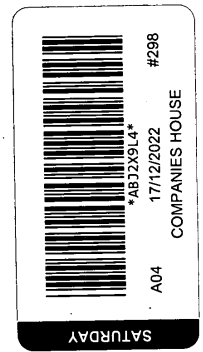




Fulfilling
potential,
through
people

Gattaca plc
Annual Report and Accounts 2022



Sally Spicer
Head of Engagement,
ED&I and Talent

Mollie Ashworth
Associate Account Manager

Building a **better future, one job** at a time

Our vision is to be the STEM talent partner of choice.

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Strategic Highlights

- In 2022 we appointed a new CEO and CFO from internal candidates, Matt Wragg and Oliver Whittaker. They have developed our four strategic priorities and are addressing culture challenges within the business, including delayering the reporting lines within the Group.
- After resource reductions through the COVID-19 pandemic, we have rebuilt our teams, ensuring we have the right skills, experience and diversity to deliver our collective goals, including appointing Grahame Carter as Chief Sales Officer, Paul King as Chief Operating Officer and Sally Spicer as Head of Engagement, ED&I and Talent.
- Our Group-wide systems changes, that went live towards the end of FY2021, have been embedded and are now contributing to increased understanding of our performance and enabling us to identify where we can deliver further efficiencies.

Financial Highlights

Revenue from continuing operations

£403.3m

(2021: £415.7m)

2022	£403.3m
2021	£415.7m

Continuing underlying profit before tax¹

£0.3m

(2021: £1.8m restated¹)

2022	£0.3m
2021	£1.8m

Continuing underlying earnings per share²

0.3p

(2021: 5.3p restated¹)

2022	0.3p
2021	5.3p

Net fee income² ('NFI') from continuing operations

£44.1m

(2021: £42.1m)

2022	£44.1m
2021	£42.1m

Basic (loss) per share

(14.5)p

(2021: (1.4)p restated¹)

2022	(14.5)p
2021	(1.4)p

Net cash

£12.3m

(2021: £14.1m)

2022	£12.3m
2021	£14.1m

(Loss)/profit before tax from continuing operations

£(4.8)m

(2021: £0.8m restated¹)

2022	£(4.8)m
2021	£0.8m

Mike Carter
Team Leader,
Highways & Transport
- Infrastructure

¹ 2021 figures have been restated for the presentation of operations discontinued in 2021 as explained in Note 11 of the consolidated financial statements and the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, as explained in Note 1.25 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 tangible assets, impairment of plant, property and equipment and right-of-use assets and foreign exchange differences.

At a Glance

A wealth of expertise

Who we are We solve workforce challenges through specialised skills recruitment, managed solutions and statement of project delivery. Our vision is to be **the** STEM talent partner of choice.

540
PEOPLE

5
LOCATIONS

7
OFFICES

What we do

Statement of Work ('SOW') Services

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



Frankie Robinson
Recruitment Business Partner
- Defence & Security

Technical Recruitment Services

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

Matchtech
Networkers
Barclaymeade
Alderwood
Resourcing Solutions

Workforce Solutions

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



At a Glance continued

What is STEM and why is it so important?

STEM is the combination of academic studies in Science, Technology, Engineering and Maths; education, skills and careers in these fields are essential components for the innovation that will drive the sustained growth of the global economy in years to come. Being STEM focused helps us deliver on our Purpose to provide the skills to build a better future – one job at a time.



It is fantastic to see our STEM candidates that we provide tackle some of the key engineering and technology challenges that our clients face on day to day basis"

Laura Bennett
Director of Skills Fulfilment

Skills we recruit

Engineering

- Electrical, Mechanical & Civil Design
- Software
- Build & Commissioning
- Concept Design
- Manufacturing & Assembly
- Installation
- Test & Development
- Project & Programme Management
- Quality, H&S & Environment
- Construction, Site, and Trackside

Technology

- Cloud & Support Infrastructure
- AI
- Data scientists & analysts
- Fibre/Telecommunications
- Project Management & Business Change
- Cyber Security
- ERP

Professional

- Sales & Marketing
- Finance & Accounting
- HR
- Procurement & Supply Chain
- Training & Instruction
- Assessment

At a Glance continued



Overview



Strategic Report



Corporate Governance



Financial Statements

Our Sectors

INFRASTRUCTURE

DEFENCE

MOBILITY

TECHNOLOGY, MEDIA
AND TELECOMS (TMT)

ENERGY

PUBLIC SECTOR AND RETAIL,
MANUFACTURING AND LIFE SCIENCES
AND OTHER

INTERNATIONAL

Group continuing NFI
split by sector



Infrastructure	£13.6m	31%
Other	£8.4m	19%
Defence	£6.7m	15%
Mobility	£4.6m	10%
TMT	£4.2m	10%
Energy	£3.8m	9%
International	£2.8m	6%

NFI type
split



Contract ¹	£31.3m	71%
Permanent	£12.8m	29%

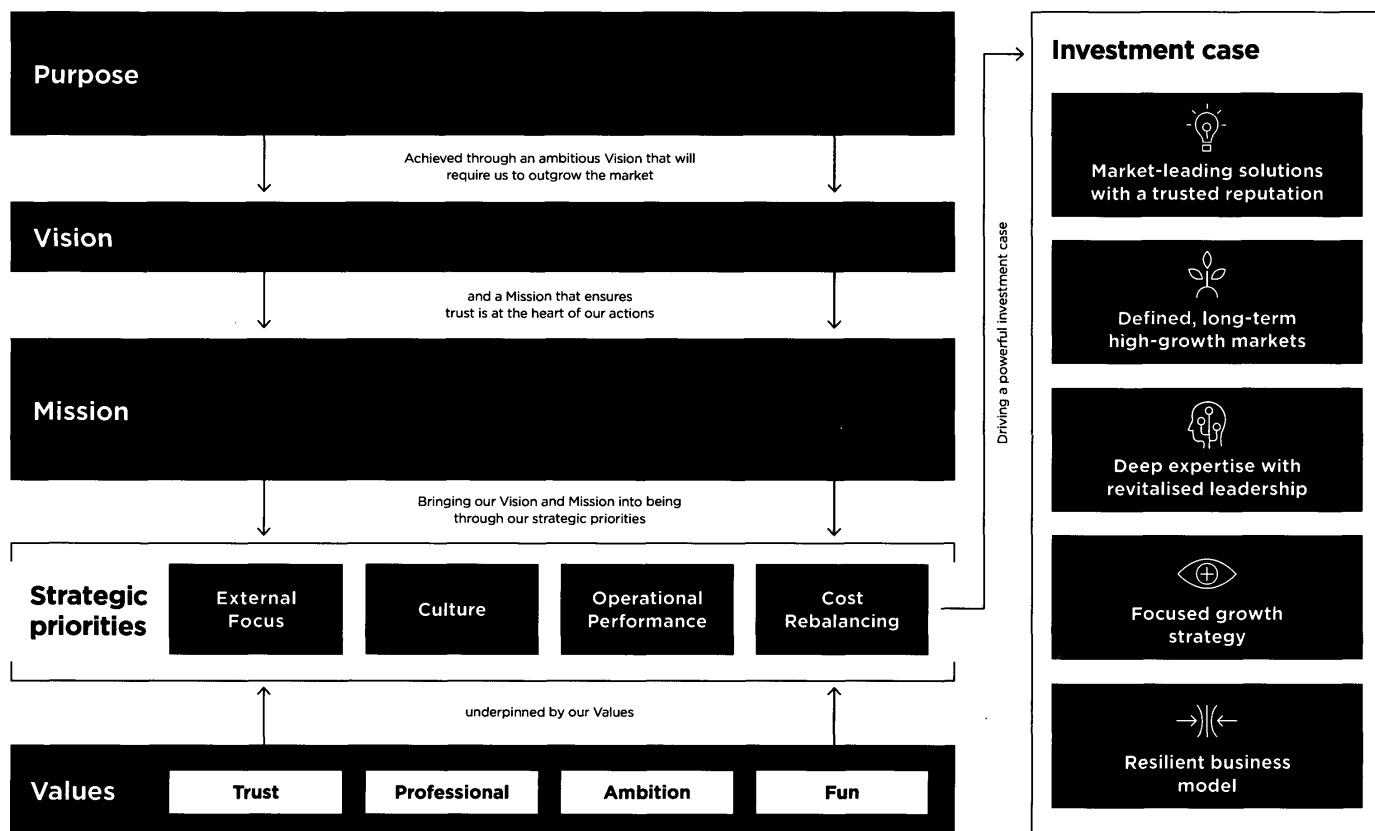
Group continuing NFI
by location



UK	£41.3m	94%
EMEA	£0.3m	1%
Americas	£2.5m	5%

¹ Contract NFI includes Statement of Work projects, which are delivered through provision of contract labour.

Our Purpose-Driven Approach



Our Values

Embodying our Values



One of my core beliefs in business is that a great culture with great people trumps absolutely everything."

Matt Wragg
Chief Executive Officer

We never wanted our Values to become 'just words on a wall'.

We knew that for them to truly define our business, we needed to translate them into the daily behaviours and principles that we all live and breathe. They need to be embedded in our organisation's DNA.

That's why we've broken down each of our four Values of Trust, Professional, Ambition & Fun into three 'Principles', and a series of 'Champion & Challenge' behaviours. These make it clear how we should all embody our values - from the boardroom to the newest of colleagues. Everyone at Gattaca - whatever their role, brand they work for, or location across the globe - can use this to translate our Values into action. They can use this to see the behaviours that will create, lead and embed a high performing, inclusive and collaborative culture, where everyone has the opportunity to reach their potential.

Claire Cross
Chief People Officer

Our Values continued



Trust

We do the right thing, honour our commitments and deliver on our promises.

Principles:

We only make promises we can keep

We are proud of our intentions

We are brave enough to tell the truth, and kind enough to do it in the right way



Professional

We are proud of our reputation and maintain high standards internally and externally.

Principles:

We do the right thing, even when no one is watching

We're inch-wide and mile-deep with our expertise

We never stop asking if there is a better way



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.

Principles:

We're responsible for our own growth story

We never fail – we either win or learn

We can do anything, but not everything



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 and treated with respect.

Principles:

We enjoy the journey not just the destination

We show up for each other through the highs and lows

We create environments where everyone can be themselves

Chair's Statement

Well-placed with a **robust**
platform for the **future**



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

Patrick Shanley
Non-Executive Chair

The financial year certainly did not turn out as we had expected. Whilst the pandemic had a small carryover effect in the first half of the year, there was a recovery in the market, mainly in permanent placements, which represents only 29% of our business. Our expected growth within the contract placement market failed to materialise. Whilst the market demand was there, the combination of major client losses, increased focus on permanent recruitment and the business adapting to new systems and operating model meant we didn't capture the market opportunity.

GROUP CONTINUING NFI

£44.1m

(2021: £42.1m)

We have continued to invest in our technology and our sales people and we are confident we can move forward with these building blocks in place.

It also became apparent during the year that to move forward with pace, agility and confidence we needed to accelerate the planned change in leadership, given the scale of further improvement required in the business. It was therefore agreed that Kevin Freeguard would retire from the Board on 1 April 2022 and be replaced by Matt Wragg as Chief Executive Officer.

Matt brings with him a wealth of recruitment experience, knowledge of our business and has the support and commitment of both the Board and our Senior Leadership Team. Salar Farzad agreed to leave the business at the same time and stepped aside to allow Oliver Whitaker to take over as Chief Financial Officer. Oliver has been with the business since 2018 and has made a seamless transition into his new role. In December 2021, Ros Haith joined the Board as a Non-Executive Director.

Chair's Statement continued

Our previous Board review concluded that we would benefit from someone with a sales background; Ros has extensive experience in leading sales at several large organisations, with a strong focus in digital and technology.

Following the appointment of Matt Wragg as CEO there has been an internal reset within the business with more focus on the external environment, both the customer and the market. Equally, we have a renewed and reenergised team who have clear and aligned objectives and targets for everyone to deliver against. Our Values are being embedded: we are once again focused on our people and the initiative we undertook in 2021 on our Purpose, Vision, Mission and Values is at the bedrock of everything we do. Our priority within the business is on delivering to our clients and finding the best STEM talent to fulfil their needs. As we anticipated, we are in a 'candidate short' market where there are more talent opportunities than candidates; this is when we are at our best. We have every confidence that we have the right leadership team to encourage our people and deliver success through growth.

Overview

The market recovery in the first half of the year was in permanent placements whilst our contract markets were much slower to recover. We saw a 33% increase in permanent placements largely through contingency recruitment and also via our Recruitment Process Outsourcing (RPO) contracts. Towards the end of our financial year, we saw some improvement in our contractor sectors which bodes well for FY23. We lost a small number of Managed Service Provider (MSP) clients during the year which had some impact on NFI, less so at net profit level, and we have also seen a reversal of this trend in the early part of FY23 with several quality client wins. Our STEM markets are candidate driven and will continue to be so for the foreseeable future.

During the year, our new leadership team has been challenged with bedding in our new systems and adding a suite of packages which are now available as a result of the investment we undertook over the last five years. In the early part of our system implementation, we placed additional pressure on our sales and back-office teams which was a distraction when we should have

been focused on our customers. These early teething problems are now behind us and we are starting to see the benefits of our new systems, which is starting to reflect in higher productivity from our sales consultants. As with most businesses, we have seen an increase in people turnover. Our focus on culture has already begun to show a positive impact on attrition at the end of the year; we will continue to develop this going forward.

In the second half of the year, we have focused on addressing our cost base. Firstly, by streamlining the decision-making process with the removal of a management layer across the global sales business. We have broadened sales representation in our Senior Leadership Team, to allow for a wider understanding of key issues and higher clarity on agreed actions.

To optimise our property costs, we have reduced our footprint in the UK and US; at our head office we have reduced our buildings from three to one, achieved through hybrid working and a more effective use of space. Further work remains ongoing in relation to third party costs.

Our net cash position at the end of the year was £12.3m, a reduction from July 2021, when it was £14.1m, driven by final repayments of the temporary COVID VAT deferral of £5.6m offset by improved working capital management. The Group's DSO at the year end of 51.2 days was also slightly ahead of last year (51.6 days) and substantially below the January 2022 reported DSO of 61.7 days. This reduction was the result of resolving a major customer dispute and new system implementation issues that had impacted billing cycles.

As at 31 July 2022, the Group had a working capital facility of £60million, reduced from £75million in the year.

Chair's Statement continued

Dividend

Our long-standing objective has been to achieve a through-the-cycle dividend pay-out of approximately 50% of profits after tax. Last year, the Board felt comfortable reinstating the dividend and felt that 1.5p per share was a reasonable first step towards our objective. However, as a result of the loss for the year, the Board decided not to propose a dividend. The Board remains committed to paying dividends when the Group returns to sustainable levels of profitability.

Diversity and inclusion

This year we continued to address the gender balance on the Board. With the appointment of Ros we now have nearly 30% representation. As a Group, we remain committed to becoming a more diverse organisation; as part of this, we continue to work towards our previously set targets of a 40% management gender balance by 2024 and 50% by 2026. Aligned to our focus on equity, diversity and inclusions, we are developing our strategy to support all forms of diversity.

We have promoted diversity training throughout the year, having engaged several external partners to help with fostering a wider understanding throughout the organisation. We have launched our Limitless programme aimed at tackling the gender imbalance across our business, set up communities for LGBTQ+ colleagues and are looking externally to see how we can support our clients in their endeavours in this area.

Outlook

There is no doubt that Gattaca is well positioned to reap the demand for STEM talent and, whilst there may be macroeconomic headwinds ahead, we do not believe they will have a significant impact on our business model. What is clear is that we are a people business; we will only be successful if we can harness the potential of our talented people and truly embed our Values of Trust, Professionalism, Ambition and Fun in everything we do. Whilst we have achieved many positive things over the years, we are conscious that in recent years, execution has been our Achilles heel; with our new leadership in place, we have started to tackle this.

We continue to believe that our key STEM markets will remain short of candidates which bodes well for our inch-wide, mile-deep knowledge. As the economy softens we should see a better balance between demand and skills available but do not expect to be faced with an abundance of candidates. We believe that large infrastructure and defence projects will continue under existing government policies; however, in the UK, spend is likely to be slower to materialise due to economic headwinds and therefore the next six months will remain relatively flat. We are confident that the changes we have made in the business leave us better placed for the future.

Patrick Shanley
Non-Executive Chair

2 November 2022

Welcoming New Leadership

CEO & CFO Q&A looking ahead

Matt Wragg
Chief Executive
Officer

Oliver Whittaker
Chief Financial
Officer

As **Matt Wragg** and **Oliver Whittaker** stepped into their new roles of CEO and CFO respectively this year, we wanted to share with you their thoughts about the changes to the business in the year, their focus priorities going forward and what they see in Gattaca's future.

Q:
What excites you most
about your new roles?

Matt:

I've had an exciting and rewarding career in the industry and at Gattaca. I am now in the position to make sure we continue to do great things for our clients, provide amazing jobs for our candidates and exciting opportunities for our people.

Oliver:

I am really excited by the fantastic potential of our business. We have lots of dedicated and talented people with a deep knowledge of their areas of expertise. I am excited about the opportunities that, together, we can offer our clients and work to bring Gattaca back to consistent year on year growth.

Q:
What have you focused on during
your first six months?
What have been the key learnings?

Matt:

Culture, culture, culture. We operate in the right sectors, we have the right services which our clients want and need, we focus on a niche talent that is in demand and we have great people. With this being a solid foundation, we are now working on creating the right culture and environment for our people to capitalise on these opportunities and enjoy the process. Our Values and the day-to-day behaviours we want to see are all focused on building trust, embodying professionalism, being ambitious, and having fun. This will be a key driver to accelerate our success.

Oliver:

We have focused first on the culture within the organisation. I have learnt how much our people want to see us, talk to us and understand what's happening. It has been really fun, as well as insightful, getting out and spending time with people.

Welcoming New Leadership continued

Q:
Matt, did you imagine becoming CEO one day when you joined Gattaca two decades ago?

Matt:
Probably like every 20-something-year-old, with low knowledge and high ambition, I did and wanted it in 20 weeks rather than 20 years! I have had the pleasure of working directly with the last three CEOs and over that time have certainly developed the ambition to take on this role. I hope that along with the support of our very talented people, my extensive knowledge of the industry and our sectors will mean our business will be as successful as we possibly can be. We can now build on our ability to provide our clients with a competitive advantage and our candidates with amazing career opportunities.

Q:
Oliver, how has Gattaca evolved over your five years with the Group?

Oliver:
There has been a huge evolution during my time at Gattaca. When I joined there were still three very distinct businesses operating in Matchtech, Networkers and Resourcing Solutions. The integration of those three businesses was a huge piece of work and included some difficult and necessary decisions around the international operations.

We went through a really challenging system implementation that concluded last year, and can now see the benefits coming through via better visibility of data, improved compliance, and the ability to bolt on additional market-leading technology to improve our processes.

Additionally, a substantial net debt position five years ago has been transformed into net cash providing a far more stable financial position today to grow from.

Q:
How closely did you work together in your previous roles as Chief Customer Officer and Group Director of Financial Planning?

Matt:
Oliver and I have built a good working relationship over the past few years, collectively working on the Group's strategic direction, assessing the market opportunity and looking at how our internal capabilities could be improved. I'm a huge believer that the CEO and CFO roles need to work really well together. We have mutual respect and we support and challenge each other. I have really appreciated how Oliver has stepped up into his new role and I am very optimistic of what the strength of our relationship and our collective capability can do to help grow this business to be as amazing as we know it can be and to bring value to our stakeholders.

Oliver:
Matt and I have worked closely together on a number of operational and strategic priorities over the last few years. I also believe that the CEO and CFO need to work very closely together, supporting each other across all the business areas, whilst owning their specific areas of responsibility.

Welcoming New Leadership continued

Q:
What key insights from your previous roles will you bring to your new roles as CEO and CFO?

Matt:
I've worked with and around every single area of the Group, I know our sales and support teams personally, I have been responsible for developing our service lines, creating and communicating our strategy and leading the client acquisition teams for many major clients over the years. I will continue working in all aspects of these roles to varying degrees as I believe they are key to remaining a well-integrated and informed CEO.

We've grown this business over nearly four decades by prioritising our people and by partnering with our customers. I am very keen to bring the customer engagement and insight aspect to our internal thinking in every area of the business.

Oliver:
In my previous role I was involved in all aspects of the business, understanding performance and the data that drives our business. That allowed me to really get to know all of our sales and support teams, their performance and the challenges they face.

My previous experience outside of Gattaca is varied across different sized businesses and industries. Prior to Gattaca I was UK Finance Director at Fitness First, a company that came through challenging times to deliver a successful turnaround back to growth. What I learned about the importance of the team and the cultural transformation that business went through, provide some parallels for me when reflecting on the road ahead.

Q:
What are your top priorities for FY23 and beyond?

Matt:
Delivering on our commitments. We will do that through culture, customer care and consistency. On top of that, I want to continue 'joining the dots' internally whilst getting out and building relationships with both existing and new customers.

Oliver:
It is crucial that we deliver on our promises. My priorities for FY23 are around simplifying our business processes, policies and procedures as well as the legacy corporate structure and overhangs from past acquisitions. We have invested in new IT infrastructure; now we must realise the benefits from that investment.

