the parent Company (2020: £nil).

19 Trade and Other Payables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	4,530	1,750	-	-
Amounts owed to group undertakings	-	-	2,972	63,590
Taxation and social security	10,473	15,859	-	-
Contractor wages payable	27,209	20,519	-	-
Accruals and deferred income	5,158	4,348	-	-
Other payables	8,751	3,653	-	-
Total	56,121	46,129	2,972	63,590

Amounts owed to group undertakings are unsecured, repayable on demand and accrue no interest.

20 Loans and Borrowings

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Working capital facility	9,348	151	-	-
Bank loans and borrowings due in less than one year	9,348	151	-	-
Revolving credit facility	-	7,500	-	7,500
Finance costs capitalised	-	(196)	-	(196)
Bank loans and borrowings due in more than one year	-	7,304	-	7,304
Total bank loans and borrowings	9,348	7,455	-	7,304

In January 2020, the Group transferred a portion of its recourse working capital facility to a non-recourse working capital facility. 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 2021, the Group had agreed banking facilities with HSBC totalling £75m (31 July 2020: £75m) invoice financing working capital facility (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 £75m. Interest is charged on the recourse borrowings at a rate of 1.75% (31 July 2020: 1.75%) over the HSBC Bank base rate of 0.1% (2020: 0.1%).

The Group's £7.5m revolving credit facility was secured by way of a fixed and floating charge over assets of the Group. In October 2020, the Group repaid the £7.5m revolving credit facility in full and no longer is required to comply with certain financial covenants over the revolving credit facility.

21 Financial Assets and Liabilities Statement of Financial Position Classification

The carrying amount of the Group's financial assets and liabilities as recognised at the statement of financial position date of the reporting years under review may also be categorised as follows:

Financial assets are included in the statement of financial position within the following headings:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade and other receivables (Note 17)				
- Financial assets recorded at amortised cost	62,548	47,157	3,046	101,610
Cash and cash equivalents				
- Financial assets recorded at amortised cost	29,238	34,796	4	-
Total	91,786	81,953	3,050	101,610

Financial liabilities are included in the statement of financial position within the following headings:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Borrowings (Note 20)				
- Financial liabilities recorded at amortised cost	9,348	7,455	-	7,304
Leases (Note 22)				
- Financial liabilities recorded at amortised cost	5,761	7,736	-	-
Trade and other payables (Note 19)				
- Financial liabilities recorded at amortised cost	45,648	30,270	2,972	63,590
Total	60,757	45,461	2,972	70,894

The amounts at which the assets and liabilities above are recorded are considered to approximate to fair value.

Notes Forming Part of the Financial Statements continued

22 Leases

On 1 August 2019, the Group adopted IFRS 16 Leases, applying a modified retrospective approach to transition. The consolidated statement of financial position shows the following amounts related to leases where the Group is a lessee.

		Properties £'000	Vehicles £'000	Other £'000	Total £'000
Right-of-use-assets					
Cost	At 1 August 2019	9,335	336	17	9,688
	Reclassification of dilapidation assets	1,535	-	-	1,535
	Additions	42	12	-	54
	Effect of reassessment of lease term	(862)	-	-	(862)
	Effect of movement in exchange rates	(46)	-	(1)	(47)
	At 31 July 2020	10,004	348	16	10,368
	At 1 August 2020	10,004	348	16	10,368
	Effect of reassessment of lease term	416	-	5	421
	Effect of movement in exchange rates	41	-	1	42
	Reclassification to assets held for sale	(216)	-	(14)	(230)
	At 31 July 2021	10,245	348	8	10,601
Accumulated depreciation	At 1 August 2019	-	-	-	-
	Reclassification of dilapidation assets	576	-	-	576
	Depreciation charge	1,858	176	7	2,041
	Impairment	432	-	-	432
	Effect of movement in exchange rates	(19)	-	-	(19)
	At 31 July 2020	2,847	176	7	3,030
	At 1 August 2020	2,847	176	7	3,030
	Depreciation charge	1,749	119	7	1,875
	Impairment	183	-	-	183
	Effect of movement in exchange rates	40	-	-	40
	Reclassification to assets held for sale	(190)	-	(11)	(201)
	At 31 July 2021	4,629	295	3	4,927
Net book value	At 1 August 2020	7,157	172	9	7,338
	At 31 July 2021	5,616	53	5	5,674

At 31 July 2021, included within property right-of-use assets is costs of £1,491,000 (2020: £1,577,000) and net book value of £526,000 (2020: £802,000) relating to dilapidation assets.