Living our culture is key to ensuring that we all work in a collaborative and supportive way to achieve our collective goals.

Chief Executive's Statement

Ongoing focus on improvement



This year, Gattaca continued its journey towards a return to growth; there is a marked and positive change in the culture and atmosphere of the business and early signs of performance improvement.”

Matt Wragg
Chief Executive Officer

GROUP CONTINUING UNDERLYING PBT

£0.3m

(2021: £1.8m restated)

Key Highlights

- We have aligned our four strategic priorities to our sales growth targets
- We have taken steps towards a fundamental shift in our culture, with increased focus on embodying our Values, working to reduce attrition and supporting our ED&I goals
- Substantially increased the regularity and authenticity of our internal communications

Overview

This year has been one of substantial change for Gattaca. Just over a year ago we announced our Purpose, Vision, Mission and Values as the bedrock of our identity, our future direction and the culture we wanted to create. It is the work that has taken place over the past year to create alignment with these principles that has started to transform the business. Today, with a new leadership structure, a more engaged workforce and early signs of more consistent and improved performance, we are in a much stronger position than 12 months ago.

These changes came against the backdrop of three challenging years: our operating model and infrastructure, key legislation, financial structures and systems all saw significant upheaval,

combined with the macro-economic uncertainty from the COVID-19 pandemic and a fundamental change in global working models to remote and hybrid working.

One of the things that I am most aware of after my first seven months as CEO, is that it feels like a new chapter – there is a marked improvement in the atmosphere and culture of the business, and we have achieved some positive client wins. Our key challenge now will be to convert this momentum into consistent growth and deliver the performance we know we are capable of over a sustained period.

I would like to thank the Board for their belief and backing in me and my leadership team to steer the business through our new chapter, building on the work that has been done.

Chief Executive's Statement continued

Performance

Whilst we saw positive signs of improvement in the second half of the year, overall performance in FY22 was below our expectations at the outset of the year.

Although we could see the scale of the external opportunity as the recruitment markets recovered strongly in the wake of COVID-19, we overestimated the operational capability of the business to capitalise on this. We also underestimated the continued impact of the necessary business and operational changes we were making to build a stronger business.

Although external demand has been high, demand for contract lagged behind permanent recruitment, and the battle for talent resulting from the shortage of candidates within our niche STEM focus areas led to far higher offer-to-reject ratios. With new technology systems embedding, we also struggled to cope with the significant increase in headcount needed to service the demand and, like most recruitment companies, suffered from higher attrition among our own people than we had traditionally seen.

Over the year we saw a significant growth in our permanent recruitment business, with 18% growth year-on-year, driven to some extent by increased demand from our major Recruitment Process Outsourcing (RPO) contracts as we saw recovery out of the COVID-19 pandemic.

During the second half of the year, we delivered against our adjusted expectations for the full year results and began building positive momentum by winning our first opportunities of significant scale for a couple of years. We also began delivering consistent week-on-week growth across both permanent and contract recruitment. This was as a result of our focus on cultural transformation, system enhancement optimisation, reducing attrition and enabling our newly hired frontline sales people to be productive more quickly.

Strategy

At the outset of Q4 we announced four strategic priority areas to deliver performance:

- External Focus
- Culture
- Operational Performance
- Cost Rebalancing

I am confident that these continue to be the right strategic priorities to ensure Gattaca fulfil its fantastic potential and capitalise on its many great strengths. I am pleased to report we have made good strides in the last six months across all four areas and work continues.

External Focus

We are committed to being market driven and people-oriented.

We have fantastic insights, 'inch-wide, mile-deep' knowledge and understanding of our sectors and the niche STEM skills that they require. We appointed Grahame Carter, a long-standing member of the sales leadership team, as Chief Sales Officer, to work on driving client acquisition and growth across all our sectors and through the implementation of

new performance management processes, all our sales people have targets focused on client engagement and growth. With the business refocused externally, we remain confident that these fundamental strengths will drive us forward as we return to growth.

Businesses in all sectors today are in heavy competition for talent; for us to deliver for our clients we have had to increase the quality of our candidate experience. Fortunately, this has been a fundamental ingredient to our performance for over three decades and, as such, it has come naturally to our leadership and colleagues.

We have invested in sales training, leadership development and increased marketing and business development for our brands which will begin to generate returns in the year ahead.

Chief Executive's Statement continued

Culture

We have made huge strides in embedding our culture: engagement, collaboration and accountability are all up and attrition is improving. We've increased communication, visibility of leadership and focus on non-financial recognition across the business and we will see more of this over the months and years to come.

As a business that helps 'find people to work with people', diversity and inclusion is something I'm passionate about. As such, I'm really pleased that we have appointed Sally Spicer as our Head of Engagement, ED&I and Talent. Sally has been a high performer within our permanent recruitment sales business for a number of years. Among Sally's first achievements in her new role is the launch of our 'Limitless' programme aimed at tackling the gender imbalance within the Group and the set-up of LGBTQ+ communities for our people. Sally will develop our internal ED&I strategy, build external partnerships and support the business to take that expertise to market.

Operational Performance

We are continuing to refine our operational processes to improve the client and candidate journey. This will naturally see us rebalancing our cost base towards the skills, tooling and locations where we can benefit most.

We appointed Paul King, previously Head of our Solutions division, to Chief Operating Officer; his remit is to simplify our delivery and improve our productivity. In FY22, we embedded our technology systems, focusing on user training to embed behaviours and drive efficiencies. Alongside this, the integration of an enhanced candidate sourcing tool into our new technology platform has substantially increased the volume of candidates we can source through searches which is critical in a candidate-short market. Modern systems have naturally driven higher quality and more extensive data to better inform our decision-making. As an example, we took a strategic decision to exit a major but very low margin client in the year, enabling our people to be redirected to more profitable delivery.

Cost Rebalancing

Alongside investments in technology and people, we've managed to reduce costs in other key areas of the business, including those associated to leadership, property and third-party contracts. The savings generated from this cost rationalisation have been used to invest in further technology tools, marketing and colleague engagement projects and to fund a cost-of-living pay increase for our people who are currently living through a time of extreme pressure on living costs.

Outlook

Clearly the performance of the business during the year is not acceptable for a business with our capability, however I am pleased with the progress that we have made during the second half of the year. We have worked to transform the business through the building of our culture and becoming a winning team. Today, with a new leadership structure, a more engaged workforce and early signs of more consistent and improved performance, we are in a much stronger position as a business.

We are better set up for success than we were 12 months ago but remain conscious of the uncertain macro-economic environment and that we have much to do to get ourselves to the level we are aiming for. I am excited about the journey that we are all on and we have made a solid start.

Matt Wragg
Chief Executive Officer

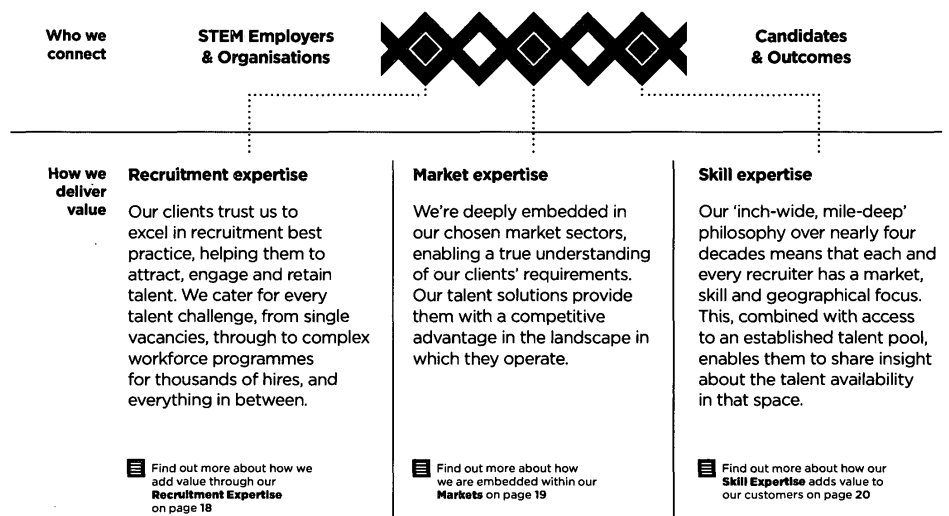
2 November 2022

Our Business Model

Using our expertise to connect STEM employers with talent & outcomes

We connect STEM employers with great talent through tailored offerings and expert consultancy, underpinned by subject matter expertise, robust systems and governance.

Simon Lees
Operations Manager,
Water, Environment
& Tech - Infrastructure



Business Model in Action

Adding value through recruitment expertise

Recruitment is a practice that every organisation engages in.

A business's ability to attract the right people, engage and onboard them throughout a recruitment process and then retain them is crucial to its long-term success. Many organisations struggle to create workforce strategies, plan for recruitment drives effectively, articulate their employer value proposition and ultimately fail to target the right pools of talent.

The insights and guidance our consultants share can enable our clients to do this more effectively. Our consultants advise our clients not only on the market conditions or the profiles of talent they are hiring, but on the process they should follow, the behaviours they need to demonstrate and the messaging they need to utilise.



I have found your proactive, positive approach and speed of response hugely beneficial. In what is obviously an extremely challenging market we have seen a steady flow of candidates that meet our needs and am in no doubt we would be in a much more difficult position if not for your efforts."

Client Hiring Manager

In action

A major defence contractor we work with was unable to hire the quantity and quality of niche technical skills they required in a very competitive and security restricted environment.

Our RPO solution was designed to create a marked difference in how recruitment was being managed. We needed to rapidly increase partnership and engagement with the hiring community. We used AI-powered sourcing and insight tech to share insightful data about how their competitors were managing the recruitment process and engaging the candidate community.

We obsessed about their candidate's journeys and every interaction. We personalised content, delivered practical interview training, improved response times and provided better insight to candidates about the organisation, opportunity and team they could join. We built and reinforced trust by delivering a higher quantity and quality of applicants through a digitally enabled process.

This solution has resulted in improved hiring results for the client with over 30 successful new recruits for our client placements in the last 12 months.

Paul King
Chief Operating
Officer

**Business Model
in Action**
continued

Growing our business through our market expertise



We specialise in sharing our inch-wide, mile-deep market knowledge with our clients and candidates, helping them build long-term successful relationships and grow their businesses and careers.”

Grahame Carter
Chief Sales Officer

Our market expertise enables us to join the dots within a wider industry context.

We bring together different people and ideas to collaborate and build trusted, long-term relationships, helping both ours and our clients' businesses grow as a result.

For our candidates, this means we offer them a comprehensive range of opportunities aligned to their skill sets. Our market expertise provides our clients with insight about the full talent pool in their market, enabling them to attract and retain the best, whether their business is big or small.

With people being so closely tied to our customers' ability to target, bid for, win, deliver and maintain projects, we frequently engage with our clients at a more strategic level.

We support their tenders for new frameworks or projects through the provision of market insights and resource-modelling, taking part in industry collaboration initiatives (such as the Midlands Highways Alliance) and engage with other talent providers to team-up on tackling hiring challenges.

In action

An international rail consultancy firm we work with needed support with a variety of talent and resourcing projects. We enabled our client to access to STEM talent expertise, globally. As well as sourcing and managing a 'virtual bench' of ready-to-go project resources for secondments, we provided market intelligence to help them scope out new territories, created tailor-made talent pools in UK & Ireland, Middle East and Africa, and designed, delivered and executed a talent acquisition event in North America.

We were also able to utilise our market expertise to enable the business growth and success of our client, by supporting their business development activities. As well as introducing our client to our network and helping 'join the dots' to encourage collaboration, we supported our client with nine tender opportunities, from start to finish.

Working together, we were able to fill 12 specialist technical roles for them to enable them to expand into Canada and in doing so, supporting them in their goal to win over £2.2m in new business and generate a greater pipeline of international rail projects.

**Business Model
in Action**
continued

Delivering for our customers using our **skills expertise**

Gattaca has proven its ability to deliver skill specialism for nearly 40 years through our simple yet effective 'inch-wide, mile-deep' philosophy.

We give every recruiter a market, skill and geographical focus. This, combined with access to an established talent pool, enables them to share insight about the talent availability in that space.

As a result, we not only find the talent our customers need in that present moment but we are able to go beyond this and help them understand what skills their business really needs in the medium and long term and advise them on which approach to take. With people being a key enabler for our clients success, we have provided businesses with the insight on available talent, giving them the information to make key business decisions.

In particular our market and skills insights have enabled us to advise clients on the optimum locations for hiring talent based on availability, affordability and competition for talent.

In action

One of our clients was encountering challenges when trying to hire a substantial number of systems engineers in the wider London area.

We were able to advise that a high degree of market saturation, due to local competition and restricted talent pools, meant a more creative approach was required to meet their resource demands. We shared our deep knowledge of the UK talent pool and used aggregated data sources and skills heat mapping to pinpoint an alternative location to build a team.

This contributed to their decision to build their team of engineers in Bristol instead of London, tapping in to a different geography where the required skills were present in the volumes needed. This resulted in rapid progress to secure the high quality talent they needed, enabling them to better deliver on their projects now and in the future.



Understanding the critical skills our clients need to succeed, and the candidate pools we engage with who have those specialist skills, is pivotal to us matching these two groups together effectively to build great careers and partnerships."

Mark Wilkie
Head of Fulfilment

Our Strategy

Focusing our efforts on four priority areas to fulfil our potential

We have identified four strategic priority areas to ensure the continued evolution of the Group's strategy. With these focus areas in mind, there is a real opportunity to build on Gattaca's many great strengths: the focus on in-demand STEM skills; its core strength in robust sectors; blue chip and long-standing client base; and the strength of the balance sheet.

Jemima Childs-Clarke
Group Finance Director

Gattaca's four key strategic pillars are:



**External
Focus**



Culture



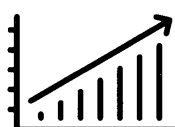
**Operational
Performance**



**Cost
Rebalancing**

Over the coming pages we have highlighted each strategic pillar, what we have done to date and our key objectives over the next 12 to 24 months. While there has undoubtedly been important recent progress, Gattaca's challenge now is to capitalise on the actions already taken and to take the necessary steps to position the Group for growth in the medium to long term.

Our Strategy: External Focus



Focusing on our customers

Over the last three years, Gattaca has overhauled its entire technology stack, operating model and people structures.

Whilst these extensive changes were necessary and important, they also distracted us from the market and we did not invest enough time and energy on our external customer communities. We are now committed to increasing our **external focus** at all levels of the organisation, through key investments in marketing, sales and operations.

GROUP CONTINUING REVENUE

£403.3m

(2021: £415.7m)

GROUP CONTINUING NFI

£44.1m

(2021: £42.1m)

What we achieved in FY22:

- Appointed a Chief Sales Officer (CSO) to unite client acquisition and growth across all sectors and geographies
- Substantially increased investment in marketing and social media to rapidly boost brand presence and activity
- Creation of group-wide Performance Scorecards including targets set for all sales people focused on client engagement and growth
- Delayed sales leadership to increase accountability, making it simpler and quicker to take external opportunities from sales enquiries to commercialisation

Key objectives moving forward:

- Implement regular client and contractor service feedback surveys
- Implement a structured pricing model and pricing negotiation coaching for our sales teams to be successful in a challenging economic environment
- Continue our investment in front line sales capability and scale, with a focus on increasing the proportion of sales people within our teams compared to middle and back office heads
- Complete a review of our go-to-market brand architecture with the aim of simplifying our branding model and focusing future investment

Our Strategy: Culture



Building a culture of success, resilience and performance

A key focus of the new leadership has been to recognise the importance of **culture** to our success. Culture was at the heart of how our founder, George Materna, turned a small start-up into a successful global recruitment business.

Intentionally creating a culture that drives the right behaviours will help us fulfil our Mission, reach our Vision and live our Purpose, but it will also, importantly, drive success for our customers.

ENGAGEMENT SCORE

7.6

(2021: 7.6)

7.9

FY23 Target

ATTRITION

40%

(2021: 45%)

37%

FY25 Target

What we achieved in FY22:

- Better aligned our whole leadership community with the business through delayering sales management, implementing engagement-based leadership reward structures, and making our Senior Leadership Team's objectives visible to the entire business
- Substantially increased the frequency and authenticity of business communications through weekly CEO, CFO or Senior Leadership Team video communications
- Appointed a Head of Engagement, ED&I and Talent to formulate and execute our ED&I strategy
- Introduced a Performance Scorecard approach to performance management to deliver greater transparency and consistency around individual performance, progression and promotion

Key objectives moving forward:

- Continued embedding of our Values to set standards and expectations of behaviours, underpinned by our new Performance Scorecard process for all our people aligned to career development
- Implement targets within the LTIP scheme for Executive and Senior Leadership Team partially linked to people KPI's such as attrition and engagement
- Targeted reduction in our people attrition levels to 37% by the end of FY25

Our Strategy: Operational Performance



Driving rapid improvements through optimising strong foundations

With the investments we've made over the past few years, Gattaca now has strong foundations around the tools, technology, people, client base and market opportunities that we need.

Our key focus with this pillar is to simply make the most out of what we already have. Through automating and optimising processes, focusing on key conversion rates, maximising the use of our technology stack and driving high performance from our people, we can make rapid progress against our goals.

AVERAGE NFI PER HEAD

£83k

(2021: £87k)

£89k

FY23 Target

CONVERSION %

1.1%

(2021: £5.3%)

5.6%

FY23 Target

What we achieved in FY22:

- Appointed a Chief Operations Officer (COO) to focus purely on internal **operational performance** and productivity
- Embedded our new technology systems, launched at the end of FY21, into Group operating processes and procedures
- Deployed an enhanced candidate sourcing tool into our new technology platform which has substantially increased the volume of candidates we can source through searches
- Leveraged our new systems to generate improved management information to enable better data-backed decision making
- Launched 'The Gattaca Way' training programme to embed consistent recruitment processes and new systems usage

Key objectives moving forward:

- Implement an automation platform to increase customer engagement, operational efficiency and data cleanliness as part of our 'automation first' approach
- Appointment of a Head of Business Improvement, to drive forward our Project Management Office and execute change
- Utilisation of our improved management information to support a Group-wide review of low-margin work, to identify where our productivity needs to be highest to generate acceptable returns or where low-margin work should be exited to make room for more profitable delivery

Our Strategy: Cost Rebalancing

Delivering value to our shareholders and **enabling targeted investments**

We are committed to delivering value to our shareholders in return for their investment. It is important that we do this in the right way, whilst maintaining key investments that help us evolve over the longer-term.

This pillar is aimed around continuing our focus on **cost rebalancing** over the short term, to help divert value to our shareholders whilst enabling key investments around the other three pillars of our strategy; External Focus, Culture and Operational Performance.

GROUP CONTINUING
UNDERLYING PBT

£0.3m

(2021: £1.8m restated)

GROUP CONTINUING
UNDERLYING BASIC EPS

0.3p

(2021: 5.3p restated)

What we achieved in FY22:

- Delayed our sales leadership, removing unnecessary duplication
- Optimised our office space and cost
- Provided cost-of-living salary increases for all our people
- Reduced Days Sales Outstanding (DSO), improving our working capital position and reducing our borrowing costs

Key objectives moving forward:

- Ongoing focus on further reduction of third party costs and elimination of duplicative expenditure
- Further focused investment in niche technology solutions as part of our 'automation-first' approach
- Progress the simplification of the Group's corporate structure to reduce cost and transactional inefficiencies
- Focus on migrating clients and candidates to more efficient and technologically advanced online billing and timesheet processes to reduce administration time and costs

SALES/SUPPORT HEADCOUNT MIX

71%/29%

(2021: 71%/29%)

Our Sectors

Our market overview

We operate across **seven sectors** providing in-depth industry knowledge of the best STEM talent, services and solutions to serve our clients.

INFRASTRUCTURE

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

NFI
£13.6m
-4.4%

DEFENCE

- Air
- Land
- Sea
- Communications

NFI
£6.7m
+14.7%

MOBILITY

- Automotive
- Maritime and shipping
- Aerospace

NFI
£4.6m
+45.5%

TECHNOLOGY, MEDIA
AND TELECOMS (TMT)

- Technology
- Media and broadcasting
- Telecommunications
- Finance, banking and insurance technology

NFI
£4.2m
+13.7%

ENERGY

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

NFI
£3.8m
-0.8%

PUBLIC SECTOR AND RETAIL,
MANUFACTURING AND LIFE SCIENCES
AND OTHER

- Logistics
- eCommerce
- Pharmaceutical, medical and NHS
- Central and local government
- Gattaca Projects SoW
- Barclay Meade

NFI
£8.4m
+8.5%

INTERNATIONAL

- United States
- Canada
- Spain

NFI
£2.8m
-21.2%



Overview



Strategic Report



Corporate Governance



Financial Statements

Our Sectors continued

Luke Kelsey
Department Manager,
Water – Infrastructure

Infrastructure

Infrastructure is our largest market within the Group, with a predominant focus on the provision of contract labour for major UK programme-based work. Infrastructure NFI decreased by 4.4% year-on-year, due to major client losses and its historical pure focus on the contract labour market, which hasn't been as buoyant as the permanent recruitment market.