During the year, the Group recognised an impairment of £114,000 in respect of a UK office property that is no longer in use by the business. The remainder of the £69,000 impairment charge in the year is due to the closure of Mexico operations. In addition, the lease term for the Canadian office has been extended to September 2025 which led to additional right-of-use assets as shown in the disclosure above.

	31 July 2021				31 July 2020			
	Properties £'000	Vehicles £'000	Other £'000	Total £'000	Properties £'000	Vehicles £'000	Other £'000	Total £'000
Lease liabilities								
Current	1,423	55	2	1,480	1,855	132	3	1,990
Non-current	4,268	9	4	4,281	5,696	44	6	5,746
Total	5,691	64	6	5,761	7,551	176	9	7,736

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

The discount rates used to measure the lease liabilities at 31 July 2021 range between 1.6% to 10.1% for properties (2020: 2.0% – 10.1%), 4.7% for vehicles (2020: 4.7%) and 10.1% for other leases (2020: 10.1%).

Reconciliation of lease liabilities movement in the year

	Properties £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2019	10,260	347	17	10,624
Lease payments	(2,011)	(183)	(7)	(2,201)
Interest expense on lease liabilities	201	12	1	214
Effect of reassessment of lease term	(862)	-	-	(862)
Effect of movement in exchange rates	(37)	-	(2)	(39)
At 31 July 2020	7,551	176	9	7,736

	Properties £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2020	7,551	176	9	7,736
Lease payments	(2,387)	(116)	(8)	(2,511)
Interest expense on lease liabilities	151	4	1	156
Effect of reassessment of lease term	268	-	5	273
Effect of movement in exchange rates	120	-	1	121
Liabilities directly associated with assets held for sale	(12)	-	(2)	(14)
At 31 July 2021	5,691	64	6	5,761

Amounts in respect of leases recognised in the income statement

	2021 £'000	2020 £'000
Depreciation expense of right-of-use assets	1,875	2,041
Impairment of right-of-use assets	183	432
Interest expense on lease liabilities	156	214
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	14	239

23 Share Capital

Authorised share capital

	Company	
	2021 £'000	2020 £'000
40,000,000 (2020: 40,000,000) Ordinary shares of £0.01 each	400	400

Allotted, called up and fully paid:

	Company	
	2021 £'000	2020 £'000
32,290,400 (2020: 32,290,000) Ordinary shares of £0.01 each	323	323

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

	Company	
	2021 000s	2020 000s
In issue at 1 August	32,290	32,285
Exercise of share options	-	5
In issue at 31 July	32,290	32,290

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.

Notes Forming Part of the Financial Statements continued

23 Share Capital continued

Share options

The following options arrangements exist over the Company's shares:

	2021 '000s	2020 '000s	Date of grant	Exercise price pence	Exercise period	
					From	To
Zero Priced Share Option Bonus	-	1	04/02/2011	1	03/02/2013	04/02/2021
Zero Priced Share Option Bonus	-	1	04/02/2011	1	03/02/2014	04/02/2021
Zero Priced Share Option Bonus	1	1	31/01/2012	1	30/01/2014	31/01/2022
Zero Priced Share Option Bonus	1	1	31/01/2012	1	30/01/2015	31/01/2022
Zero Priced Share Option Bonus	1	1	31/01/2013	1	30/01/2015	31/01/2023
Zero Priced Share Option Bonus	2	2	31/01/2013	1	30/01/2016	31/01/2023
Zero Priced Share Option Bonus	4	4	01/01/2014	1	01/01/2016	01/01/2024
Zero Priced Share Option Bonus	32	32	01/01/2014	1	01/01/2017	01/01/2024
Zero Priced Share Option Bonus	3	3	28/01/2015	1	28/01/2017	28/01/2025
Zero Priced Share Option Bonus	24	24	28/01/2015	1	28/01/2018	28/01/2025
Zero Priced Share Option Bonus	231	231	19/12/2018	1	19/12/2021	19/12/2028
Zero Priced Share Option Bonus	171	171	19/12/2018	1	19/12/2021	19/12/2028
Long-Term Incentive Plan Options	510	510	20/01/2020	1	20/01/2023	20/01/2030
Long-Term Incentive Plan Options	194	194	20/01/2020	1	20/01/2023	20/01/2030
Long-Term Incentive Plan Options	129	-	01/12/2020	1	01/12/2023	01/12/2030
Long-Term Incentive Plan Options	90	-	01/12/2020	1	01/12/2023	01/12/2030
Long-Term Incentive Plan Options	63	-	01/12/2020	1	01/12/2023	01/12/2030
Total	1,456	1,176				

During the year, the Group granted share options under the Long-Term Incentive Plan for executive directors and senior management. The share options were granted on 1 December 2020 to members of staff to be held over a three-year vesting period and are subject to a cumulative continuing underlying PBT performance condition. All share options have a life of 10 years from grant date and are equity settled on exercise.

The movement in share options is shown below:

	2021			2020		
	Number '000s	Weighted average exercise price (pence)	Weighted average share price (pence)	Number '000s	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	1,176	74.6	-	883	13.1	-
Granted	1,106	1.0	-	704	1.0	-
Forfeited/ lapsed	(826)	1.3	-	(406)	27.3	-
Exercised	-	-	-	(5)	1.0	116.7
Outstanding at 31 July	1,456	1.2		1,176	74.6	
Exercisable at 31 July	69	1.0		69	1.0	

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

Exercise Date	2021			2020		
	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)
19/12/2021	5	402	1.0	17	402	1.0
20/01/2023	18	703	1.0	30	704	1.0
01/12/2023	28	219	2.4	-	-	-
31/01/2024	30	60	-	-	-	-
Total		1,384			1,106	

In addition to the share option schemes the Group operated a Share Incentive Plan (SIP), which is an HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost. During the year the Company purchased 73,190 shares (2020: 124,912) under this scheme.

The Group's Share Incentive Plan is held by an Employee Benefit Trust (EBT) for tax purposes. The EBT buys shares with funds from the Group and any shares held by the EBT are distributed to employees once vesting conditions are satisfied. The Group has control over the EBT and therefore it has been consolidated at 31 July 2021 and 31 July 2020. During the year, a new EBT was set up as the branch of Gattaca plc and Apex Financial Services Limited was pointed as the Trustee and the administrator to this new EBT.

As at 31 July 2021, excess funds of £28,000 (2020: £70,000) was held by the EBT, which has been included in cash and cash equivalents.

The following expenses or credits were recognised in the income statement in relation to share-based payment transactions:

Group	2021 £'000	2020 £'000
Zero Priced Share Option Bonus	-	(62)
Long-Term Incentive Plan Options	133	2
Share Incentive Plan	138	137
Total	271	77

Notes Forming Part of the Financial Statements continued

23 Share Capital continued

The key assumptions used in the calculation of fair value per awards are as follows:

Date of grant		Share price on the date of grant (£)	Exercise price (£)	Volatility (%)	Vesting period (yrs)	Dividend yield (%)	Risk free rate of interest (%)	Fair value (£)
09/09/2016	SIP	3.87	0.01	N/A	3.00	N/A	N/A	3.87
07/10/2016	SIP	3.57	0.01	N/A	3.00	N/A	N/A	3.57
08/11/2016	SIP	3.16	0.01	N/A	3.00	N/A	N/A	3.16
07/12/2016	SIP	2.95	0.01	N/A	3.00	N/A	N/A	2.95
16/01/2017	SIP	2.98	0.01	N/A	3.00	N/A	N/A	2.98
31/01/2017	Zero Priced Share Option Bonus	2.92	0.01	31.6%	3.00	7.9%	0.3%	1.27
31/01/2017	Zero Priced Share Option Bonus	2.92	0.01	31.6%	3.00	7.9%	0.3%	1.51
31/01/2017	Zero Priced Share Option Bonus	2.90	0.01	31.6%	3.00	7.9%	0.3%	1.23
31/01/2017	Zero Priced Share Option Bonus	2.90	0.01	31.6%	3.00	7.9%	0.3%	1.49
31/01/2017	Long Term Incentive Plan Options	2.90	0.72	31.6%	3.00	7.9%	0.3%	0.86
03/02/2017	Long Term Incentive Plan Options	2.90	1.45	31.6%	3.00	7.9%	0.3%	0.66
07/02/2017	SIP	2.94	0.01	N/A	3.00	N/A	N/A	2.94
07/03/2017	SIP	2.94	0.01	N/A	3.00	N/A	N/A	2.94
07/04/2017	SIP	3.10	0.01	N/A	3.00	N/A	N/A	3.10
09/05/2017	SIP	3.18	0.01	N/A	3.00	N/A	N/A	3.18
07/06/2017	SIP	3.28	0.01	N/A	3.00	N/A	N/A	3.28
07/07/2017	SIP	3.09	0.01	N/A	3.00	N/A	N/A	3.09
07/08/2017	SIP	2.87	0.01	N/A	3.00	N/A	N/A	2.87
08/09/2017	SIP	2.99	0.01	N/A	3.00	N/A	N/A	2.99
09/10/2017	SIP	3.10	0.01	N/A	3.00	N/A	N/A	3.10
08/11/2017	SIP	3.12	0.01	N/A	3.00	N/A	N/A	3.12
08/12/2017	SIP	3.05	0.01	N/A	3.00	N/A	N/A	3.05
09/01/2018	SIP	3.00	0.01	N/A	3.00	N/A	N/A	3.00
08/02/2018	SIP	2.63	0.01	N/A	3.00	N/A	N/A	2.63
08/03/2018	SIP	2.31	0.01	N/A	3.00	N/A	N/A	2.31
12/04/2018	SIP	1.84	0.01	N/A	3.00	N/A	N/A	1.84
09/05/2018	SIP	1.40	0.01	N/A	3.00	N/A	N/A	1.40
08/06/2018	SIP	1.58	0.01	N/A	3.00	N/A	N/A	1.58
09/07/2018	SIP	1.25	0.01	N/A	3.00	N/A	N/A	1.25
08/08/2018	SIP	1.50	0.01	N/A	3.00	N/A	N/A	1.50
10/09/2018	SIP	1.40	0.01	N/A	3.00	N/A	N/A	1.40
08/10/2018	SIP	1.30	0.01	N/A	3.00	N/A	N/A	1.30
08/11/2018	SIP	1.41	0.01	N/A	3.00	N/A	N/A	1.41
10/12/2018	SIP	1.14	0.01	N/A	3.00	N/A	N/A	1.14
19/12/2018	Zero Priced Share Option Bonus	1.07	0.01	N/A	3.00	0.0%	N/A	1.08
19/12/2018	Zero Priced Share Option Bonus	1.07	0.01	44.9%	3.00	0.0%	0.7%	0.73
09/01/2019	SIP	1.13	0.01	N/A	3.00	N/A	N/A	1.13
08/02/2019	SIP	1.17	0.01	N/A	3.00	N/A	N/A	1.17
11/03/2019	SIP	1.18	0.01	N/A	3.00	N/A	N/A	1.18
08/04/2019	SIP	1.39	0.01	N/A	3.00	N/A	N/A	1.39
09/05/2019	SIP	1.58	0.01	N/A	3.00	N/A	N/A	1.58
10/06/2019	SIP	1.53	0.01	N/A	3.00	N/A	N/A	1.53
08/07/2019	SIP	1.43	0.01	N/A	3.00	N/A	N/A	1.43
07/08/2019	SIP	1.44	0.01	N/A	3.00	N/A	N/A	1.44
09/09/2019	SIP	1.28	0.01	N/A	3.00	N/A	N/A	1.28
08/10/2019	SIP	1.32	0.01	N/A	3.00	N/A	N/A	1.32