Across the larger infrastructure sub-sectors of rail, utilities and highways there has been a consistent theme; whilst the major public sector programmes have continued, the pace is slower than it was pre-pandemic. All parts of the sector have been impacted to some degree through the shortage and increased cost of both materials and skilled labour.

In rail, Transport For London's (TFL) recent government funding settlement running to March 2024 was welcomed, giving clarity of spend over the next 18 months and clearly outlining where critical infrastructure investment will be allocated over this period. Some major projects that were earmarked to come online such as Crossrail 2 and the Bakerloo line extension have been put on hold and so most opportunity still sits within existing major projects including HS2, Lower Thames Crossing and the Silvertown tunnel.

In water, fibre and utilities, we've seen a continued increase in demand to assist in the roll out of enhanced fibre networks. In the water and waste markets any shortfall in spend in FY22 is resulting in increased investment over a shorter future period on major sewage plant upgrades.

In highways, the market continues to see significant demand across the UK with various new frameworks going live including 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 across the UK.



UK infrastructure projects have been impacted in FY22 through shortages and increased costs of both labour and materials."

Jason Clements
Head of Infrastructure

Our Sectors continued

Defence

During the 2022 financial year, Defence, our second largest individual sector, saw NFI growth of 14.7% NFI year-on-year which was driven by long-term capital projects with clients in the private and public sector. There continues to be long-term UK Government commitment to defence programmes as the UK MoD implements the Integrated Review with significant investment in science, engineering, technology and cyber capabilities. Continued investment by the UK Government to meet NATO's 2% of GDP spending target currently gives a positive expectation of consistent growth in the next ten years, both in terms of spend and employment.

Defence vacancy demand has increased by over 30% in the last 12 months, fuelled by project demand and skill shortages. The high demand and shortage of skilled workers means salaries and rates are increasing.

DEFENCE VACANCY DEMAND

+30%

in the last 12 months¹



The difficult reality for defence companies right now is that their order books are brimming, but they simply do not have the resource they need to deliver as they wish. As a result, the sector is reporting that skills shortages are the most significant risk to achieving their objectives.

This has helped prompt our clients to view truly skills-specialist recruiters such as us as strategic partners. It has long been a part of our growth strategy to build long-term, trusted partnerships with our clients, and we are further helping them cope with the challenges in the talent market by providing regular, tailored market insights, challenging them to continually evolve their recruitment practices, and ultimately delivering the right calibre of candidates as part of a professional, strategic partnership."

Aidan Wood
Head of Defence & Security

¹ Based on number of open vacancies at the 20 largest UK defence and security businesses between October 2021 and October 2022

Our Sectors continued

Mobility

Mobility NFI has increased by 45.5% year-on-year as we have recovered strongly from a starting position which was heavily impacted by COVID-19. The aerospace market has seen a good recovery in 2022, driven by manufacturing demand as the industry tackles a 13 year backlog in deliveries, which itself has been hit by supply chain pressures from rising costs of energy and raw materials.

Heavy investment into E-propulsion systems, vertical and short take-off and landing technology and urban mobility solutions provides opportunity for niche technology and engineering skill sets.

The automotive market has continued to see a significant investment and growing consumer confidence in electric and plug-in hybrid vehicles.

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 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.

Technology, Media and Telecoms (TMT)

NFI for our TMT was 13.7% higher compared with the previous year. TMT has been driving towards a strategy of transacting with a clear focus in technology-first businesses entering hypergrowth. We are seeing key skill set demand, including in software development, cloud, infrastructure, data and enterprise resource planning and increased innovation in areas such as machine learning, artificial intelligence and cybersecurity. The market is heavily candidate-driven, resulting in increasing average salaries and clients being more open to flexible working arrangements.

Energy

Energy sector resource demand remains high with our offering diversified across renewables, nuclear, transmission, distribution and oil and gas. In the renewable energy sector, encompassing wind, solar, hydro and battery storage, market buoyancy is gathering pace because of an increased global focus on net zero targets. However, all parts of the Energy market are being driven forward by the current global energy crisis as countries seek energy independence.

Disappointingly, Energy sector performance was largely flat year-on-year. Our focus on this market has been fragmented in recent years due to limited investment in recruitment resource aligned to the key skills needed by the sector. This sector is a key investment area for us over the next three years to scale our existing operation to complement the projected continuation of growth, innovation and investment across renewable, nuclear and fossil fuels. Relevant to the geographies we operate in, both the UK and US governments continue to add stimulus to the growing green agenda and we're seeing governments' investments particularly moving towards renewable energy sources which plays particularly well to our credentials in the offshore wind market. We expect continued demand and success supporting both the Arklow and Dogger Bank wind farm programmes in the UK and are focused on harnessing further growth in the coming years.

Our Sectors continued



We saw record growth in permanent placements in FY22, driven by strong demand for talent and our client's efforts to increase capacity post-pandemic."

Jack Cornelius
Director of Barclay Meade

Other

Public Sector Technology

Our Public Sector Technology market has seen a decline of 7% in NFI year-on-year, with hiring both for permanent and contract resource continuing to remain high. The public sector still requires huge demand in contingent labour and the mood towards contracting within the public sector will support growth when the changes come into force.

We have invested in our team and leadership capability in this area with a clear strategy on growth of public organisations we deal with and focusing on our digital specialisms to truly add value and align our services to aid that growth. 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 from the public sector bodies.

Retail, Manufacturing and Life Sciences

Retail, Manufacturing and Life Sciences remains the 9th largest sector manufacturer in the world by output. However, our performance in this sector has seen a 7% reduction in NFI year-on-year. Consumer spending is forecast to grow by 4% but there are early warnings of this dropping with the cost-of-living crisis, and as such we can expect some manufacturing demands to slow. Candidate confidence to work indoors on production lines no longer remains the issue it was in 2020 and 2021, as we move on from COVID restrictions and requirements for PPE in certain scenarios. We continue to see strong demand in this market, however, it has been significantly impacted throughout 2022 with supply chain and materials issues.

Professional services

Professional services permanent recruitment is delivered through our Barclay Meade brand. NFI for Barclay Meade was £2.6m in FY22, a 50% increase on the prior year, reflecting the market demand for permanent hires. We continued to see strong delivery into procurement, finance and other traditional white collar roles, which is expected to continue into FY23.

Gattaca Projects Statement of Work

Work performed by Gattaca Projects in FY22 has contributed £1.3m NFI (2021: £1.2m) to the Group's results. This has been delivered under SoW contracts delivering to agree milestone deliverables, through provision of specialist technical contractors. These projects work with clients across a number of our sectors, including Infrastructure and Defence, with contracts ranging from a few months to up to three years.

Our Sectors continued

International

Our International businesses operate as a subset across our sectors, mainly focusing on the TMT, Energy and Infrastructure sectors in the US, Canada and Spain. On a continuing basis, NFI declined by 21.2% to £2.8m (2021 restated: £3.5m), representing 6% of Group continuing NFI.

In the US & Canada we focus on growing within the Energy and TMT markets from Dallas and Toronto. The US, which is a predominantly permanent recruitment business, slowed as our ongoing RPO arrangement with a major client was delayed, so our focus is on diversifying the client portfolio to stabilise performance. Both our US and Canadian operations have been heavily impacted by resource gaps, which we are working to resolve.

Our Spanish business is predominantly permanent recruitment into the finance, banking and insurance companies; performance in FY22 has been stable but remains at a small scale.

INTERNATIONAL SALES LOCATIONS

United States
Canada
Spain

Phil Ngai
Delivery Consultant
- Alderwood

Key Performance Indicators

Financial KPIs

NFI
(£m)

£44.4m

(2021: £42.1m restated¹)

2022	£44.4m
2021 (restated ¹)	£42.1m
2020	£54.7m
2019	£72.1m
2018	£78.9m

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.

Rationale

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

NFI from continuing
operations (£m)

£44.1m

(2021: £42.1m)

2022	£44.1m
2021	£42.1m
2020	£52.8m
2019	£69.1m
2018	£71.4m

Measurement explained

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.

Rationale

Indicates the volume of continuing business generated in the year.

Net cash
(£m)

£12.3m

(2021: £14.1m)

2022	£12.3m
2021	£14.1m
2020	£19.6m
2019	£(24.8)m
2018	£(40.9)m

Measurement explained

Total Group net cash/(debt), less any cash and cash equivalents after capitalised financing costs.

Rationale

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

Continuing underlying basic EPS
(pence)

0.3p

(2021: 5.3p restated^{1,2})

2022	0.3p
2021 (restated ^{1,2})	5.3p
2020	11.7p
2019	28.4p
2018	22.5p

Measurement explained

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.

Rationale

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

Underlying profit from
continuing operations (£m)

£0.5m

(2021: £2.2m restated^{1,2})

2022	£0.5m
2021 (restated ^{1,2})	£2.2m
2020	£6.2m
2019	£13.7m
2018	£12.4m

Measurement explained

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.

Rationale

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

Continuing underlying profit
before taxation (£m)

£0.3m

(2021: £1.8m restated^{1,2})

2022	£0.3m
2021 (restated ^{1,2})	£1.8m
2020	£4.8m
2019	£11.7m
2018	£10.9m

Measurement explained

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.

Rationale

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

Conversion ratio
(%)

1.1%

(2021: 5.3% restated^{1,2})

2022	1.1%
2021 (restated ^{1,2})	5.3%
2020	11.7%
2019	19.8%
2018	17.4%

Measurement explained

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

Rationale

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.

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.

² Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 125, the Group has chosen only to show restated KPIs for the FY21 financial year, aligned to what is presented in the consolidated financial statements for the year ended 31 July 2022.

Key Performance Indicators continued

Operational KPIs

NFI mix (%) (Contract/Permanent)

71%/29%
(2021: 75%/25%)

2022	71%/29%
2021	75%/25%
2020	75%/25%
2019	70%/30%
2018	72%/28%

Measurement explained

Total Group NFI generated through temporary contractor placements or permanent placements separated out and 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.

Average NFI per head (£'000)

£83k
(2021: £89k)

2022	£83k
2021	£89k
2020	£82k
2019	£98k
2018	£92k

Measurement explained

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

Rationale

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

NFI Mix (%) UK vs International

94%/6%
(2021: 92%/8%)

2022	94%/6%
2021	92%/8%
2020	91%/9%
2019	87%/13%
2018	81%/19%

Measurement explained

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

Rationale

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

NFI per £ staff cost (£)

£1.46
(2021: £1.53)

2022	£1.46
2021	£1.53
2020	£1.70
2019	£1.68
2018	£1.69

Measurement explained

Total NFI divided by the annual costs of all colleagues in the Group.

Rationale

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

Sales/Support headcount mix (%)

71%/29%
(2021: 71%/29%)

2022	71%/29%
2021	71%/29%
2020	72%/28%
2019	72%/28%
2018	73%/27%

Measurement explained

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

Rationale

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

Engagement score

7.6
(2021: 7.6)

2022	7.6
2021	7.6
2020	7.8
2019	7.8
2018	7.7

Measurement explained

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

Rationale

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

Attrition

40%
(2021: 45%)

2022	40%
2021	45%

Measurement explained

Number of people leavers on a rolling 12-month basis expressed as a percentage of total Group headcount.

Rationale

Indicates the effectiveness of the Group in its activities to retain talent.

Chief Financial Officer's Report

Well placed and robust for the year



My priorities for the coming years are to work on simplifying our business processes, policies and procedures as well as the legacy corporate structure. Additionally, culture is key to ensuring that we all work in a collaborative and supportive way to achieve our collective goals and bring Gattaca back to growth."

Oliver Whittaker
Chief Financial Officer

NET CASH

£12.3m

(2021: £14.1m)

Key Highlights

- NFI growth of 5% YoY on a continuing underlying basis
- Continuing underlying profit before tax of £0.3m in FY22 (2021: £1.8m restated)
- Adjusted statutory net cash of £12.3m (2021: £14.1m)
- Investment in our people adding 10% to our Group sales headcount during the year
- New leadership team in place with revised strategic priorities launched

Financial Performance

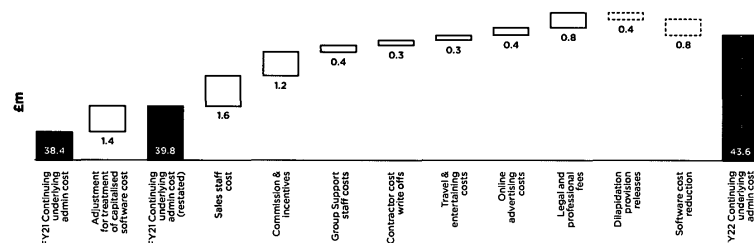
On a continuing basis, revenue of £403.3m (2021: £415.7m) generated NFI of £44.1m (2021: £42.1m). We achieved contract and Statement of Work (SoW) NFI of £31.4m (2021: £31.3m) at a margin of 8.0% (2021: 7.6%), and permanent recruitment fees of £12.8m (2021: £10.8m). SoW NFI, included within contract NFI, of £1.3m (2021: £1.2m) is all delivered through contract labour provision on long term projects. Contract NFI was flat year-on-year due to the loss of some key MSP clients including TfL, UKPN and BMW UK, and losses associated with the collapse of NMCN plc dampening growth.

Underlying profit before tax from continuing operations was £0.3m (2021 restated: £1.8m). Statutory loss after tax for the total Group was £(4.7)m (2021 restated: loss of £(0.4)m). Within underlying trading, credits of £0.4m were recorded as a result of revaluation of dilapidation provisions associated with our property portfolio.

Statutory net cash at 31 July 2022 was £12.3m (31 July 2021: £14.1m); the reduction in net cash year-on-year of £1.8m included final repayments of £5.6m of temporary VAT deferral. The optimisation of the Group's working capital is a key focus and during the second half of the year the group has benefitted from a significant improvement from the half year as we have reduced DSO through improved collection performance and resolution of a substantial disputed debtor balance.

Chief Financial Officer's Report continued

Continuing underlying administration costs



Discontinued operations and non-underlying costs

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

£'000	Profit/(loss) before tax
Continuing underlying profit before tax	256
Restructuring costs	(405)
Other continuing non-underlying costs	(153)
Operating loss related to discontinued operations	(476)
Restructuring and closure costs relating to discontinued operations	(95)
Amortisation and Impairment of goodwill, acquired intangibles and ROU leased assets	(5,051)
Foreign exchange differences	784
Loss before tax for the total Group	(5,140)

Restructuring costs in the year related to the continued activities are primarily notice payments for previous Executive management and senior leadership. Costs associated with discontinued operations related to ongoing closure costs of those operations treated as discontinued in prior periods, primarily Mexico, South Africa and Malaysia. We will continue to incur costs associated with discontinuing legacy operations as the legal wind down of those operations is concluded over the coming years.

During the year, we took a further impairment charge of £4.6m (2021: £0.2), writing off all remaining goodwill, intangible assets and right-of-use leased asset values relating to the Resourcing Solutions business acquired in 2017, due to a downgrade in forecasts for future profitability of the division. Amortisation of acquired intangible assets was £0.4m.

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 £33,000 in the year (2021: £29,000). 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.

Taxation

The Group's reported effective tax rate was 9.1% (2021: -6.3%), driven down by non-deductible expenses such as goodwill impairment and overseas losses not recognised as deferred tax assets, reducing taxable losses. Further detail is set out in Note 10 of the consolidated financial statements. The continuing underlying effective tax rate was 60.2% (2021: 7.2%).

Earnings per share

Basic (loss) per share was (14.5) pence (2021 restated: (1.4) pence), and on a fully diluted basis was (14.5) pence (2021 restated: (1.4) pence). Continuing underlying basic earnings per share was 0.3 pence (2021 restated: 5.3 pence).

Dividends

Our long-standing objective has been to achieve a through-the-cycle dividend pay-out of approximately 50% of profits after tax. Last year, the Board felt comfortable reinstating the dividend and felt that 1.5p per share was a reasonable first step towards our objective. However, this year the Board decided not to recommend a dividend. The Board remains committed to paying dividends when the Group returns to sustainable levels of profitability.

Chief Financial Officer's Report

continued

Capital expenditure

The Group incurred capital expenditure in the period of £0.4m (2021: £0.4m restated). Following the publication of the IFRS Interpretations Committee's ('IFRIC') final agenda decision on accounting for configuration and customisation costs in a SaaS arrangement, including for cloud-based arrangements, the Group has updated its accounting policy for this area. This change in accounting policy has been applied to all relevant capitalised intangible asset costs held on the balance sheet, see Note 1.25 of the consolidated financial statements.

Net assets, equity and shares in issue at 31 July 2022

The Group had net assets of £30.0m (2021 restated: £35.1m) and had 32.3m (2021: 32.3m) fully paid ordinary shares in issue.

During the year, the merger reserve in Gattaca plc relating to the Networkers 2015 acquisition of £28.5m was transferred to retained earnings in order to present all distributable reserves in one place. This merger reserve had become fully realised in prior periods, as detailed in Note 23.

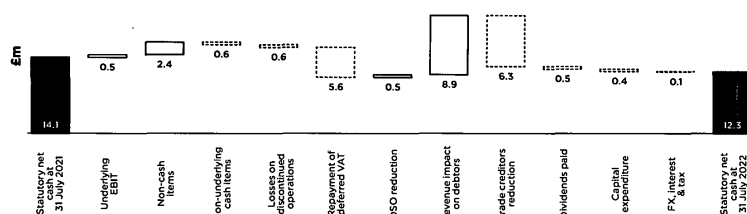
Cash flow and net cash position

Group statutory net cash at 31 July 2022 was £12.3m (31 July 2021: £14.1m). The reduction in net cash year-on-year of £1.8m included £5.6m of repayments of temporary VAT deferral, which is now repaid to HMRC in full. The Group's trade and other receivables balance was £54.8m at 31 July 2022 (31 July 2021: £64.1m). Debtor and accrued income balances were £51.7m (31 July 2021: £60.9m), a £9.2m reduction over the 12 month period.

The Group's days sales outstanding ('DSO') at 31 July 2022 of 51.2 days is a reduction of 0.4 days since 31 July 2021, however a reduction of 10.5 days on DSO reported at 31 January 2022. The challenges that the Group was encountering at 31 January 2022 in relation to a key customer dispute and system implementation issues are now resolved, which has resulted in the substantial reduction to normalised levels of DSO. In addition to this, the loss of a highly working capital intensive MSP client has resulted in an unwind of working capital.

As at 31 July 2022, the Group had a working capital facility of £60m, reduced from £75m in the year as the higher limit was not required; this facility includes both recourse and non-recourse elements. Under the terms of the non-recourse facility, the trade receivables are assigned to, and owned by, HSBC and so have been derecognised from the Group's statement of financial position. In addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS.

Cash flow and net cash



Chief Financial Officer's Report

continued

The utilisation of this facility at 31 July 2022 was £(1.8)m recourse and £(9.6)m non-recourse, with unutilised facility headroom of £33.1m.

Critical accounting policies

The statement of significant accounting policies is set out in Note 1.24 to the consolidated 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. 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 2022 have continued to take a conservative approach to receivables and unbilled risk in light of the challenges in the UK and overseas economies, tempered by an overall reduction in trade receivables and accrued income balances and the write-off of certain irrecoverable receivables (such as balances with NMCN plc), resulting in a decrease to our loss allowance by £(1.8)m to £2.8m.

There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 8% (2021: 7%) of total receivables balances at 31 July 2022.

In October 2021 NMCN Plc entered into administration. Our total client exposure at this point was £1.4m, of which £0.8m exposure at the prior year end was covered by existing credit loss provisions. In the current year we also utilised existing credit loss provisions against the total exposure suffered.

Foreign currency risk

The Group generates 6% 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.

Oliver Whittaker
Chief Financial Officer

2 November 2022

Environmental, Social and Governance

Committed to delivering a positive impact

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.

Our ESG framework

In 2021, we engaged a specialist external consultant to conduct a materiality assessment of 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 form the basis of our ESG framework.

[Read more about our carbon footprint on page 39](#)

[Read more about our ED&I progress on page 41](#)

Area of materiality			SDGs
Environment	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 our real estate footprint and by reducing water usage and waste.	12
			13
Social	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.	3
			5
			8
			10
Governance	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.	3
			5
			8
			10
Governance	Governance, management and compliance	Robust governance, management, compliance and stakeholder relationships are the core of our business operations.	8
Governance	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.	8
			16

Environmental, Social and Governance continued

REDUCTION IN UK SCOPE
1 AND 2 EMISSIONS SINCE
FY21

-8%

TARGET

Net zero

carbon from scope 1 and 2
emissions by 2030

Environment: 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 our real estate footprint and by reducing water and waste.

Case study

Measuring our baseline carbon footprint

This year, we worked with sustainability consultancy firm Avieco to measure our baseline carbon footprint, the first step on the journey towards our net zero carbon for scope 1 and 2 emissions and understanding how we can support our supply chain in their carbon reduction journeys. Due to the impact of the COVID-19 pandemic through FY21, FY20 was chosen as our baseline carbon footprint year.

Similar to many professional services firms, scope 3 emissions are our dominant emissions source (92%). Our key carbon hotspot area is purchased goods and services, with capital expenditure, employee commuting and business travel as secondary areas.