Date of grant		Share price on the date of grant (£)	Exercise price (£)	Volatility (%)	Vesting period (yrs)	Dividend yield (%)	Risk free rate of interest (%)	Fair value (£)
08/11/2019	SIP	1.18	0.01	N/A	3.00	N/A	N/A	1.18
09/12/2019	SIP	1.10	0.01	N/A	3.00	N/A	N/A	1.10
10/01/2020	SIP	1.29	0.01	N/A	3.00	N/A	N/A	1.29
10/02/2020	SIP	0.82	0.01	N/A	3.00	N/A	N/A	0.82
09/03/2020	SIP	0.76	0.01	N/A	3.00	N/A	N/A	0.76
09/04/2020	SIP	0.39	0.01	N/A	3.00	N/A	N/A	0.39
11/05/2020	SIP	0.44	0.01	N/A	3.00	N/A	N/A	0.44
08/06/2020	SIP	0.45	0.01	N/A	3.00	N/A	N/A	0.45
10/07/2020	SIP	0.45	0.01	N/A	3.00	N/A	N/A	0.45
20/01/2020	Long Term Incentive Plan Options	1.24	0.01	N/A	3.00	N/A	N/A	1.13
20/01/2020	Long Term Incentive Plan Options	1.24	0.01	N/A	3.00	N/A	N/A	1.13
14/08/2020	SIP	0.54	0.01	N/A	3.00	N/A	N/A	0.54
08/09/2020	SIP	0.58	0.01	N/A	3.00	N/A	N/A	0.58
08/10/2020	SIP	0.54	0.01	N/A	3.00	N/A	N/A	0.54
10/11/2020	SIP	0.60	0.01	N/A	3.00	N/A	N/A	0.60
08/12/2020	SIP	0.82	0.01	N/A	3.00	N/A	N/A	0.82
11/01/2021	SIP	0.82	0.01	N/A	3.00	N/A	N/A	0.82
12/02/2021	SIP	0.86	0.01	N/A	3.00	N/A	N/A	0.86
08/03/2021	SIP	1.15	0.01	N/A	3.00	N/A	N/A	1.15
12/04/2021	SIP	1.50	0.01	N/A	3.00	N/A	N/A	1.50
11/05/2021	SIP	1.49	0.01	N/A	3.00	N/A	N/A	1.49
08/06/2021	SIP	2.24	0.01	N/A	3.00	N/A	N/A	2.24
07/07/2021	SIP	2.64	0.01	N/A	3.00	N/A	N/A	2.64
01/12/2020	Long Term Incentive Plan Options	0.84	0.01	N/A	3.00	N/A	N/A	0.84
01/12/2020	Long Term Incentive Plan Options	0.79	0.01	N/A	3.00	N/A	N/A	2.32

For Zero Priced Share Option Bonus grants in 2020 that are subject to an Earnings per Share (EPS) growth vesting condition, a Binomial model was used for valuation.

Prior to the 2018 award, the volatility of the Company's share price on each date of grant was calculated as the average of the annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over five years back from the date of grant, where applicable. For 2018 onwards, the volatility of the Company's share price on date of grant was calculated using the historical daily share price of the Company over a term commensurate with the expected life of the award. For all awards the risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option.

24 Transactions with Directors and Related Parties

During the year the Group made no sales (2020: £16,000) to InHealth Group Ltd and made no purchases (2020: £7,400) from Preventicum UK Limited which were related parties by virtue of the common directorship of Richard Bradford (resigned as a director of Gattaca plc on 8 December 2020). During the year the Group made no sales (2020: £87,000) to Tricoya Technologies Limited, a subsidiary of Accsys Technologies Plc, which were considered as a related party transaction by virtue of common directorship of Patrick Shanley (resigned as a director of Accsys Technologies Plc on 18 September 2020). As at the year end 31 July 2021 and 31 July 2020, there were no balances outstanding for any transactions for InHealth Group Ltd, Preventicum UK Limited or Tricoya Technologies Limited. Group policy is for all transactions with related parties to be made on an arm's length basis and no guarantees have been given to, or received from, related parties.

There were no other related party transactions with entities outside of the Group.

During the year Matchtech Group (UK) Limited charged Gattaca plc £525,000 (2020: £467,000) for provision of management services. Further details of transactions with directors are included in the director's Remuneration Report on pages 73 to 80.

The remuneration of key management is disclosed in Note 5.

Notes Forming Part of the Financial Statements continued

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
2021					
Revolving credit facility	-	-	-	-	-
Invoice financing working capital facility	9,382	-	-	-	9,382
Lease liabilities	1,494	1,192	2,438	651	5,775
Trade payables	40,490	-	-	-	40,490
Total	51,366	1,192	2,438	651	55,647

2020

Revolving credit facility	5,117	88	2,515	-	7,720
Invoice financing working capital facility	170	-	-	-	170
Lease liabilities	1,990	5,746	-	-	7,736
Trade payables	25,922	-	-	-	25,922
Total	33,199	5,834	2,515	-	41,548

Company	0 to <1 years £'000	1 to <2 years £'000	2 to <5 years £'000	5 years and over £'000	Contractual cash flows £'000
2021					
Revolving credit facility	-	-	-	-	-
Total	-	-	-	-	-

2020

Revolving credit facility	5,117	88	2,515	-	7,720
Total	5,117	88	2,515	-	7,720

Interest rate sensitivity

The directors have calculated that the effect on profit of a 100 basis point increase in interest rates would be an expense of £782,000 (2020: expense of £402,000).

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		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Expiring in one to five years	24,163	23,715	-	-

The directors believe that the carrying value of borrowings approximates to their fair value.

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 debt and trading results on a monthly basis, looking forward to at least the next 12 months. At 31 July 2021, the Group had agreed banking facilities with HSBC totalling £75m (31 July 2020: £82.5m) comprised solely of a £75m invoice financing working capital facility (31 July 2020: £75m invoice financing working capital facility and a £7.5m revolving credit facility). The available financing facilities in place are sufficient to meet the Group's forecast cash flows.

Foreign Currency Risk

The Group's main foreign currency risk is the short-term risk associated with the trade debtors 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.

Net foreign currency monetary assets are shown below:

	Group	
	2021 £'000	2020 £'000
US Dollar	6,436	6,155
Euro	5,224	4,070

The effect of a 25 percent strengthening of the Euro and US Dollar against sterling at the financial position date on the Euro and US Dollar denominated trade and other receivables and payables carried at that date would, all other variables held constant, have resulted in a net increase in pre-tax profit for the year and increase of net assets of £3,397,000 (2020: £2,635,000). A 25 percent weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and reduced net assets by £2,352,000 (2020: £1,734,000).

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 on the face of 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	
	2021 £'000	2020 £'000
Total equity	40,863	39,772
Cash and cash equivalents	(29,238)	(34,796)
Capital	11,625	4,976
Total equity	40,863	39,772
Borrowings	9,348	7,455
Lease liabilities	5,761	7,736
Overall financing	55,972	54,963
Capital to overall financing ratio	21%	9%

Notes Forming Part of the Financial Statements continued

27 Net Debt and Adjusted Net Debt

Net debt is the total amount of cash and cash equivalents less interest-bearing loans and borrowings, including finance lease liabilities. The table below provides the required reconciliation evaluating the changes in liabilities arising from financing activities.

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

A reconciliation to adjusted net debt, which excludes lease liabilities and is the Group's preferred net debt measure is also shown below.

	1 August 2020 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2021 £'000
2021				
Cash and cash equivalents	34,796	(5,558)	-	29,238
Interest-bearing term loan	(7,500)	7,500	-	-
Working capital facilities	(151)	(9,197)	-	(9,348)
Lease liabilities	(7,736)	2,511	(536)	(5,761)
Total net cash	19,409	(4,744)	(536)	14,129
Capitalised finance costs	196	-	(196)	-
Total net cash after capitalised finance costs	19,605	(4,744)	(732)	14,129
Excluding lease liabilities	7,736	(2,511)	536	5,761
Adjusted total net cash excluding lease liabilities	27,341	(7,255)	(196)	19,890

	1 August 2019 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2020 £'000
2020				
Cash and cash equivalents	19,173	15,623	-	34,796
Interest-bearing term loan	(15,000)	7,500	-	(7,500)
Working capital facilities	(29,119)	28,968	-	(151)
Lease liabilities	(10,624)	2,201	687	(7,736)
Total net (debt)/cash	(35,570)	54,292	687	19,409
Capitalised finance costs	124	223	(151)	196
Total net (debt)/cash after capitalised finance costs	(35,446)	54,515	536	19,605
Excluding lease liabilities	10,624	(2,201)	(687)	7,736
Adjusted total net (debt)/cash excluding lease liabilities	(24,822)	52,314	(151)	27,341

28 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in 2021 have incurred £29,000 (2020: £1.4m) 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.

29 Dividends

	2021 £'000	2020 £'000
Equity dividends proposed after the year end (not recognised as a liability) at 1.5 pence per share (2020: nil pence)	484	-

The Group declared a dividend of 1.5 pence per share on 4 November 2021.

30 Events After the Reporting Date

The Group has not identified any subsequent events.





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