We have made progress since FY21 in reducing our emissions through a significant downsizing of our location base. Our FY22 carbon footprint demonstrates an 8% reduction in scope 1 and 2 emissions since 2021. Future reduction in scope 3 emissions will require heavy reliance on supplier engagement to reduce supply chain emissions.

Highlights

- We have measured our baseline carbon footprint
- We continued to maintain and improve our ISO 14001 accreditation
- We reduced our property footprint by downsizing our number of locations in the UK and overseas, leveraging hybrid working to make better use of less space

Looking ahead

- We will create clear action plans and timescales for achieving our scope 1 and 2 carbon reduction targets by 2030
- We will begin to define our strategy for carbon offsetting
- We will positively discriminate in favour of suppliers of purchased goods and services those who have agreed action plans to reduce their carbon emissions
- We will submit a letter to the Science Based Targets initiative (SBTi) establishing our commitment to set a science-based target
- We will include the required TCFD disclosures when Gattaca falls in scope for the year ended 31 July 2023.



Since our engagement with Avieco, we have set a net zero carbon target of 2030 for scope 1 and 2 emissions. We remain ambitious in our approach to carbon reduction and will be defining our carbon reduction strategy over the coming years, including a broad range of reduction initiatives.”

Claire Cross
Chief People Officer

Environmental, Social and Governance continued

2021-2022 Energy and carbon reporting

This year, we increased the scope of our emissions for SECR disclosure by including more scope 3 categories for both UK and international sites. We added purchased goods, services and capital goods which include emissions from our supply chain, as well as estimated water and waste consumption and the addition of more data for business travel categories due to increased data availability.

Emissions were calculated on both a location and market basis and due to a significant increase in the reporting scope, emissions increased for the UK from 271 tCO₂e to 3,984 tCO₂e. International sites, which were not included in FY21's report, contributed 857 tCO₂e calculated across all scopes. The bulk of this increase comes from the addition of supply chain emissions, which account for 2,949 tCO₂e in the UK and 794 tCO₂e internationally.

In addition to the increase in scope, business flights have increased significantly since last year, primarily due to COVID-19 restrictions being lifted and the need for Group management to support overseas business operations.

UK electricity emissions have decreased by 35% on a location basis, largely due to a decrease in office space, most notably at Whiteley.

The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:

- World Resources Institute (WRI) Greenhouse Gas (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, Defra 2021, and DEFRA 2022 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 2021 to July 2022 and using reporting period of August 2020 to July 2021 for comparison.

Emissions and energy usage	Emissions Source	International Emissions (tCO ₂ e)			UK Emissions (tCO ₂ e)		
		2021/22	2020/21	Variance	2021/22	2020/21	Variance
Scope 1	Natural gas	12	-	-	62	52	20%
	Company and leased cars	0	-	-	36	4	885%
Total Scope 1		12	-	-	98	55	77%
Scope 2	Electricity	40	-	-	78	120	-35%
Total Scope 2 (Location-based)		40	-	-	78	120	-35%
Scope 2	Electricity (Market-based)	40	-	-	141	168	-16%
Total Scope 2 (Market-based)		40	-	-	141	168	-16%
Scope 3	Purchased goods and services ²	794	-	-	2,949	-	-
	Capital goods ²	0	-	-	103	-	-
	Electricity transmission and distribution & WTT ³	9	-	-	27	12	124%
	Natural gas WTT ³	2	-	-	11	-	-
	Company and leased cars WTT ³	0	-	-	9	-	-
	Employee cars	0	-	-	29	<1	7,060%
	Rail	0	-	-	16	<1	9,687%
	Business flights	0	-	-	35	83	-57%
	Public Transport ²	0	-	-	1	-	-
	Hotel stay ²	0	-	-	15	-	-
	Water supply ²	0	-	-	0	-	-
	Water treatment ²	0	-	-	0	-	-
	Waste & Recycling ²	0	-	-	0	-	-
	Employee Commuting ^{1,2}	34	-	-	156	-	-
	Working from Home ^{1,2}	99	-	-	455	-	-
Total Scope 3		934	-	-	3,809	95	3,892%
Total (Market Based)		989	-	-	4,047	318	1,172%
Total (Location Based)		989	-	-	3,984	271	1,372%
Total Energy Usage (kWh)⁴		145,176	-	-	977,485	718,000	36%

- 1 The reporting scope has been increased this year to include international emissions in the SECR disclosure for the first time.
- 2 The reporting scope has been increased this year to include these emissions category in the SECR disclosure for the first time.
- 3 Emissions for these activities have been added to include Well-to-Tank emissions, reflecting best practice.
- 4 Energy reporting includes kWh from scope 1, scope 2 and scope 3 employee cars only (as required by the SECR regulation)

Table 1 - Energy and carbon disclosures for reporting year.

Normaliser	tCO ₂ e per FTE	11.13	-	-	0.6	10	1,564%
Normaliser	tCO ₂ e per m ²	0.74	-	-	0.04	1	1,592%

Environmental, Social and Governance continued

ENGAGEMENT SCORE

7.6

(2021: 7.6)

Social: People and wellbeing

We are committed to providing an engaging, diverse and inclusive environment focused on wellbeing, development, talent management, and reward and recognition.

During the year, under the strategic priority 'Culture & People', we developed and launched a revised People Strategy that reflects our focus on enabling our people to achieve their full potential and becoming a more diverse and sustainable organisation. We wanted to build greater transparency, consistency, collaboration, inclusivity, and simplification into our culture and operations in order to drive our growth objectives.

We recognised the extraordinary external circumstances in the UK and wider global economies that are impacting our people, such as rising inflation, interest rates and energy costs and delivered a 5% salary increase to all of our people. We also reviewed remuneration more generally and made some structural changes to ensure we remain competitive.



The newly created role of Head of Engagement, ED&I and Talent is the culmination of years investing in our people and understanding the individual value they can bring to us as an organisation.

For those who know me, they will know I am passionate about everyone achieving their potential in their careers and I am thrilled to be leading our ED&I strategy as part of the role."

Sally Spicer
Head of Engagement,
ED&I and Talent

Case study

ED&I progress

Sally Spicer, in her new role as the Head of Head of Engagement, ED&I and Talent, will be instrumental in furthering our ED&I agenda. This year she cofounded 'Limitless', our Female Career Programme, designed to empower and promote confidence and the tools to raise profiles and gain more exposure across the business; 16% of our workforce are involved as delegates either to gain support for themselves or to support their colleagues. In FY23, Sally will be setting up a number of colleague network groups for our LGBTQ+ communities, focused on increasing awareness, collaboration and communication across the Group.

TARGET

50%

gender split in management roles across the Group by 2026

2022: 23% (2021: 20%)

Environmental, Social and Governance continued

Social: People and wellbeing continued

We launched "Our DNA", a guide for our people on how they can live and breathe our Values and we have placed specific emphasis within our Performance Scorecard framework on measuring our people's behaviours as well as their tangible achievements.

Our ED&I focus has sharpened as we strive to develop a more inclusive environment, supported by the appointment of Sally Spicer as our Head of Engagement, ED&I and Talent. As much of our internal hiring has been focused upon people new to the recruitment industry, our Sales Academy new starter training has continued to develop along with a programme called 'The Gattaca Way', which is designed to provide all of our people with the tools they need to perform their roles efficiently and with a level of consistency. Complementing that, our leadership and management coaching programme has been working to improve the effectiveness of our leadership team.

Highlights

- We appointed our new Head of Engagement, ED&I and Talent
- We launched 'Limitless', a Gattaca initiative focused on tackling gender inequality within our business
- We redesigned our internal hiring and onboarding approach to increase cultural and performance suitability, recruiting ten 'boomerangs' back into our business
- We reintroduced an array of in-person events to support collaboration and celebrate success, including the addition of our end of year 'GattStock' festival which our colleagues and their families attended to celebrate their achievements from the year

Looking ahead

- Our updated performance management process using the Performance Scorecard will be starting in the first quarter of FY23, with quarterly reviews for all colleagues going forward
- We will be focusing on defining our ED&I pillars and strategy
- We will be working to increase our people's and client's knowledge on ED&I topics
- We will be seeking disability confident employer accreditations
- Our planned simplification of our internal grading system will launch in FY23

TARGET
**Top
quartile**
for our colleague
engagement score by FY26

Environmental, Social and Governance continued

CHARITABLE CONTRIBUTIONS

£12,000

(2021: £5,000)

Social: 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.

Highlights

- Raised over £12,000 for engineering charity Foothold
- Hosted our first Global fundraising event, including all seven office locations
- We donated unwanted white goods and office furniture from our office closures to a local women's shelter

Looking ahead

- Relaunching volunteering days across all office locations to support local communities
- Continuing to support the profile of our corporate charity partner Foothold through fundraising and raising awareness in the engineering community
- Launching our partnership with Association for Black and Ethnic Minority Engineers (AFBE)

**Foothold
Supporting engineers**

Case study

Our work with Foothold

We've joined forces with engineering charity Foothold. Together, we're on a mission to improve the mental health and wellbeing of engineers around the globe. Through our collaboration, we are building on our common goals to connect more people working within the engineering and technology sector with the support they need. This year, we raised over £12,000 for Foothold through activities including CEO Matt Wragg's wing walk and a global 'Move Till it Hertz' campaign. Our people from all across our locations tried to accumulate the distance of the miles between our offices and raising money as they went - including running 1,160 miles of Goodwood Festival of Speed's circuit. We are happy to hear that over 1,000 people have accessed the Foothold Wellbeing Hub fund this year.

TARGET

100,000

lives positively impacted
by FY25

**Environmental,
Social and
Governance**
continued

Governance: Governance, Management and Compliance

Robust governance, management, compliance and stakeholder relationships are the core of our business operations.

Highlights

- Improved the gender balance of our Board with our second female NED appointment, Ros Haith
- Promoted our Head of Group Compliance to a leadership grade to cement focus on the Compliance, Health & Safety, Risk Assurance and Insurance agenda at a senior level
- Established an ESG strategy group with board sponsorship and a Senior Leadership Team chair
- Continued to maintain and improve on our ISO 9001 and Cyber Essentials accreditations

Looking ahead

- We will develop a Group-wide policy framework to ensure that there is a logical structure to our Group documentation, all procedural documents are in place for the business to follow and all are aligned
- Definition and alignment of roles and responsibilities, giving the business clarity in levels of decision making, ensuring that decisions are made at the right level and the right mechanisms are used to make the decisions
- Further development of the Risk Assurance Framework; empowering risk managers to better understand their risk profile, how it fits into the overall risk level of the business, and the influence they have with control owners in improving control effectiveness
- Improving methods of supplier governance, to ensure we are engaging and partnering with third parties who share our purpose and values and support our ESG agenda whilst still being commercially effective for us

Alex Langston
Contractor Payroll
Manager

Environmental, Social and Governance continued

Governance: 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.

Highlights

- We introduced a new Group-wide approach to compliance training, 'Trusted Ethical Performance', focusing on equipping our leadership and management community with a greater understanding of why compliance is crucial to the success of our business and empowering them to be able to take accountability of compliance requirements within their business areas
- Embedding our Values through all our day-to-day practices, making them recognisable and understandable to all our people

Looking ahead

- Launch of our 'DNA' document, which is a guide to our Values, principles and the behaviours that we expect for all our people
- Continued rollout of the 'Trusted Ethical Performance' compliance training to all leaders and managers
- Implementation of a specialist screening tool that will conduct due diligence on third parties that we conduct business with, on crime, corruption and fraud, better protecting us and our supply chain



Making sure that our people understand the 'why' of what we do really helps the compliance function to engage with all other parts of the business, compounding the effectiveness of our ethical practices. It is clear that we are all aligned on our overall Purpose, and having these conversations helps us get there together."

Amy Bathie
Head of Learning
and Development

Case study

New compliance training

Our revised approach to compliance training, 'Trusted Ethical Performance', is the brainchild of our Head of Group Compliance and our Head of Learning and Development. In providing a demo of the workshop under its first approach to the Senior Leadership Team, valuable conversations were had which pulled together all dimensions of the business and led to further ideas on how this workshop could work best for our people. The end result will be a leadership and management community who are even better equipped to apply an ethical lens to their business area.

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.

Why we engage	How we engage	Material topics	Principal decisions in 2022
Clients 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.	We engage with clients via regular communications in our day-to-day activities, and via formal feedback requests.	- Recruitment services and solutions - Market expertise - Legislation - Access to high quality candidates - Building long-term partnerships	- During a re-tender for a major client in FY22, we chose to deliver a marked increase in our pricing; our experience of working with the client had shown that the support required to deliver what they required was substantial and we needed to ensure we were delivering value for them through great service, which had to be at a better margin to support our growth plans. The risk this posed was the potential loss of the client if a competitor bid at a lower price. On consultation with our wider stakeholders, primarily our colleagues in this example, we felt supported in the decision to bid at a higher price and target good, profitable business. On this occasion the tender was unsuccessful; we remain comfortable that this decision enabled us to divert key resource towards more profitable work. - The changes to Employers National Insurance Contributions (ENIC) made by the UK Government in April 2022 had a far-reaching impact across our business for all clients with contract labour. We undertook substantive and detailed communications with all our affected clients, to ensure that they understood the impact of the changes and how their workforce would be affected. We are undergoing similar change communications with our client base in advance of November 2022, as the ENIC changes have been subsequently reversed by the UK Government.
Candidates 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.	We engage with candidates via regular communications in our day-to-day activities.	- Career opportunities - The candidate experience - Data governance - Building long-term partnerships - Legislation	The changes to Employers National Insurance Contributions (ENIC) made by the UK Government in April 2022 impacted all our PAYE contractors. We undertook early and detailed communications with them all, to help them understand how the changes affected their pay and our internal teams from consultants to contractor payroll were well briefed to support queries from the contractors as and when they arose through the changes. We are undergoing similar change communications with our PAYE contractor base in advance of November 2022, as the ENIC changes have been subsequently reversed by the UK Government.

Stakeholder Engagement and Section 172 continued

Why we engage	How we engage	Material topics	Principal decisions in 2022
Colleagues 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.	In addition to our ongoing colleague 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.	• Training and development opportunities • Career progression and recognition • Compensation and incentives • Group culture and reputation • Health, safety and wellbeing	• The change in Executive leadership was a huge change for the business in FY22 and our colleagues were a key stakeholder group that we needed to engage in that change. We increased the internal communication strategy immediately, starting weekly CEO video messages to all colleagues, bringing all members of the SLT into that forum to share other messages and really focusing on transparency in those communications. Our CEO, CFO and SLT engaged heavily in Peakon feedback, personally responding to colleagues' concerns across a variety of topics, both to truly understand the concerns of our people but also to show them that they were listening.
Investors 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.	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.	• Financial and operational performance • Long-term growth • Business model and strategy • Capital allocation • Dividends	• The investor stakeholder group was a crucial group impacted by the change in Executive leadership in FY22; we were very conscious of ensuring that this group were kept up to date with the changes to the business and communicated with effectively and transparently. As the changes occurred around the time of the publication of the HY22 results in early April 2022, Matt and Oliver presented the investor roadshows and answered questions about the change in leadership and about the business at that time.

Driving effective & transparent decision making

Jane Mitchell
Head of Group
Compliance

Risk is a key factor in all decision making that enables effective and transparent decisions, balancing appropriate levels of risk with reward.

Risk and uncertainties are an inherent part of any business. Gattaca manages these through a Risk Assurance Framework ('the Framework'), using an approach to reflect our strategic priorities, commercial reality, our ability to respond to leading indicators in an agile manner and our ability to manage potential impact in the event of any risk materialisation. Effective and efficient risk governance and oversight provide management (from the Senior Leadership Team up to the Board) with assurance that our business activities can be positively enhanced by opportunities and not adversely impacted by

threats that can be foreseen, thus minimising negative impact on our ability to achieve our strategic priorities.

Following on from the investment made during the 2021 financial year in implementing a revised Framework, in 2022 an annual review of the risk register took place, ensuring that our risks continue to be an accurate reflection of the needs that the Framework is in place to manage. The review has demonstrated our awareness of and response to the macro environment, not only in re-positioning some of the risks in their inherent level of risk exposure, but how we manage our strategic priorities more acutely by developing two new additional risks.

Our Framework

The Framework ensures that risk is a key factor in all decision making, to enable effective and transparent decisions whilst balancing appropriate levels of risk with reward. It is designed to meet the Group's particular needs and aims, facilitate efficient and effective operations, safeguard the Group's assets, maintain compliance to legal, regulatory and other requirements, 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

Our Framework continued

The Framework places strong importance on the maintenance of a risk-aware culture and a robust control environment. We manage this by:

- a distinct and consistent tone from the Board in respect of appropriate risk-taking behaviours, which includes awareness and, where appropriate, avoidance;
- common acceptance of the importance of continuous risk assurance, including clear accountability for, and ownership of, specific risks and risk areas, together with clear delegated authorities;
- the provision of transparent and timely risk information;
- a commitment to ethical principles and the consideration of wider stakeholder positions in decision making;
- actively seeking to learn from mistakes and 'near misses', which includes developing our risk assurance practices;

- valuing, encouraging and developing risk management skills and knowledge; and
- gaining a sufficient diversity of perspectives, values and beliefs to ensure that the status quo is consistently and rigorously challenged.

In the 2021 financial year, our Framework received external and qualified verification both in terms of the approach taken, the validity of the content and the level of detail involved at varying stages of the risk assurance process. This verification also came with recommendations which gave us the opportunity to continue improving the Framework throughout 2022 and onwards. These opportunities can be compounded with the up-skilling of internal resource and the development of a more sophisticated risk management tool to simplify internal processes.

Risk Assurance Framework Roles & Responsibilities

Overall responsibility and oversight

Overall responsibility for risk assurance, assessing the nature and extent of the principal risks and determining the level of the Group's risk appetite sits with the Board. The Audit Committee considers the assurance of our risk position through regular reporting received on the Framework, discussions with management and supporting management with guidance on our risk exposure and appetite for tolerance, including a regular review of the risk register.

Ownership and responsibility

Management are responsible for providing scrutiny and challenge to the performance of risks and controls. This provides assurance to the Audit Committee and our key stakeholders that risks within the business are being effectively managed, be it through preventing or minimising unwanted impact, or exploiting opportunities, achieved by enabling a culture that utilises risk management approaches throughout daily operations, and ensuring open issues and opportunities are closed out in a timely manner.

Business leaders are assigned responsibility for managing the component risks on a day-to-day level as 'risk owners'; a wider community of people are assigned responsibility for effectively managing controls that support against risk materialisation as 'control owners'. Control owners' area(s) of responsibility are completely aligned to their role within the organisation.

Part of managing a risk or a control includes monitoring and review with sufficient frequency and escalating any significant changes to its performance. Risk owners having a vested interest in the performance of supporting controls helps to drive cohesive and collaborative working practices across the Group.

Going concern

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

Post-pandemic, the Group has maintained mitigating actions to enhance working capital availability, including increases to the payment terms of certain types of contractors and these actions have created a permanent working capital benefit, and reduce our working capital requirements during growth. There is sufficient headroom on our working capital facilities to absorb a level of customer payment term extensions, but we would also manage supply to the customer if payment within an appropriate period was not being made. Whilst there is no evidence that it would occur, a significant deterioration in average payment terms has the potential to impact the Group's liquidity. The hybrid working style adopted by the majority of our colleagues is now fully integrated with our core business processes and there continues to be no significant impact to our ability to operate effectively.

Risk Assurance continued

The Group anticipates macroeconomic challenges over the next financial year, especially in the UK where increases in energy costs continue to drive rising inflation and real potential for a UK recession. The UK Government's Mini-Budget on 23 September 2022 resulted in increased short-term economic uncertainty and fluctuations in currency markets. The Bank of England's response has seen interest rates rise by 100 basis points since the year end.

The Directors have prepared detailed cash flow forecasts to July 2025, 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 circumstances in which the Group operates. This base case assumes a return to pre-pandemic NFI in 2026. Trading has been broadly in line with the 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 with significantly lower NFI growth rates, significantly increased operating cost inflation and increased finance costs associated with variable rate borrowings considered. The Group has modelled the impact of a severe but plausible scenario including nil growth in contract and permanent NFI across FY23 to FY25, operating cost inflation of 5%-10% and further increases in the Bank of England's base rate to 5.00%.

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 have adequate resources to continue in operational existence for the foreseeable future. Following careful consideration the Directors do not consider there to be a material uncertainty with regards to going concern and consider it is appropriate to adopt the going concern basis in preparing these financial statements.

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 2025.

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 2025.

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 current and forecast macro-economic conditions 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 51 to 54.

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 2025.

Risks and Uncertainties

“Our risk assurance approach remains strong, identifying and highlighting the risk areas that need key focus and attention to improve performance back to acceptable levels.”

Oliver Whittaker
Chief Financial Officer

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 below details our strategic risks, and our key operational based risks.

Our annual review of the risk register gave an honest and transparent view of our risk landscape at 31 July 2022, recognising that there are some economic and cultural factors that are bound to impact less favourably on many businesses. In maintaining this honesty and transparency, we have been clear where there may be an increase in some risk's positioning compared to 2021. Our risk assurance approach remains strong, identifying and highlighting the risk areas that need key focus and attention to improve their position. These areas identified will be governed by management as part of their responsibility within the Framework.

Shown opposite is a description of our strategic risks, and our key operational based risks, the key controls and mitigations that have been in place to protect against risk materialisation during FY22 and the risk performance on 31 July 2022 in comparison to the previous financial year end. The table is not exhaustive and is subject to change as risks which are considered immaterial today may evolve to be more important in the future.



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Current status of risk compared to prior year		Relative severity		Current status
Increased	Stable	Decreased	High Medium Low	
Strategic				
Uncertain regulatory environment – Executive accountable: Matt Wragg, CEO				
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 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.			
Failure to anticipate and/or embrace change – Executive accountable: Matt Wragg, CEO				
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 - The Group's global strategy includes regular horizon scanning activities across all our market verticals to enable best practice and sector-specific growth plans above market rates. - The Board and Senior Leadership Team meet regularly to discuss and define a clear vision of the regions, sectors and skills we operate in. - The recruitment of a Head of Business Improvement into a newly created role for FY23 sets our ambition to manage change opportunities in the future.			
Ineffective stakeholder management – Executive accountable: Matt Wragg, CEO				
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 - The Group has a global strategy that manages 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 Chairman, CEO and CFO 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.			

Risks and Uncertainties

continued

Key business risks	Current status
Inadequate financing – Executive accountable: Oliver Whittaker, CFO	
Description and impact Failure to secure & manage adequate financing leading to an inability to operate financially.	Key controls and mitigations - The Group maintains 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 primary lender, 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.
	 
Fraud – Executive accountable – Oliver Whittaker, CFO	
Description and impact Failure to adequately prevent and deter fraudulent activity and/or financial reporting leading to loss or misappropriation of business assets.	Key controls and mitigations - We maintain appropriate financial approval procedures to protect our financial assets, including segregation of duties. - All colleagues receive training on fraud awareness on a regular basis.
	 
Ineffective cyber security – Accountable Executive: Oliver Whittaker, CFO	
Description and impact Exposure to regulatory breach or operational loss resulting from breaches of or attacks on information systems.	Key controls and mitigations - We maintain our Cyber Essentials and Cyber Essentials Plus certifications. - We utilise specialist security services to conduct regular penetration testing of security measures to independently review our resilience. - Our third-party relationships ensure that, when needed, we can engage with the right, specialist, outsourced skills on one-off occasions to maintain protection of our business.
	 

Key business risks	Current status
Pay and/or bill process failure – Accountable Executive: Oliver Whittaker, CFO	
Description and impact Failure in efficiency of operational financial processes leading to an inability to fulfil contractor pay and client invoicing requirements.	Key controls and mitigations - We maintain effective vendor relationships and SLAs to ensure the integrity of our third-party systems. - A credit review approach is taken for client accounts, both at onboarding stage and throughout the relationship life cycle. - System configuration drives the right data to fulfil pay and bill processes.
	 
Systems failure – Executive accountable: Oliver Whittaker, CFO	
Description and impact Failure in efficiency of IT systems and infrastructure leading to an inability to operate key business processes.	Key controls and mitigations - 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. - System-based business continuity focuses on our critical systems and processes to ensure continuity of service, and we continue to evolve our business continuity planning
	 

Risks and Uncertainties

continued

Key business risks		Current status
Insufficient profit generation - Executive accountable: Matt Wragg, CEO		
Description and impact Failure to: attract, secure, manage and retain clients and secure revenue; to improve delivery efficiency and productivity resulting in reduced NFI; and to monitor, manage or control the overhead cost base of the business leading to erosion of overall profit margins.	Key controls and mitigations - The Group's 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 single client, territory or sector-specific markets in times of economic uncertainty. - Regular reviews of actual performance against forecasts are performed to enable actions are being taken quickly to address cost or performance challenges. - Executive and Senior Leadership Team are aligned on delivering against a single strategy for growth and profit generation.	▲ Ⓜ
Ineffective talent management - Executive accountable: Matt Wragg, CEO		
Description and impact Failure to attract, allocate, develop, retain and succession plan for colleagues with desirable skill sets and behaviours, which adversely affects our ability to operate.	Key controls and mitigations - Our anonymous colleague engagement tool, Peakon, captures feedback and engagement of our people on an ongoing basis. Leaders within the business now have access to the engagement data for their areas of the business, allowing responses to be even more driven, focused and accountable. - Significant developments in our performance management portal enables more flexibility and clarity in an individual's objective setting, and more rigour involved in ensuring our leaders manage performance against these. - We maintain our hybrid working capabilities, finding the right balance for our people's wellbeing and performance management.	● Ⓜ

Key business risks		Current status
Ineffective and/or inappropriate culture - Executive accountable: Matt Wragg, CEO		
Description and impact Failure to promote and endorse colleague behaviours, business activities and business culture that support the values of the Group, leading to a poor cultural environment which negatively impacts all areas of business operations and performance.	Key controls and mitigations - Significant developments have been made in making our values front and centre of our day-to-day operations and our behaviours measurable, through in-office visuals, management tools, training, consistent use in messaging and more. - We continue to promote our independent whistleblowing facility, Speak Up, offering anonymous and safe options for any colleague to raise any concerns that they have. - We maintain our consequence management policy which enables the right response to incidents and behaviours.	● Ⓜ
Loss of life/injury - Executive accountable: Matt Wragg, CEO		
Description and impact Ineffective management of workplace safety leading to loss of life or injury to colleagues, contractors or persons visiting Gattaca locations where Gattaca is at fault.	Key controls and mitigations - We successfully maintain our ISO 45001 accreditation, which demonstrates our commitment to and the effective execution of occupational health and safety. The Group also has procedures in place to comply with all legal and contractual obligations relevant to the Group's activities. - We have improved our H&S training suite, and emergency planning processes to support a hybrid and flexible way of working. - Accessible resources are available to all colleagues providing a range of mental health support and resources, including a community of mental health first aiders and training for managers on mental health awareness.	● Ⓜ



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Risks and Uncertainties

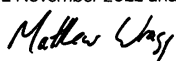
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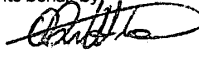
Key business risks	Current status
Non-compliance with legislation, regulation or code – Executive accountable: Oliver Whittaker, CFO	
Description and impact Failure to comply with applicable legislation, regulation, code, certification, licenses and/or any other similar requirement, leading to fine, censure, unwanted press coverage and/or any other similar consequence.	
Key controls and mitigations - Implementation of a new screening solution to assess the suitability and risk levels of third party individuals and businesses that we engage with, with support from a leading global governance, risk and compliance specialist. - The Group has clearly defined standards covering our business activities, outlined in our code of professional conduct with which all colleagues are required to comply. The Group 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 data protection. All of these core policies are referred to in our contracts of employment, and are underpinned by training to reinforce the associated required behaviour. - We maintain appropriate governance processes and a strong internal control environment, including delegation of authorities. Updates on these controls are presented to the Audit Committee four times per year. - The Group has dedicated legal, compliance and tax functions which manage the Group's compliance with its obligations. Our frameworks managing our compliance in these areas are increasing in sophistication and are in line with DoJ recommendations. The Audit Committee provides governance and oversight of the Group's compliance and tax risks. - As noted in previous announcements, we continue to cooperate with US authorities with respect to historical transactions in our discontinued telecommunication infrastructure business.	● Ⓜ

Key business risks	Current status
Poor contract management – Executive accountable: Oliver Whittaker, CFO	
Description and impact Failure to appropriately manage risks or requirements within contracts or over commitment to terms deemed uncommercial, leading to a contract breach or unprofitable contract arrangement.	
Key controls and mitigations - 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.	● Ⓜ
Poor data management – Executive accountable: Oliver Whittaker, CFO	
Description and impact 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, which could lead to any level of negative publicity, a loss of client or a regulatory investigation.	
Key controls and mitigations - 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. - A key member of the compliance team has undertaken specialist data protection training and is the lead for the Group on data protection matters. - Our facilities and technology teams work in conjunction with compliance to ensure physical and virtual security is appropriate for each data type.	● Ⓜ

Strategic Report approval

The Strategic Report on pages 8 to 54 was approved by the Board of Directors on 2 November 2022 and signed on its behalf by


Matt Wragg
 Chief Executive Officer


Oliver Whittaker
 Chief Financial Officer



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Strategic Report



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Corporate **Governance**

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Chair's Introduction to Governance

Strong governance to **support** effective delivery of strategy



Strong governance is essential to the effective delivery of our strategy, the sustainability of our business and the creation of value for our stakeholders.”

Patrick Shanley
Independent Chairman

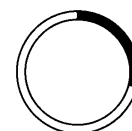
I am pleased to present the Board's Annual Report on Corporate Governance. Our strong governance structures and processes support the Board and management in delivering our strategy and creating value for our stakeholders, whilst operating in a sustainable manner.

The Board continues to support achieving high standards of corporate governance and we believe being fully compliant with the principles of the QCA's Corporate Governance Code ('the QCA Code') is the minimum benchmark.

Our governance model continues to evolve to support the business and this Annual Report, together with the information on our website, sets out how we comply with the principles of the QCA Code and provides insights into how our governance framework underpins our day-to-day activities and decisions.

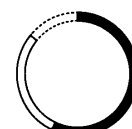
As for many Boards, over the past year the ongoing impacts of the pandemic presented challenges and our governance systems and processes continued to prove resilient in supporting the Board.

Board composition



■ 29% Executive
□ 71% Non-Executive

Board tenure



■ 0-3 years: 57%
□ 4-6 years: 29%
⋮ +6 years: 14%

	Exec	Non-exec	Appointment	Tenure
Patrick Shanley (Chair)		●	December 2015	6 years
Tracey James		●	December 2020	1 year, 11 months
David Lawther		●	June 2018	4 years
George Materna		●	July 1984	38 years
Ros Halth		●	December 2021	11 months
Matt Wragg	●		April 2022	7 months
Oliver Whittaker	●		April 2022	7 months

Chair's Introduction to Governance continued

The internal appointment of Matt Wragg and Oliver Whittaker as well as the external recruitment of Ros Haith, was a key focus for the year and the Board has now strengthened its skills and experience in supporting and guiding the business as we move forward with our strategic objectives. Throughout the year the Board ensured it remained focused on its other key areas of responsibilities too and continued to meet on a regular basis to ensure that all major elements of strategy were reviewed over the course of the year.

Our engagement with the Senior Leadership Team was reinforced by ensuring there was ongoing regular dialogue both within meetings and interaction with other staff members as the workforce returned to the office. In view of the changes to the composition of the Board we have deferred the annual Board evaluation to the first quarter of our next financial year.

The right balance of skills and experience:

	Staffing	Sales	Customer service/ marketing	People	Operations	International	Technology	Regulatory	Finance
Patrick Shanley (Chair)	●		●	●	●	●	●	●	●
Tracey James			●	●	●	●		●	●
David Lawther	●	●	●	●	●	●	●	●	●
George Matema	●	●	●	●	●	●			
Ros Haith		●	●	●	●	●	●		
Matt Wragg	●	●	●	●	●	●		●	
Oliver Whittaker	●					●	●	●	●

Our governance framework is embedded within the Group's culture and provides the right approach for us to adapt and be flexible to the changing demands we need to address. We remain committed to ensuring that our business has a positive impact in environmental and social areas and our governance will continue to support our evolving sustainability strategy.

As part of the board evaluation process, the competencies required in the boardroom will be assessed to consider if these remain appropriate.

Patrick Shanley
Non-Executive Chair

2 November 2022

Board of Directors

The right mix of
**skills &
experience**

Patrick Shanley
Independent
Chair

Matt Wragg
Chief Executive
Officer

Oliver Whittaker
Chief Financial
Officer

George Materna
Non-Executive
Deputy Chair

Tracey James
Independent
Non-Executive Director

David Lawther
Independent Non-
Executive Director,
Senior Independent
Director

Ros Haith
Independent
Non-Executive Director



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Board of Directors continued

Key to Committee membership

Audit Committee

Nomination Committee

Remuneration Committee

Chair

Patrick Shanley Non-Executive Chair	Matt Wragg Chief Executive Officer	Oliver Whittaker Chief Financial Officer	George Materna Non-Executive Deputy Chair	Tracey James Independent Non-Executive Director	David Lawther Independent Non-Executive Director, Senior Independent Director	Ros Haith Independent Non-Executive Director
Appointment December 2015	Appointment April 2022	Appointment April 2022	Appointment August 1984	Appointment December 2020	Appointment June 2018	Appointment December 2021
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.	Matt has been with Gattaca for 20 years, most recently as Chief Customer Officer and before this, Group Business Development Director. He has substantial knowledge of the recruitment industry and a deep understanding of Gattaca. He has been a management board member since 2016.	Oliver was appointed to the Board in April 2022, having joined Gattaca in January 2018 as Group Director of Financial Planning where he actively supported the Board and worked closely with Matt and the wider management board. Oliver was previously UK Finance Director for Fitness First where he was instrumental in the transformation and return to growth between 2012 and 2018, prior to which he held a number of operational finance roles within Serco and IBM. Oliver trained and qualified as a Chartered Accountant with RSM Robson Rhodes.	George has over 45 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 led the flotation of the business in 2006. He 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.	Tracey is a Chartered Accountant and leadership coach and a non-executive for CT Automotive Group plc and Eco Animal Health Group plc. 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.	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. In earlier years, he worked at John Mowlem and co plc, an international contractor. David is currently a non-executive Chair for Syntegra group plc an engineering design and planning services company and senior independent non-executive for Maris LLP. David is a Chartered Accountant. He graduated from Durham University with a degree in Engineering, Science and Management.	Ros has a broad background in business, particularly within the digital and technology sectors, combined with a formidable sales career. She has held sales positions within IBM, Accenture HR Services Ltd and Genpact Inc where she was Global Vice President (Sales Leader). Her most recent role was at Capgemini UK where she was Global Sales Officer for their Global Business Services division. She also held board positions on Capgemini's UK Country Board, CSR and Diversity Board and Women's Network. Until recently, she was a non-executive director at Aurora-ecs, which uses AI powered solutions.

Anne-Marie Palmer¹ Interim Company Secretary Appointment: May 2022

As a Chartered Secretary and governance professional, Anne-Marie has over 20 years' experience working with listed companies to develop, enhance and facilitate their corporate governance and deliver dependable company secretarial leadership. She has worked both in-house and in consulting roles.

¹ Anne-Marie Palmer is not a member of the Board.

² Kevin Freeguard and Salar Farzad stepped down from the Board of Directors on 1 April 2022.

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	✓	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 25
2 Seek to understand and meet shareholder needs and expectations	✓	The CEO and CFO communicate regularly with shareholders, investors and analysts, including at our annual and half-yearly results roadshows. The full Board is available at the Annual General Meeting ('AGM') to communicate with shareholders.	www.gattacapl.com/investors/corporate-governance
3 Take into account wider stakeholder and social responsibilities and their implications for long-term success	✓	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 10 and 34 to 47
4 Embed effective risk management, considering both opportunities and threats, throughout the organisation	✓	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 48 to 54
5 Maintain the Board as a well-functioning, balanced team led by the Chair	✓	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 66 to 86
6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	✓	The Board is satisfied that its current composition includes an appropriate balance of skills, experience and capabilities, including experience of the recruitment, technology, sales and international markets, further supported by the appointment of Ros Haith in the year.	See pages 56 to 59
7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	✓	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. The 2022 review has been deferred until later in the year and its recommendations will be reported and implemented in 2023.	See pages 61 to 62
8 Promote a corporate culture that is based on ethical values and behaviours	✓	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 5 to 7 and 38 to 45
9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	✓	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 60 to 62 and www.gattacapl.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	✓	The Investors section of the Group's 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.gattacapl.com/investors

Corporate Governance Statement continued

Board composition

The Board, via the Nominations Committee, regularly reviews the composition of the Board. At the date of this report, the Board has five 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, three 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 is supported by three Committees, Audit, Nominations and Remuneration each of which have Terms of Reference that are reviewed annually. The Terms of Reference for all Committees were reviewed, updated and formally approved by the Board in November 2022. Copies of the Terms of Reference are available on the Group's website or on request from the Company Secretary. The Board has an organisational structure with clearly defined levels of responsibility and delegation of authority.

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 66 to 71 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 72 to 74 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 75 to 86 contains further information on the Committee's role and activities.

 Read our committee reports of the following pages:

Audit Committee on page 66 to 71

Nomination Committee on page 72 to 74

Remuneration Committee on page 75 to 86

Corporate Governance Statement continued

Board responsibilities

	Maximum formal meetings	Meetings attended
Patrick Shanley (Chair)	9	9
George Materna	9	9
David Lawther	9	9
Tracey James	9	9
Ros Haith ¹	6	6
Matt Wragg ²	3	3
Oliver Whittaker ³	3	3
Kevin Freeguard ⁴	6	6
Salar Farzad ⁵	6	6

Notes:

- Ros Haith was appointed from 8 December 2021 and was therefore not eligible to attend all meetings.
- Matt Wragg was appointed to the Board from 1 April 2022 and was therefore not eligible to attend all meetings.
- Oliver Whittaker was appointed to the Board from 1 April 2022 and was therefore not eligible to attend all meetings.
- Kevin Freeguard resigned from the Board with effect from 1 April 2022.
- Salar Farzad resigned from the Board with effect from 1 April 2022.

The Board is responsible for the overall leadership of the Company and approves the Group's aims and objectives and its 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. The Board usually meets formally at least nine times a year, and at such other times as required. There are regular informal discussions between the executive and non-executives. 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. The Board is committed to communicating regularly with the Company's shareholders and other stakeholders to keep them apprised of the Company's progress.

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.

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 2022 financial year and up to the date of this report.

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 ESG, cyber security and relevant technology developments. 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 66 to 86.

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

In accordance with Principle 7 of the QCA Code, the Board will undertake an internal evaluation of its effectiveness as well as of the Committees. In view of the changes to the membership of the Board, it was agreed to defer the 2022 evaluation until later in the year. It is intended that the evaluation will take the form of a questionnaire and be based on a number of themes including:

- the process for developing strategy and the business plan
- composition of the Board and skills and experience
- management information and reporting
- risk management
- values and culture
- stakeholder engagement.

The recommendations emanating from the review will be implemented and disclosed in the 2023 Annual Report.



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>

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 2022:

Shareholder	%
George Materna	25.01
MMGG Acquisition Ltd	20.18
Chelverton Asset Management	6.10
Paul Raine	5.52
Hargreaves Lansdown Asset Mgt	4.78
Interactive Investor	3.45
Charles Stanley	3.24
Matchtech Group SIP	3.12

Subsequent to the year end, the Company has not been notified of any changes to significant shareholdings. As at 31 July 2022, 28.31% of the Company's share capital was held by Directors.

The Group made no donations for political purposes either in the UK or overseas during the year (2021: £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 UK-adopted international accounting standards.

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.

Directors' Report continued

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, 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.

Audit exemption

For the year ended 31 July 2022, Gattaca plc has provided a legal guarantee under s479A of the Companies Act 2006 to the following companies:

- Alderwood Education Ltd
- Barclay Meade Ltd
- Cappel Group Limited
- Cappel International Limited
- CommsResources Limited
- Connectus Technology Limited
- Gattaca Projects 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 2 November 2022 and all the above entities have 31 July year ends.

Auditor

In December 2021, 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 2022, 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

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.

Directors' Report continued

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 54
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 5 to 7 and 38 to 45
Corporate responsibility (including environmental responsibilities and charitable donations)	See pages 38 to 45
List of Directors serving at the date of this Report	See page 58 to 59
List of principal subsidiary undertakings	See page 64
Main Committees of the Board and their activities	See page 61
Stakeholder engagement (including employee engagement and our commitment to equal opportunities)	See pages 46 to 47
Statement of Going Concern	See pages 49 to 50
Use of financial instruments and financial risk management	See pages 37, 50, 144 and 145
Viability Statement	See page 50

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:


Anne-Marie Palmer
Interim Company Secretary

2 November 2022

Audit Committee Report

Providing oversight and guidance



The Audit Committee provides oversight and guidance to contribute to the ongoing good governance of the business.”

Tracey James
Chair of the Audit Committee

Number of meetings

5

Attendance

100%

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 2022 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@gattacaplc.com.

Committee members

Tracey James (Chair)
Patrick Shanley
David Lawther
Ros Haith¹

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	●	●	●	●
David Lawther	●	●	●	●
Tracey James	●		●	
Ros Haith ¹	●	●		

¹ Appointed 8 December 2021.

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 Consolidated 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 2022, the Committee comprised of Tracey James (Chair), David Lawther, Patrick Shanley and Ros Haith. Tracey James is a qualified Chartered Accountant and spent many years as a Senior Audit Partner at Grant Thornton. The Board considers her to have recent and relevant financial experience that befits her role as Chair of the Audit Committee. All members of the Audit Committee are considered independent. 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 five times during the year.

NED	Maximum meetings	Meetings attended
Tracey James (Chair)	5	5
David Lawther	5	5
Patrick Shanley	5	5
Ros Haith	3	3

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 independent auditor to ensure audit objectivity is maintained.

The main activities of the Committee during the period since the last Annual 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 1.3 to the Financial Statements on page 105. 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 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 Annual 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 50.

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 2022 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 2022.

Audit Committee Report continued

Significant areas of focus

The Committee reviewed the key judgements applied to a number of significant areas of focus in the preparation of the Financial Statements. The review included consideration of the focus areas shown opposite.

The Committee is aware of the growing importance of considering the impact of climate change on Gattaca's business and operations, both now and in the future and will include this as part of their assessment of areas of focus in the future.

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 88 to 96, about specific areas as reported by the independent auditor in order to provide its opinion on the Financial Statements as a whole.

Area of focus	How the committee addresses
Revenue recognition	The Group has well-developed accounting policies for revenue recognition in compliance with IFRS 15 as shown in Note 1.6 to the Financial Statements. The Committee receives reports from management and from the auditors to evidence that the policies are complied with across the Group. On the basis of these reports, the Committee concluded that it was content with the judgements that had been made.
Goodwill and acquired intangibles: assessment for impairment	As set out in Note 1.10, Note 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. Following on from the half year impairment review as at 31 January 2022 which resulted in an impairment of £2.0m of the goodwill of the Infrastructure - RSL Rail CGU, the year end impairment review indicated further impairment against this CGU. Reflecting on the decisions arising from management's detailed review of operations, the Committee agreed with management's recommendation that the remaining goodwill, intangible assets and leased right-of-use assets of the Infrastructure - RSL Rail CGU be fully impaired at 31 July 2022. The Committee also considered and agreed the appropriateness of the sensitivity analysis disclosures.
Trade receivable and accrued income provisions	The Group has significant trade receivable and accrued income balances and has reviewed the level of provisioning required in light of the economic conditions in which the Group operates. The Group holds both specific provisions against identified risk of recovery as well as a provision based on an expected credit loss methodology. The Committee regularly reviews management's judgements over the level of provisioning required against specific client receivables 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.
Contingent liabilities	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. Additionally, management are aware of other potential claims against the Group at the year end and after seeking legal counsel, have concluded that the likelihood of liability and outflow of economic resources is not probable. 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.
Accounting for and disclosure of non-underlying items	The Committee considered the accounting for and disclosure of non-underlying items (see Note 4 to the consolidated Financial Statements) in line with the accounting policy set out by the Group. 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.

Audit Committee Report continued

Significant areas of focus continued

Area of focus	How the committee addresses
Accounting policy change in respect of software as a service implementation costs	The Committee considered the impact of the accounting policy change implemented in 2022 by the Group, in respect of how implementation costs associated with cloud-based software-as-a-service arrangements were treated, specifically over whether these costs met the criteria for capitalisation as intangible assets. This policy change, in response to the IFRIC announcements on the topic in March 2021, resulted in the restatement of previously capitalised implementation costs from the Statement of Financial Position to the Income Statement, as further detailed in Note 1.25 to the consolidated Financial Statements. Based on the extensive and detailed review performed by management, the Committee is satisfied with the accounting changes required and the restatements presented in the consolidated Financial Statements for the year ended 31 July 2022.
Valuation of investments (parent company)	Gattaca plc, the Company, holds investments in subsidiary undertakings of £38.6m at 31 July 2022 (31 July 2021: £38.4m) and at the year end, has reviewed the asset for any indications of impairment. The recoverable value of the asset was calculated based upon a value-in-use discounted cash flow using the three-year Group business plan, extended for long term growth rates and discounted using the Group's WACC. The result indicated a significant and material excess of recoverable amount above the carrying value of the investment; management also determined that the valuation was insensitive to reasonable changes in key assumptions and concluded no impairment was necessary. The Committee has reviewed and concurred with management's conclusions and associated disclosures.
Merger reserve realisation	A merger reserve of £28.5m was generated during the acquisition of Networkers International plc in 2015, recording the excess fair value above the nominal value of the share consideration. Unrealised profits held in the merger reserve become realised when a realised loss is recognised on the associated asset, or the asset is disposed of in return for qualifying consideration as defined by the Companies Act 2006. On realisation the merger reserve can be transferred to retained earnings, to present all distributable reserves in one place. Management has assessed that a loss was recognised against the underlying asset associated with the merger reserve when the goodwill and intangible assets from the acquisition were impaired between 2018 and 2020, and therefore the merger reserve is already realised. For the year ended 31 July 2022, management have chosen to transfer the realised merger reserve to retained earnings, presented all distributable reserves in one place. The Committee has reviewed management's assessment and the supporting guidance in the Companies Act 2006, concurring with the decision to represent the now realised the merger reserve within retained earnings.

Audit Committee Report continued

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 Assurance Framework in the year, providing input and recommendations to management on the scope, methodology and governance of the Group's risk processes as management evolves 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, the scope and extent of which is focused on both financial and non-financial processes and controls within the Group, determined by a risk-based approach and reviewed by the Committee.

In 2022, the Committee assessed the output from the Group's outsourced internal audit provider, KPMG, of the review of the Group's IT Risk Management, Infrastructure and Governance, and the Group's cyber security processes and controls, to review the overall effectiveness of the function.

The Committee review the findings of the internal audit output, 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.

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 2021, 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 2022.

Audit Committee Report continued

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; and
- 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 the 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 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 2022 and 2021. The Committee concluded that the level of non-audit fees, which represent 0% (2021: 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

2 November 2022

Nominations Committee Report

Supporting delivery of strategic objectives



We continue to ensure we have the right skills, experience and diversity around the Board table and across the organisation to deliver our strategic objectives.”

George Materna
Chair of the Nominations Committee

Committee activities 2022

- Appointment of Matt Wragg as Chief Executive Officer (CEO) and Oliver Whittaker as Chief Financial Officer (CFO)
- Appointment of Ros Haith as Independent Non-Executive Director
- Continual review of Board composition and measures to address diversity and inclusion at Board level and throughout the organisation

Number of meetings

4

Attendance

100%

Committee members

George Materna (Chair)
Patrick Shanley
David Lawther

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

Nominations Committee Report continued

On behalf of the Board, I am delighted to present my report as Chair of the Nominations Committee (the 'Committee') for the year. This has been a busy year for the Committee with the appointment of a new Chief Executive Officer, Chief Financial Officer and an Independent Non-Executive Director. This has been our primary focus over the year together with continuing to ensure we have the right skills, experience and diversity around the Board table and across the organisation to deliver our strategic objectives. The Committee met on a regular basis over the year to consider all of these matters, as well as convening when needed to ensure an orderly succession took place for the Executive Directors.

Activities during the year

We announced on 15 March 2022 that Kevin Freeguard and Salar Farzad would be retiring from the Board on 1 April 2022 and in line with the Group's succession plan, that Matt Wragg would succeed Kevin as CEO and Oliver Whittaker would succeed Salar as CFO. Kevin felt, and the Board agreed, that given the scale of improvement required in the

business an earlier change in leadership than that was originally planned was in the Group's interest; Salar determined that leaving the Group at the same time would be appropriate to allow the new CEO to partner with a new CFO for the long term. In accordance with the Committee's Terms of Reference the appointment of a new CEO is a matter for the Board and given that the CFO position was to be addressed at the same time, all (Non-Executive) Board members were involved in the consideration of these positions. We were delighted to welcome both Matt and Oliver to the Board recognising both the skills and experience they bring to the Board and their determination to advance the performance of the business.

As part of the Board evaluation during 2021, it was identified that there was a need to strengthen sales capabilities at Board level. The process for selection, before final nomination, was agreed by the Committee and The Inzito Partnership was appointed to assist in the search.

Following a comprehensive process in December 2021 Ros Haith was appointed to the Board as an Independent Non-Executive Director. Ros brings extensive experience in leading sales at several large organisations with a strong focus in digital and technology. The Inzito Partnership had no other connection to the Group or its Directors during the year. Ros was appointed to the Remuneration Committee and Audit Committee upon joining the Board which served to strengthen these Committee's by bringing a fresh perspective alongside the experience of other Directors.

Following Matt's appointment as CEO, the Committee together with Non-Executives present, continued to provide guidance on the Group's leadership and, were supportive of changes made to the Senior Leadership Team, previously named the Management Board.

Aims and objectives

The purpose 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 Group'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 Senior Leadership Team, 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.

Nominations Committee Report continued

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.

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 year, the Committee comprised its Chair, George Materna, Patrick Shanley, David Lawther. Patrick Shanley and David Lawther are Independent Non-Executive Directors, who have been members of the Committee since 2017 and 2021 respectively.

Meetings and attendance

The Committee met four times during the year.

NED	Maximum meetings	Meetings attended
George Materna (Chair)	4	4
Patrick Shanley	4	4
David Lawther	4	3

Diversity and inclusion

Board composition is an important reflection of our focus on diversity and inclusion. We are pleased that during the year we continued to address the gender balance of the Board by the addition of Ros Haith and overall, our Board represents a broad range of experience across the industries. We continue to focus on our target of 40% of our management team to be female by 2024 and 50% by 2026. The Board remains committed to equal opportunities for all employees at all levels of the organisation.

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. Ros Haith had an extensive induction program which was tailored to ensure she met a wide variety of colleagues within the business.

Priorities for the coming year

In the coming year, the Committee will:

- continue its ongoing review of succession planning for the Board, its Committees and the Senior Leadership Team to ensure these fully support the strategic objectives of the organisation;
- review the outcomes of the Board evaluation process in relation to the composition and skills of the Board and training and development needs of its Directors; and
- encourage further action to embed and develop diversity and inclusion across the organisation.

George Materna

Chair of the Nominations Committee

2 November 2022

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."

David Lawther
Chair of the Remuneration Committee

Number of meetings

7

Attendance

100%

Committee members

David Lawther (Chair)
Patrick Shanley
Tracey James
Ros Haith¹

Committee activities 2022

Gattaca's Directors' Remuneration Policy was approved by shareholders at the 2019 AGM. The policy is renewed every three years and a new policy will be put for shareholder approval by way of an advisory vote at the 2022 AGM. We not proposing any material changes to the 2019 policy. Subject to its approval, our approach to paying directors in FY23 will be in line with the 2022 policy.

The pay outcomes for FY22 reflected the Group's performance and take into account our wider stakeholders.

On behalf of the Board, I am pleased to present the Remuneration Committee's ('the Committee') report for the year ended 31 July 2022.

The stated aim of our Policy is to:

- Attract, motivate and retain Executive Directors 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 Executive Directors with the interests of shareholders and other key stakeholders

Committee experience	Management	Industry	Finance	Recruitment
Patrick Shanley	●	●	●	●
David Lawther	●	●	●	●
Tracey James	●		●	
Ros Haith ¹	●	●		

¹ Appointed 8 December 2021.

Remuneration Committee Report continued

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

David Lawther
Chair of the Remuneration Committee

During the year, the Committee agreed the pay packages for our two new Executive Directors and introduced bonus structures to apply for FY23 for our Senior Leadership Team and wider leadership community.

Business context and remuneration outcomes for 2022

The 2022 full year results for the Group show a continuing underlying profit before tax ('PBT') of £0.3m. This is 86% lower than the prior year primarily due to the lack of growth in NFI as the Group fell behind the post-pandemic recovery curve. Continuing underlying basic EPS fell from 5.3 pence to 0.3 pence. The decisions the Committee made on remuneration were taken in this context.

In advance of the FY22 financial year, the Committee determined that a bonus scheme for the

opportunity to earn 100% of salary based on combined achievement of financial and non-financial objectives was appropriate to motivate and incentivise Executive Directors. However, the step down of Kevin Freeguard and Salar Farzad on 1 April 2022 meant that no bonus was earned by the departing Executive Directors. When Matt Wragg and Oliver Whittaker stepped up to become CEO and CFO respectively on 1 April 2022, the Remuneration Committee determined that as the Group was forecast to miss its financial objectives for FY22, having provided the market with a profit-warning earlier in January 2022 and on track to break-even at a PBT level, that no bonus would be payable to the new Executive Directors. The Remuneration Committee believe this outcome is appropriate taking into account the underlying performance in FY22, especially in the context of no bonuses (excluding sales commissions) being paid to the wider employee population.

CEO and CFO pay arrangements

Kevin Freeguard and Salar Farzad stepped down from the Board on the 1 April 2022 and were put on gardening leave for their six month notice periods, in line with their service contracts.

Both former directors were paid their salaries, received benefits and pension contributions during this time. Neither former director received a bonus for the year ending 31 July 2022 and their outstanding LTIP awards were cancelled.

As part of the Group's succession planning, Matt Wragg, who was previously Chief Customer Officer and has been at Gattaca for 20 years, succeeded Kevin as CEO. Oliver Whittaker was promoted to CFO and both directors joined the Board from 1 April 2022.

Both Directors were appointed on base salaries lower than their predecessors with Matthew's base salary set at £250,000 and Oliver's at £180,000. Their pension contribution rates were aligned with the general workforce contribution rate of 5% of salary, consistent with good governance in this area.

Matt was previously a member of the Management Board and received LTIP awards in December 2021 which were subject to EPS targets for the year ending July 2024 (for 90% of the award), and relative TSR (for 10% of the award). Oliver, as a member of senior management, also received LTIP awards in December 2021,

subject to EPS targets for the year ending July 2024. Executive Directors were granted further LTIP awards based wholly on relative TSR measured over a three-year period relative to the FTSE Small Cap. The additional awards (i) were made to reflect their promotions to the Board, (ii) are in line with our Directors' Remuneration Policy and LTIP scheme limits, and (iii) provides direct alignment from appointment with the Board's goal of increasing shareholder value.

Directors' Remuneration Policy renewal

Our Directors' Remuneration Policy was approved by shareholders at the 2019 AGM and had a three-year life. During the year, the Committee undertook a review of the policy and felt the structure of fixed pay, an annual bonus and awards of performance shares under an LTIP remained appropriate. Therefore, there are no material changes proposed to the policy which will be subject to an advisory vote at the 2022 AGM. As ever, the Committee is mindful of the dilutive impact of granting LTIP awards and considers very carefully appropriate award levels in the context of the share price at the time of grant.



Overview



Strategic Report



Corporate Governance



Financial Statements

Remuneration Committee Report continued

Implementation of Policy in FY23

For FY23 Executive Directors' base salaries will not increase. The base salaries will be at the amounts set at their appointment on 1 April 2022. The Non-Executive Directors also elected to take no increase in fees. In setting the remuneration, the Committee was mindful of the UK Corporate Governance Code requirements and investor sentiments relating to executive pension levels. Pension contributions for Executive Directors (current and future) are now capped at the workforce main contribution rate of 5% of salary.

The annual bonus for FY23 will enable Executive Directors to earn 100% of their annual base salary subject to the achievement of pre-set measures and targets, which align with our focus on the Group's four strategic priorities – increased external focus, culture and people, operational performance and continued cost focus. 30% of the bonus will be based on continuing NFI, 60% on continuing underlying PBT and 10% on the achievement of a targeted improvement in the Group's colleague engagement score. The final bonus is at the discretion of the Remuneration Committee and a deduction

of up to 20% of the amount earned maybe made subject to scorecard metrics not being achieved in relation to behaviours and compliance. The Committee recognises the momentum for ESG targets to be an increasing component of Executive Director's compensation.

The Remuneration Policy provides the opportunity to grant Executive Directors LTIP awards with a face value of up to 150% of base salary in shares. The Remuneration Committee has considered the prevailing share price and it is expected that LTIP award grant level will be set at 100% of base salary for the Executive Directors based on a share price of £1.00. The vesting of these awards will be subject to three measures, 50% on an EPS performance condition, 40% on a relative TSR metric (relative to the FTSE Small Cap constituents (excluding Investment Trusts)) and 10% on a targeted reduction in group-wide attrition.

During the year, the Company utilised an Employee Benefit Trust to enable it to purchase 73,333 shares in the market to partially satisfy any future vesting share awards, taking its total to 80,000 shares held at 31 July 2022. For 2023 this has been extended to allow purchase of up to a further 160,000 shares in the market.

2022 is the final year of our current shareholder approved Remuneration Policy. The new Directors' Remuneration Policy will be put to an advisory shareholder vote at the 2022 AGM and we look forward to you continued support. 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@gattacapl.com.

On behalf of the Committee and Board,

David Lawther
Chair of the Remuneration Committee

2 November 2022

Remuneration Committee Report continued

Directors' Remuneration Policy

This Directors' Remuneration Policy will be subject to an advisory shareholder vote at the 2022 Annual General Meeting. Subject to its approval, it is expected that the policy will apply for a period of three years. The proposed policy is largely unchanged from the one approved by shareholders in 2019 except for a reduction in the level of pension contribution that may be provided.

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.

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

1. Attract, motivate and retain Executive Directors and senior 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 Executive Directors and senior executives with the interests of shareholders and other key stakeholders.

The table below sets out the key elements of the Policy for Executive Directors.

Executive Directors' Remuneration Policy table

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Base Salary			
To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Group.	Salaries are reviewed annually, and any changes normally take effect from 1 August. When determining the salary of the Executives the Committee takes into consideration: • the levels of base salary for similar positions with comparable status, responsibility and skills, in organisations of broadly similar size and complexity; • the performance of the Group in the financial year just ended; • the performance of the individual Executive Director; • the individual Executive Director's experience and responsibilities; • any pay conditions (such as pay hold) made at the start of the financial year just ended; and • pay and conditions throughout the Group, including the level of salary increases awarded to other employees.	Annual percentage increases are generally consistent with the range awarded across the Group. Percentage increases in salary above this level may be made in certain circumstances, such as (but not limited to) a change in responsibility or a significant increase in the role's scale or the Group's size and complexity. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.	A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.

Remuneration Committee Report continued

Executive Directors' Remuneration Policy table continued

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Benefits			
To provide competitive benefits and to attract and retain high-calibre employees.	Reviewed periodically to ensure benefits remain market competitive. Benefits currently include: • proactive health plan; • car benefit; and • insured benefit schemes. Relocation related benefits may be provided. Additional benefits may be provided where they are provided to other employees in the business.	Benefit values vary year on year depending on premiums and the maximum potential value is the cost of the provision of these benefits. The Group conducts regular brokering exercises to ensure premiums remain competitive.	No performance or recovery provisions applicable.
Pension			
To provide a competitive company contribution that enables effective retirement planning.	Pension is provided by way of a contribution to a personal pension scheme or cash allowance in lieu of pension benefits.	The maximum contribution to a personal pension scheme or cash in lieu is equal to the pension contribution provided to the majority of the workforce, which is currently 5% of salary. Gattaca provides a Group Personal Pension scheme, which is open to the Executives to participate.	No performance or recovery provisions applicable.

Remuneration Committee Report continued

Executive Directors' Remuneration Policy table continued

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
Annual Bonus			
Incentivises achievement of annual objectives which support the Group's short-term performance goals.	Bonus awards are granted annually following the signing of the Report and Accounts, usually in November. Performance is typically assessed over one financial year with pay-out determined by the Committee following the year end, based on achievement against pre-agreed performance measures and targets.	The maximum potential under the Annual Bonus is up to 120% of salary. Any bonus payable above 100% of salary will be deferred into shares with a two-year vesting period.	Performance targets will be set by the Committee annually based on a range of financial and operational measures. Financial targets will form the majority of the bonus opportunity and typically include PBT and/or NFI. The Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the year. The Committee has the discretion to make downward or upward movements to the amount of bonus earned resulting from the application of the performance measures, if the RemCo believes that the bonus outcomes are not a fair and accurate reflection of business performance. As well as determining the measures and targets, the Committee will also determine the weighting of the various measures to ensure that they support the business strategy and objectives for the relevant year.

Remuneration Committee Report continued

Executive Directors' Remuneration Policy table continued

Element, purpose & link to strategy	Operation	Maximum opportunity	Performance measures and assessment
LTIP			
The LTIP incentivises Executives to achieve superior returns to shareholders over a three-year period and to retain key individuals and align their interests with shareholders.	Under the LTIP, the Committee may award annual grants of performance share awards in the form of nil-cost options or conditional shares (LTIP Awards) on an annual basis.	Maximum LTIP Awards are equal to 150% of base salary. The Remuneration Committee will take into account the prevailing share price at the time of grant and the dilutive impact before determining the exact award level.	Performance measures are reviewed annually ahead of the LTIP Award to ensure that they are aligned to the Group's long-term strategy and vest based on performance against challenging targets.
	LTIP Awards under the plan will vest after a performance period of no less than three years subject to the achievement of the pre-agreed performance measures.		Targets may be set on the Group's financial performance aligned with shareholder value-based outcomes.
	There will be a two-year holding period applicable after the three-year performance period. Exclusions will apply to shares sold for the purpose of paying tax.		Targets are typically structured as a challenging sliding scale, with no more than 25% of the maximum award vesting for achieving the threshold performance level through to full vesting for substantial outperformance of the threshold.
	Malus and clawback provisions apply at the discretion of the Committee in exceptional circumstances.		The Committee has the discretion to adjust targets or performance measures for any exceptional events that may occur during the vesting period.
			The Committee has the discretion to make downward or upward movements in the vesting of the LTIP resulting from the application of the performance measures if the Committee believes that the outcomes are not a fair and accurate reflection of business performance.
			The Committee will review performance measures prior to each grant, in terms of the range of targets, the measures themselves and weightings applied to each element of the LTIP. Any revisions to the metrics and/or weightings will only take place if it is necessary because of developments in the Group's strategy.
Shareholding ownership guidelines			
To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.	The Executive Directors are encouraged to build or maintain (as relevant) a minimum shareholding in the Company. Shares included in this calculation are those held beneficially by the Executive Director and their spouse/ life partner.	The shareholding ownership guideline is 200% of salary for Executive Directors.	Not applicable.

Remuneration Committee Report continued

Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus and LTIP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects in relation to the operation of each plan. Discretions include:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- determining the extent of vesting;
- treatment of awards and/or payments on a change of control or restructuring of the Group;
- whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends);
- what the weighting, measures and targets should be for the annual bonus plan and LTIP awards from year to year;
- the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan or a granted LTIP award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and LTIP awards with, in the case of LTIP awards held by Executive Directors, adjusted performance conditions being not materially less difficult to satisfy than the original conditions would have been but for the relevant event(s); and
- the ability to override formulaic outcomes in line with policy.

All assessments of performance are ultimately subject to the Committee's judgement and discretion is retained to adjust payments in appropriate circumstances as outlined in this Policy.

Remuneration Committee Report continued

Annual Report on 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	Pension £'000	Total fixed pay £'000	Bonus £'000	Long-term incentives ⁴ £'000	Total variable pay £'000	Total £'000
Matt Wragg	2022	83	4	4	92	-	33	33	125
Oliver Whittaker	2022	60	4	3	67	-	-	-	67
Former directors									
Kevin Freeguard (Chief Executive Officer)	2022	206	8	21	235	-	-	-	235
	2021	300	11	30	341	105	-	105	446
Salar Farzad (Chief Financial Officer)	2022	156	8	16	180	-	-	-	180
	2021	227	13	23	263	79	-	79	342

1 Matt Wragg and Oliver Whittaker joined the Board on 1 April 2022; remuneration in 2021 as Executive Directors was Nil.

2 Kevin Freeguard and Salar Farzad stepped off the Board on 1 April 2022

3 Taxable benefits comprise company car allowance and private medical insurance.

4 Long-term incentives vesting relate to the performance in the financial year. Prior to being appointed to the Board, Matt Wragg held LTIP options granted in 2018 which vested in December 2021 as a result of the options successfully meeting the TSR hurdle.

Annual bonus outcomes for the financial year ending 31 July 2022

The Group has made minimal profit at a continuing underlying PBT level for FY22; on that basis, the Remuneration Committee agreed that no bonus should be payable to current or former Executive Directors for the year ending 31 July 2022.

Long-term incentive awards made during the year

LTIP awards made on 16 December 2021 and 9 May 2022 are summarised in the table below:

	Number of options granted	Date	Performance measures and targets	Vesting date	Exercise price
Matt Wragg	66,322	-	1. 90% based on adjusted EPS for the year ending 31 July 2024 on the following ratchets: • 0% vesting for below 22.9p; • 25% vesting for 22.9p; • Between 25% and 100% vesting on a straight-line basis between 22.9p and 32.0p; and • 100% vesting for 32.0p or better. 2. 10% on relative TSR versus the constituents of the FTSE Small Cap excluding investment trusts • 0% vesting for below median ranking; • 25% vesting for median ranking; • Between 25% and 100% vesting on a straight-line basis between median and upper quartile ranking; and • 100% vesting for upper quartile or better ranking.	16 Dec 2024	£0.01
Kevin Freeguard	150,732	16 Dec 2021			
Salar Farzad	113,853				
Oliver Whittaker	39,190	16 Dec 2021	Adjusted EPS for the year ending 31 July 2024 on the following ratchets: • 0% vesting for below 22.9p; • 25% vesting for 22.9p; • Between 25% and 100% vesting on a straight-line basis between 22.9p and 32.0p; and • 100% vesting for 32.0p or better.	16 Dec 2024	£0.01
Matt Wragg	70,000	9 May 2022	Group TSR ranking versus the constituents of the FTSE Small Cap excluding investment trusts • 0% vesting for below median ranking; • 25% vesting for median ranking; • Between 25% and 100% vesting on a straight-line basis between median and upper quartile ranking; and • 100% vesting for upper quartile or better ranking.	9 May 2025	£0.01
Oliver Whittaker	60,000				

Remuneration Committee Report continued

Annual Report on Remuneration continued

As set out in the Annual Statement, reflecting Matt's and Oliver's promotions to the Board, they were granted 70,000 and 60,000 of additional LTIP awards each (face values equal to £46,200 and £39,600 respectively on grant date) upon joining the Board. These awards are subject to a relative TSR metric only and help align our new executive team with shareholders.

The awards granted in FY22 to Kevin and Salar and all historic LTIP awards granted to them lapsed on 1 April 2022 on cessation of their employment as Executive Directors.

SIP awards granted in 2022

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
Matt Wragg	870	870
Oliver Whittaker	-	-
Kevin Freeguard	-	-
Salar Farzad	-	-

Payments to past Directors

Payments of £117,000, including base salary, benefits and pension contributions were made to Kevin Freeguard over part of his six month notice period to 31 July 2022.

Payments of £90,000, including base salary, benefits and pension contributions were made to Salar Farzad over part of his six month notice period to 31 July 2022. An accrual of £159,000 has been recorded at 31 July 2022 for further payments due to these past directors in FY23, to finalise their notice periods.

1. Implementation of Policy in FY23

Fixed remuneration

For FY23 Executive Directors' base salaries will not increase on the amounts set at their appointment on 1 April 2022.

The pension contribution level for our Executive Directors is capped at the workforce contribution rate of 5% of salary.

Bonus

The FY23 annual bonus opportunity for Executive Directors is 100% of salary; 30% will be based on NFI, 60% on PBT and 10% on colleague engagement scores. 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 100% of base salary in the year (which is lower than the 120% of salary policy maximum) based on a share price of £1.00. Vesting will be subject to three measures – 50% on underlying EPS targets for FY25, 40% on relative TSR (relative to the FTSE Small Cap constituents excluding Investment Trusts) and 10% on a target reduction in attrition amongst our Group-wide community, both measured over a three-year period to FY25.

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.

Remuneration Committee Report continued

Annual Report on Remuneration 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	2022	103	-	103
	2021	100	-	100
George Materna	2022	53	-	53
	2021	51	-	51
David Lawther	2022	57	-	57
	2021	57	-	57
Tracey James ¹	2022	53	-	53
	2021	34	-	34
Ros Haith ²	2022	31	-	31
	2021	-	-	-
Richard Bradford ³	2022	-	-	-
	2021	18	-	18

1 Appointed 8 December 2020.

2 Appointed 8 December 2021.

3 Resigned 8 December 2020.

Fees to be provided in 2023 to the Non-Executive Directors

The Board has determined that no fee increase will be applied to the current Chair and Non-Executive fees in 2023.

Fee component per role	2023 £'000	2022 £'000	% change
Chair fee	103	103	-
Non-Executive Director base fee	47	47	-
Senior Independent Director fee	5	5	-
Committee Chair fee (Audit and Remuneration Committees)	5	5	-
Committee member fee (Audit and Remuneration Committees)	-	-	-

4. Directors' shareholding and share interests

Shareholding and other interests at 31 July 2022

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 2022		Interests in shares under the LTIP		SIP awards (matching shares)	
	Number of beneficially owned shares ¹	% of salary held ²	Total Interests subject to conditions	Total vested Interests unexercised	Total Interests subject to conditions	Total Interests at 31 July 2022
Matt Wragg	30,497	8%	294,732	52,138	1,740	379,107
Oliver Whittaker	4,572	2%	99,190	-	710	104,472
Patrick Shanley	15,000	-	-	-	-	15,000
George Materna	8,077,405	-	-	-	-	8,077,405
David Lawther	-	-	-	-	-	-
Tracey James ³	-	-	-	-	-	-
Ros Haith ⁴	-	-	-	-	-	-
Total	8,127,474		393,922	52,138	2,450	8,575,984

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

2 % of salary held calculated using the share price on 31 July 2022, being 67.5 pence.

3 Tracey James joined the Board on 8 December 2020.

4 Ros Haith joined the Board on 8 December 2021.

There have been no changes between 31 July 2022 and the date that this Report was signed.

5. Considerations by the Committee of matters relating to Directors' remuneration in 2022

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.

Remuneration Committee Report continued

Annual Report on Remuneration continued

5. Considerations by the Committee of matters relating to Directors' remuneration in 2022 continued

Members of the Committee during 2022	Independent	Number of meetings held	Meetings attended
David Lawther (Chair)	Yes	7	7
Patrick Shanley	No	7	7
Tracey James ¹	Yes	7	7
Ros Haith ²	Yes	4	3

1 Appointed on 8 December 2020.
2 Appointed on 8 December 2021.

During the year, there were seven 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 2022 bonus scheme (including setting of targets at the half year), the LTIP grants made during the year and LTIP vesting outcomes, 2022 salary review budget proposal, Remuneration Committee advisers and senior management remuneration plans for 2023.

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 Chief People Officer 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 Chief People Officer, finance and company secretariat functions.

The Committee received external advice in 2022 from FIT Remuneration Consultants ('FIT'). The total fee paid to FIT in respect of services to the Committee during the year was £41,000.

6. Statement of voting

The 2022 Directors' Remuneration Policy will be put forward to shareholders on an advisory basis at the 2022 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

2 November 2022



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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 2022 and of the group's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 2022 (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 July 2022; the Consolidated Income Statement, Reconciliation to adjusted profit measure, 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

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Audit scope

- We conducted full scope audit work over four operating units which accounted for 92% of the group's revenue and 79% of the group's NFI (gross profit).
- 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)
- Impairment of goodwill and intangible assets - Infrastructure - RSL Rail CGU (group)
- Accounting for Software as a Service (SaaS) costs (group)
- Valuation of investments (parent)

Materiality

- Overall group materiality: £350,000 (2021: £340,000) based on approximately 0.8% of net fee income (gross profit) from continuing operations.
- Overall company materiality: £415,000 (2021: £1,105,000) based on approximately 1% of total assets.
- Performance materiality: £260,000 (2021: £255,000) (group) and £311,250 (2021: £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.

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

Impairment of goodwill and intangible assets - Infrastructure - RSL Rail CGU, Accounting for Software as a Service (SaaS) costs and Valuation of investments are new key audit matters this year. Impact of COVID-19, which was a key audit matter last year, is no longer included because of the reduced risk associated to business disruption caused by the pandemic. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report continued

to the members of Gattaca plc

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 1.18 (The Group and Company Significant Accounting Policies) and Note 17 (Trade and Other Receivables). At 31 July 2022, the group had gross trade receivables and accrued income balances of £54,453,000 (2021: £65,433,000) and provisions of £2,759,000 (2020: £4,514,000). The recoverability of trade receivables, accrued income and the level of provisions for expected credit losses at 31 July 2022 are considered to be an audit risk due to the quantum of these balances to the financial statements and the judgements required in determining the level of provisions.	In order to test the recoverability of trade receivables and accrued income, we performed the following procedures: • 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 considered the experience of post year end cash collection in previous financial years and the level of debtor write offs during the current year. Building on this, we considered, at a total debtor level, the quantum of cash received post year end against the debtor book at the year end and assessed how this supported the expected credit loss provision applied; • We assessed recoverability of individual trade receivable balances by testing a sample of invoices to cash received subsequent to year end, and issue of credit notes post year end; • We assessed and validated the reasons for which certain debtor balances are specifically provided for; • We evaluated the group's credit control procedures, including the use of non-recourse invoice financing and validated the ageing profile of trade receivables; • We researched viability of a sample of debtors, considered provisioning rates of businesses in the same industry, considered bad debt write offs during the year and provisioning rates in the context of the economic environment at the year end; and • 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 evaluated the appropriateness of disclosures made in the financial statements There were no material issues identified in testing the recoverability trade receivables or accrued income and the respective expected credit loss provisions.

Independent Auditors' Report continued

to the members of Gattaca plc

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, 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 at the journal level.	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. Testing of a key control 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; • For permanent revenue, using our data auditing techniques, we conducted testing over 'unexpected' journals impacting the permanent revenue stream ledger codes, corroborating the transactions to appropriate audit evidence; • 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 cut-off by considering, on a sample basis, the start date of permanent placements and the term of a temporary placement with reference to the year end date; and • We conducted analytical procedures over revenue on a month-by-month basis and validated the appropriateness of significant variations ; There were no instance of material fraud in revenue recognition identified from our testing of revenue posting journals through the year and cut-off at the year end.

Independent Auditors' Report continued

to the members of Gattaca plc

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and intangible assets – Infrastructure – RSL Rail CGU (group)	
Refer to page 68 (Audit Committee Report), 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). The Group has a material amount of acquired goodwill and intangible assets. There is an increased risk of impairment where the post-acquisition performance of businesses acquired is behind expectations from the time of the original acquisition. Management performed an annual impairment assessment based on Board approved three-year budget plans to test whether the carrying value of goodwill and acquired intangible assets are supported by the present value of the projected future cash flows of the Infrastructure – RSL Rail CGU Cash Generating Unit (CGU) Goodwill has a carrying value of £1,712,000 (2021: £4,357,000). A full impairment charge of £3,781,000 (2021: £nil) has been recognised against the goodwill and intangible assets of the Infrastructure – RSL Rail CGU in the year.	We assessed management's impairment testing relating to the Infrastructure – RSL Rail CGU by obtaining and testing the supporting models and assessing the methodology used and key assumptions made, as follows: • We tested the mathematical integrity of the underlying discounted cash flow models; • We validated that the budgeted cash flows used in the model have been approved by the Board; • We challenged the cash flow projections used within the model, by reference to current cash flows, analysis of management's historic forecasting accuracy, and by validating the reasonableness of anticipated growth through comparing to past trends and our wider business understanding; • We held discussions with financial and non-financial personnel, corroborating explanations to supporting documentation, including third party evidence where possible; • 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; • To assess the impairment charge, we recalculated the charge and confirmed that this had been accounted for appropriately including with regard to the 'excess' shortfall in the model which was applied against the remaining fixed assets of the CGU and considered any contrary evidence; • We reviewed disclosures in the accounts and consider these appropriate based on the results of the assessment and the requirements of accounting standards; and • Given the fact a full impairment was recorded against the Goodwill, Intangible and Fixed Assets of the Infrastructure – RSL Rail CGU, we considered the potential for management bias in the impairment recorded including by way of conducting sensitivity analysis. Through audit of the impairment assessment performed by management and the disclosures made, we did not identify any material misstatement in the impairment of goodwill and intangible assets of the Infrastructure – RSL Rail CGU.



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Independent Auditors' Report continued

to the members of Gattaca plc

Key audit matter	How our audit addressed the key audit matter
Accounting for Software as a Service (SaaS) costs (group)	
Refer to page 68 (Audit Committee Report), Note 1.11 (The Group and Company Significant Accounting Policies), Note 1.25 (The Group and Company Significant Accounting Policies) and Note 13 (Goodwill and Intangible Assets). In years prior to FY22, the group has capitalised significant costs related to Software as a Service (SaaS) cloud arrangements. A March 2021 IFRS interpretations committee update included an agenda decision on appropriate accounting for such costs. This agenda decision indicates when an arrangement would likely be accounted for as a service (which is often the case for cloud computing if the entity does not obtain a right to take possession of the software) versus when it could be an intangible asset or a lease. The directors have considered the impact of the agenda decision, and amended the applicable accounting policies, resulting in a material restatement to the previously capitalised costs, as detailed in Note 1.25 to the financial statements.	We obtained management's assessment of the portfolio of SaaS arrangements and performed the following procedures to assess the appropriateness and accuracy of the adjustments recorded: • We reviewed contracts from a sample of service providers to determine whether these costs met the definition of control outlined in IAS38, which states that an entity controls an asset if it has the power to obtain the future economic benefits from the asset and has the ability to restrict the access of others to those benefits and hence got comfortable that the restatements to previously capitalised costs were appropriate; • With regard to expenses not incurred directly with the SaaS providers but with other parties to the implementation of systems, we tested a sample of invoices to ensure accuracy and hence confirmed these amounts had appropriately been capitalised or written off; and • We reviewed the accuracy and completeness of disclosures pertaining to the restatements within the financial statements. Through the work performed, we are comfortable that the restatements and amended accounting policy, and related disclosures, are appropriate in the context of the agenda decision.

Independent Auditors' Report continued

to the members of Gattaca plc

Key audit matter	How our audit addressed the key audit matter
Valuation of investments (parent) Refer to page 68 (Audit Committee Report), Note 1.12 (The Group and Company Significant Accounting Policies) and Note 15 (Investments in Subsidiary Undertakings). The Company holds investments of £38,608,000 in its subsidiary undertakings. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of the investment in subsidiaries may not be recoverable. If such circumstances are identified, an impairment review is undertaken to establish whether the carrying amount of the investments exceeds its recoverable amount, being the higher of fair value less costs to sell or value in use. Impairment assessments of this nature require significant judgement and there is a risk that a potential impairment trigger may not be identified by management and in the event that there is an impairment trigger identified, there is a risk that the calculation of the recoverable amount of the investment is incorrect and therefore the value of the investment may be misstated. The directors identified that as a result of a fall in the market capitalisation of the group, and performance of the group falling below budget during the year ended 31 July 2022, a trigger did exist and hence conducted an assessment of whether the investment carrying value could be supported by its recoverable amount. This review indicated the value was supported and hence no impairment has been recorded.	We obtained management's impairment assessment for the investments in subsidiaries held by the Company. We assessed the methodology used and key assumptions made, as follows: • We tested the mathematical integrity of the underlying discounted cash flow models; • We validated that the budgeted cash flows used in the model have been approved by the Board; • We challenged the cash flow projections used within the model, by reference to historical forecasting and by validating the reasonableness of anticipated growth through comparing to past trends and our wider business understanding; • 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; and • We reviewed disclosures in the accounts and considered these appropriate based on the results of the assessment and the requirements of accounting standards. Through review of the impairment assessment performed by management and the disclosures made, we did not identify any material misstatements.

Independent Auditors' Report continued

to the members of Gattaca plc

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 35 operating units which fall into 7 reportable segments.

Of the group's 35 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 92% of the group's revenue and 79% of the group's NFI (gross profit).

In addition, we performed analytical procedures on the remaining 31 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 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	£350,000 (2021: £340,000).	£415,000 (2021: £1,105,000).
How we determined it	Approximately 0.8% of net fee income (gross profit) from continuing operations	Approximately 1% of total assets
Rationale for benchmark applied	Group profitability is around break even. 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 £330,000 to certain line items, account balances and disclosures that were in scope for the audit of the group financial statements.

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. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

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% (2021: 75%) of overall materiality, amounting to £260,000 (2021: £255,000) for the group financial statements and £311,250 (2021: £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) (2021: £17,000) and £17,000 (company audit) (2021: £17,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditors' Report continued

to the members of Gattaca plc

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.
- 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 2022 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 the 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.

Independent Auditors' Report continued

to the members of Gattaca plc

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. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors 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 an 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.

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

2 November 2022

Consolidated Income Statement

For the year ended 31 July 2022

	Note	2022 £'000	Restated ¹ 2021 £'000
Continuing operations			
Revenue	2	403,346	415,726
Cost of sales		(359,206)	(373,646)
Gross profit	2	44,140	42,080
Administrative expenses ²		(49,244)	(40,188)
(Loss)/profit from continuing operations	4	(5,104)	1,892
Finance income	6	570	56
Finance cost	7	(253)	(1,136)
(Loss)/profit before taxation		(4,787)	812
Taxation	10	460	(41)
(Loss)/profit for the year after taxation from continuing operations		(4,327)	771
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	11	(346)	(1,208)
Loss for the year		(4,673)	(437)

Losses for the years 2022 and 2021 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	2022 pence	Restated ¹ 2021 pence
Total earnings per ordinary share			
Basic loss per share	12	(14.5)	(1.4)
Diluted loss per share	12	(14.5)	(1.4)

	Note	2022 pence	Restated ¹ 2021 pence
Earnings from continuing operations per ordinary share			
Basic (loss)/earnings per share	12	(13.4)	2.4
Diluted (loss)/earnings per share	12	(13.4)	2.4

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.

	2022 £'000	Restated ¹ 2021 £'000
(Loss)/profit from continuing operations	(5,104)	1,892
Add:		
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	2,210	2,185
Non-underlying items included within administrative expenses	558	(193)
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	5,051	548
Underlying EBITDA	2,715	4,432
Less:		
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	(2,210)	(2,185)
Net finance costs excluding foreign exchange gains and losses	(249)	(412)
Underlying profit before taxation	256	1,835
Underlying taxation	(154)	(132)
Underlying profit after taxation from continuing operations	102	1,703

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

² Administrative expenses from continuing operations includes net impairment releases on trade receivables and accrued income of £295,000 (2021: losses of £420,000)

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2022

	2022 £'000	Restated ¹ 2021 £'000
Loss for the year	(4,673)	(437)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	72	281
Other comprehensive income for the year	72	281
Total comprehensive loss for the year attributable to equity holders of the parent	(4,601)	(156)

	2022 £'000	Restated ¹ 2021 £'000
Attributable to:		
Continuing operations	(4,024)	1,004
Discontinued operations	(577)	(1,160)
	(4,601)	(156)

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Consolidated and Company Statements of Changes in Equity

For the year ended 31 July 2022

A) Consolidated

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserves £'000	Restated ¹ Retained earnings £'000	Total £'000
At 1 August 2020 as originally presented	323	8,706	28,750	526	(147)	(97)	1,711	39,772
Adjustments due to change of accounting policy, net of tax (Note 1.25)	-	-	-	-	-	-	(4,738)	(4,738)
Restated total equity at 1 August 2020	323	8,706	28,750	526	(147)	(97)	(3,027)	35,034
Loss for the year	-	-	-	-	-	-	(437)	(437)
Other comprehensive income	-	-	-	-	281	-	-	281
Total comprehensive loss	-	-	-	-	281	-	(437)	(156)
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)	(3,223)	35,107
At 1 August 2021	323	8,706	28,750	454	134	(37)	(3,223)	35,107
Loss for the year	-	-	-	-	-	-	(4,673)	(4,673)
Other comprehensive income	-	-	-	-	72	-	-	72
Total comprehensive loss	-	-	-	-	72	-	(4,673)	(4,601)
Deferred tax movement in respect of share options	-	-	-	-	-	-	(60)	(60)
Share-based payments charge (Note 23)	-	-	-	145	-	-	-	145
Share-based payments reserves transfer	-	-	-	(249)	-	-	249	-
Purchase of treasury shares	-	-	-	-	-	(110)	-	(110)
Translation reserve movements on disposal of foreign operations ²	-	-	-	-	931	-	(931)	-
Dividends paid in the year (Note 29)	-	-	-	-	-	-	(484)	(484)
Transfer of merger reserve (Note 23)	-	-	(28,526)	-	-	-	28,526	-
Transactions with owners	-	-	(28,526)	(104)	931	(110)	27,300	(509)
At 31 July 2022	323	8,706	224	350	1,137	(147)	19,404	29,997

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

² The movement through the translation reserve in the year ended 31 July 2022 is in respect of disposal of foreign operations relating to the sale of the South African recruitment operations in December 2021 and the realisation of previously unrealised foreign exchange losses.

Consolidated and Company Statements of Changes in Equity continued

For the year ended 31 July 2022

B) Company

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment £'000	Treasury shares reserves £'000	Retained earnings £'000	Total £'000
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
At 1 August 2021	323	8,706	28,526	454	(16)	756	38,749
Profit and total comprehensive income for the year (Note 9)	-	-	-	-	-	296	296
Share-based payments charge (Note 23)	-	-	-	145	-	-	145
Share-based payments reserves transfer	-	-	-	(249)	-	249	-
Purchase of treasury shares	-	-	-	-	(91)	-	(91)
Dividends paid (Note 29)	-	-	-	-	-	(484)	(484)
Transfer of merger reserve (Note 23)	-	-	(28,526)	-	-	28,526	-
Transactions with owners	-	-	(28,526)	(104)	(91)	28,291	(430)
At 31 July 2022	323	8,706	-	350	(107)	29,343	38,615

Consolidated and Company Statements of Financial Position

As at 31 July 2022

	Note	Group			Company	
		31-Jul-22 £'000	Restated ¹ 31-Jul-21 £'000	Restated ¹ 01-Aug-20 ² £'000	31-Jul-22 £'002	31-Jul-21 £'000
Non-current assets						
Goodwill and intangible assets	13	2,072	6,343	6,948	11	13
Property, plant and equipment	14	1,359	1,578	1,492	-	-
Right-of-use assets	22	3,065	5,674	7,338	-	-
Investments	15	-	-	19	38,608	38,463
Deferred tax assets	16	604	971	859	-	-
Total non-current assets		7,100	14,566	16,656	38,619	38,476
Current assets						
Trade and other receivables	17	54,767	64,135	48,946	2,757	3,046
Corporation tax receivables		1,263	818	26	238	195
Cash and cash equivalents		17,768	29,238	34,796	7	4
Assets classified as held for sale	11	-	346	-	-	-
Total current assets		73,798	94,537	83,768	3,002	3,245
Total assets		80,898	109,103	100,424	41,621	41,721
Non-current liabilities						
Deferred tax liabilities	16	(25)	(14)	(29)	-	-
Provisions	18	(517)	(1,269)	(1,587)	-	-
Lease liabilities	22	(2,490)	(4,281)	(5,746)	-	-
Bank loans and borrowings	20	-	-	(7,304)	-	-
Total non-current liabilities		(3,032)	(5,564)	(14,666)	-	-

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

² Following the material restatement of the comparative information in relation to cloud computing arrangements, as explained further in Note 1.25, a third balance sheet has been presented as at 1 August 2020, in line with the requirements of IAS 1.

Consolidated and Company Statements of Financial Position continued

As at 31 July 2022

	Note	Group			Company	
		31-Jul-22 £'000	Restated ¹ 31-Jul-21 £'000	Restated ¹ 01-Aug-20 ² £'000	31-Jul-22 £'000	31-Jul-21 £'000
Current liabilities						
Trade and other payables	19	(43,406)	(56,121)	(46,129)	(3,006)	(2,972)
Provisions	18	(1,187)	(464)	(1,207)	-	-
Current tax liabilities		(340)	(796)	(1,247)	-	-
Lease liabilities	22	(1,135)	(1,480)	(1,990)	-	-
Bank loans and borrowings	20	(1,801)	(9,348)	(151)	-	-
Liabilities directly associated with assets classified as held for sale	11	-	(223)	-	-	-
Total current liabilities		(47,869)	(68,432)	(50,724)	(3,006)	(2,972)
Total liabilities		(50,901)	(73,996)	(65,390)	(3,006)	(2,972)
Net assets		29,997	35,107	35,034	38,615	38,749
Equity						
Share capital	23	323	323	323	323	323
Share premium		8,706	8,706	8,706	8,706	8,706
Merger reserve	23	224	28,750	28,750	-	28,526
Share-based payment reserve		350	454	526	350	454
Translation reserve		1,137	134	(147)	-	-
Treasury shares reserve		(147)	(37)	(97)	(107)	(16)
Retained earnings		19,404	(3,223)	(3,027)	29,343	756
Total equity		29,997	35,107	35,034	38,615	38,749

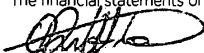
1 Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

2 Following the material restatement of the comparative information in relation to cloud computing arrangements, as explained further in Note 1.25, a third balance sheet has been presented as at 1 August 2020, in line with the requirements of IAS 1.

The amount of profit generated by the parent Company was £296,000 for the year ended 31 July 2022 (2021: loss of £866,000).

The accompanying notes on pages 105 to 146 form part of these financial statements.

The financial statements on pages 97 to 146 were approved by the board of directors on 2 November 2022 and signed on its behalf by



Oliver Whittaker
Chief Financial Officer

Consolidated and Company Cash Flow Statements

For the year ended 31 July 2022

	Note	Group		Company	
		2022 £'000	Restated ¹ 2021 £'000	2022 £'000	2021 £'000
Cash flow from operating activities					
(Loss)/profit after taxation		(4,673)	(437)	296	(866)
Adjustments for:					
Depreciation of property, plant and equipment and amortisation of goodwill and intangible assets	4	1,078	901	2	3
Depreciation of leased right-of-use assets	4	1,552	1,875	-	-
Loss from sale of subsidiary, associate or investment		82	-	-	-
Loss on disposal of property, plant and equipment	4	33	8	-	-
Loss on disposal of software and software licenses	4	12	-	-	-
Impairment of goodwill and acquired intangibles	4	3,780	-	-	-
Impairment of right-of-use assets	4	852	183	-	-
Profit on reassessment of lease term		(27)	-	-	-
Impairment of property, plant and equipment	14	-	18	-	-
Interest income	6	(4)	(65)	(1)	-
Interest costs	7	253	1,218	-	260
Taxation (credit)/expense recognised in income statement	10	(467)	26	(235)	(189)
Decrease/(increase) in trade and other receivables		9,368	(15,499)	582	68,992
(Decrease)/increase in trade and other payables		(12,715)	10,098	(67)	(60,617)
Increase in provisions	18	(54)	(1,064)	-	-
Share-based payment charge	23	145	271	-	-
Dividends received		-	-	(1,350)	-
Foreign exchange gains		31	-	-	-
Cash (used in)/generated from operations		(754)	(2,467)	(773)	7,583
Interest paid	7	(138)	(320)	-	(63)
Interest on lease liabilities	7	(115)	(156)	-	-
Interest received	6	4	65	1	-
Income taxes paid		(200)	(1,322)	-	-
Cash (used in)/generated from operating activities		(1,203)	(4,200)	(772)	7,520

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Consolidated and Company Cash Flow Statements continued

For the year ended 31 July 2022

	Note	Group		Company	
		2022 £'000	Restated ¹ 2021 £'000	2022 £'000	2021 £'000
Cash flows from investing activities					
Purchase of property, plant and equipment	14	(370)	(332)	-	-
Purchase of intangible assets	13	(29)	(83)	-	-
Dividends received		-	-	1,350	-
Cash (used in)/generated from investing activities		(399)	(415)	1,350	-
Cash flows from financing activities					
Lease liability principal repayment		(1,924)	(2,355)	-	-
(Purchase)/issue of treasury shares		(110)	60	(91)	(16)
Working capital facility (repaid)/utilised		(7,547)	9,197	-	-
Repayment of term loan		-	(7,500)	-	(7,500)
Dividends paid	29	(484)	-	(484)	-
Cash used in financing activities		(10,065)	(598)	(575)	(7,516)
Effects of exchange rates on cash and cash equivalents		197	(345)	-	-
(Decrease)/increase in cash and cash equivalents		(11,470)	(5,558)	3	4
Cash and cash equivalents at the beginning of the year		29,238	34,796	4	-
Cash and cash equivalents at end of year²	27	17,768	29,238	7	4

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

² Included in cash and cash equivalents is the following restricted cash which meets the definition of cash and cash equivalents but is not available for use by the Group: £615,000 of restricted cash (2021: £7115,000) arising from the Group's non-recourse working capital arrangements, as discussed further in Note 20; and £1,662,000 of restricted cash (2021: £1,240,000) on deposit in accounts controlled by the Group but not available to be immediately drawn down.

Net decrease in cash and cash equivalents for discontinued operations was £742,000 (year to 31 July 2021: decrease of £1,534,000).

Notes Forming Part of the Financial Statements

For the year ended 31 July 2022

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 UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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 1.24.

1.3 Going concern

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

Post-pandemic, the Group has maintained mitigating actions to enhance working capital availability, including increases to the payment terms of certain types of contractors and these actions have created a permanent working capital benefit, and reduce our working capital requirements during growth. There is sufficient headroom on our working capital facilities to absorb a level of customer payment term extensions, but the Group would also manage supply to the customer if payment within an appropriate period was not being made. Whilst there is no evidence that it would occur, a significant deterioration in average payment terms has the potential to impact the Group's liquidity. The hybrid working style adopted by the majority of our staff is now fully integrated with our core business processes and there continues to be no significant impact to our ability to operate effectively.

The Group anticipates macroeconomic challenges over the next financial year, significantly in the UK where increases in energy prices continue to drive rising inflation and real potential for a UK recession. The UK Government's Mini-Budget on 23 September 2022 resulted in increased short-term economic uncertainty and fluctuations in currency markets. The Bank of England's response has seen interest rates rise by 100 basis points since the year end.

The Directors have prepared detailed cash flow forecasts to July 2025, 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 base case assumes a return to pre-pandemic NFI in 2026. Trading has been broadly in line with the forecast since the year end.

A key assumption in preparing the cash flow forecasts is the continued availability of Group's invoice financing facility to provide liquidity throughout the forecast period. The current £60m facility has no contractual renewal date and the Directors remain confident that the facility will remain available.

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 with significantly lower NFI growth rates, significantly increased operating cost inflation and increased finance costs associated with variable rate borrowings considered. The Group has modelled the impact of a severe but plausible scenario including nil growth in contract and permanent NFI across FY23 to FY25, operating cost inflation of 5.00%-10.00% and further increases in the Bank of England's base rate to 5.00%.

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 have adequate resources to continue in operational existence for the foreseeable future. Following careful consideration the Directors do not consider there to be a material uncertainty with regards to going concern and consider it is appropriate to adopt the going concern basis in preparing these financial statements.

1.4 New standards and interpretations

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 August 2021 and no new standards have been early adopted. The Group's July 2022 consolidated financial statements have adopted these amendments to IFRS:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2 (effective 1 January 2021)
- Following the IFRS Interpretations Committee's agenda decision published in March 2021, during the year to 31 July 2022, the Group voluntarily changed its accounting policy relating to the capitalisation of certain software costs, specifically relating to the capitalisation of implementation costs such as configuration and customisation costs for cloud-based software under Software-as-a-Service ('SaaS') arrangements. This is further described, along with the financial impact, in Note 1.25.

With the exception of the accounting policy change described above, there have been no further 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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.4 New standards and interpretations continued

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 2022. These new pronouncements are listed as follows:

- Amendments to IAS 1 - Classification of liabilities as current or non-current (effective 1 January 2022)
- Amendments to IAS 16 - Property, plant and equipment: proceeds before intended use (effective 1 January 2022)
- Amendments to IAS 37 - Onerous contracts - cost of fulfilling a contract (effective 1 January 2022)
- Amendments to IFRS 3 - Reference to the conceptual framework (effective 1 January 2022)
- Amendments to IFRS Standards 2018-2022 - Annual improvements on IFRS 9, IFRS 16 and IFRS 17 (effective 1 January 2022)

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

Forthcoming requirements

The following amendments are required for application for the Group's periods beginning after 1 August 2022 or later:

Standard	Effective date (annual period beginning on or after)	
IAS 1 and IFRS Practice Statement 2	Improve accounting policy disclosures	1 January 2023
IAS 8	Clarify distinction between accounting policies and accounting estimates	1 January 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

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 arrangements. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains 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.

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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.6 Revenue continued

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 considered probable. 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 the provision of engineering management services and other fees. Revenue from the provision of engineering management services is recognised either over a period of time (where the customer benefits from the services provided as the group performs those services) or at a point in time upon receipt of client-approved timesheets. Where the group determines revenue should be recognised over time an estimate is made of progress using an input method, by reference to the proportion of costs incurred to date compared to total expected costs for the contract. Other fees mainly relate to account management fees for providing recruitment services. Revenue from other fees is recognised following client commitment to the agreement at either a point in time or over time in accordance with terms of each individual agreement.

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 consolidated 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 those relating to disposal of discontinued business;
- costs of acquisitions;
- lease exit costs; and
- integration costs of 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.

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	✓	✓	✓
Lease exit costs	✓	✓	✓
Amortisation and impairment of goodwill and acquired intangibles	✓	✓	✓
Impairment of leased right-of-use assets	✓	✓	✓
Net foreign exchange gains and losses		✓	✓
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 in terms of annual depreciation as follows:

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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

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.

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

Implementation costs for cloud-based software under Software-as-a-Service (SaaS) arrangements SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. In most cases, this will not meet the definition of an intangible asset under IAS 38. The following outlines the accounting treatment of implementation costs incurred in relation to SaaS arrangements:

- Implementation costs relating to cloud-based software under SaaS arrangements are assessed as they are incurred. These would include implementation support, consultancy, configuration costs, customisation costs and testing services. If the services are provided by the cloud supplier or a third party and are considered to be distinct from the access to the software, then they are either recognised as an intangible asset under IAS 38 if they meet the relevant capitalisation criteria or, more likely, they are expensed to the Income Statement as incurred. If the implementation services are provided by the cloud provider but are not considered to be distinct from access to the software, which generally is the case for customisation costs for cloud-based software, then they are recognised as an expense over the period of the service contract, resulting in a prepayment asset if the services are paid for in advance.

Internally generated intangible assets

Internal development costs that are directly attributable to the design and testing of identifiable and unique non-cloud based 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 internal expenditure that does not meet these criteria is recognised as an expense to profit or loss as incurred. Software development internal 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-generated 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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.12 Investments

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

Investments are tested for impairment at the reporting date if events arise that indicate an impairment may be triggered. Provision is made against the carrying value of an investment where an impairment is deemed to have occurred. Impairment losses on investments are recognised in the Income Statement under administrative expenses.

1.13 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.

1.14 Leases

The Group has applied IFRS 16 using the modified retrospective approach, effective from 1 August 2019. The comparative information prior to this date has not been restated and continues to be reported under IAS17 and IFRIC 14.

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

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

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

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

Right-of-use assets no longer utilised by the Group but for which lease liabilities still exist, for example a property exited before the end of the lease term or break clause, are fully impaired with the 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 re-assessment and not a modification. Changes to lease cash flows as part of a re-assessment result in a re-measurement of the lease liability using an updated discount rate and a corresponding adjustment to the carrying value of the right-of-use asset.

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.

1.15 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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.15 Taxation continued

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.

1.16 Pension costs

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

1.17 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 Long-Term Incentive Plan Options have an exercise price above £0.01. Grants have been made as part of a CSOP scheme, depending on the terms of specific grants.

The Group also operates a Share Incentive Plan ('SIP'), the Gattaca plc Share Incentive Plan ('The Plan'), which is approved by HMRC. The Plan is held by Gattaca plc UK Employee Benefit Trust ('the 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.

1.18 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').

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.18 Financial instruments continued

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.

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 require the application of the 'Expected Credit Loss' model ('ECL'). 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 ECL's 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 by reference to historical data.
- Cash and cash equivalents are held with established financial institutions. The Group has determined that based on the external credit ratings of counterparties, this financial asset has a very low credit risk and that the estimated expected credit loss provision is not material.

At each reporting date, the expected credit loss 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 de-recognised and any difference between the receivable value and amount received through non-recourse factoring is recognised as a finance cost.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.19 Cash and cash equivalents

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

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

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for wider use by the Group. These balances arise from the Group's non-recourse working capital arrangements as well as from trapped cash. Trapped cash are balances for which the Group can no longer access the accounts and hence cannot withdraw or control funds but is still the legal owner.

1.20 Provisions

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

1.21 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.

1.22 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 re-translations 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.

1.23 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, less any amounts realised and reclassified to distributable reserves. Unrealised profits held in the merger reserve become realised when a realised loss is recognised on the associated asset, or the asset is disposed of in return for qualifying consideration as defined by the Companies Act 2006. On realisation the merger reserve can be transferred to retained earnings.
- 'Share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised or lapse.
- 'Translation reserve' represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group
- 'Treasury shares reserve' represents Company shares purchased directly by the Group to satisfy obligations under the employee share plan
- 'Retained earnings' represents retained profits

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.24 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgement

The Directors are of the opinion that 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

The Group's policy for default risk over receivables is based on the on-going evaluation of the credit risk of its trade receivables. Estimation is used in assessing the ultimate realisation of these receivables, including reviewing the potential likelihood of default, the past collection history of each customer, any insurance coverage in place and the current economic conditions. As a result, expected credit loss provisions for impairment of trade receivables have been recognised, as discussed in Note 17. The impact of the ongoing economic recovery from COVID-19 and other macroeconomic factors have been incorporated into these estimates.

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 the ongoing economic recovery from COVID-19 and other macroeconomic factors have been reflected in the forecast future cash flows. More detail of the assumptions used can be found in Note 13.

Valuation of investments

The parent company's investments in subsidiary undertakings are tested for impairment at the reporting date if events arise that indicate an impairment may be required. This requires an estimate to be made of the recoverable amount of the investments, including forecasting future cash flows of the asset and forming assumptions over the discount rate and long term growth rate applied. The impact of the ongoing economic recovery from COVID-19 and other macroeconomic factors have been reflected in the forecast cash flows. More detail of the assumptions used can be found in Note 15.

1.25 Change in accounting policy - Software-as-a-service ('SaaS') arrangements

In the year to 31 July 2022, following the IFRS Interpretation Committee's agenda decision published in March 2021, the Group changed its accounting policy relating to the capitalisation of certain software costs, specifically relating to the capitalisation of implementation costs such as configuration and customisation costs for cloud-based software under Software-as-a-Service ('SaaS') arrangements.

The Group's accounting policy was previously to capitalise costs directly attributable to the development of intangible software assets, including configuration and customisation costs, irrespective of whether the services were performed by the SaaS supplier or a third party. Following the adoption of the IFRIC agenda guidance, all software intangible assets were identified and assessed to determine if they related to cloud-based software under SaaS arrangements. The Group then assessed whether they had control over the software and any associated capitalised implementation costs. For those arrangements where the Group did not have control of the developed cloud-based software under the updated IFRIC agenda guidance, to the extent that the implementation services were performed by a third party, the Group determined if the service was separate from the underlying software service contract and if so, derecognised the intangible asset previously capitalised. Amounts paid to a supplier for customisation costs that were not separate from the underlying software service contract, were treated as a prepayment over the period of the service contract.

Accordingly, in line with the treatment prescribed in IAS 8 and IAS 1 in respect of changes in accounting policies, this change has been applied retrospectively, restating the prior period balance sheet at 1 August 2020 and 31 July 2021.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.25 Change in accounting policy - Software-as-a-service ('SaaS') arrangements continued

The full impact of the change in accounting policy is detailed below.

Condensed Consolidated Income Statement

For the year ended 31 July 2021

	As previously reported £'000	Adjustment £'000	As restated £'000
Continuing operations			
Gross profit	42,080	-	42,080
Administrative expenses – other administrative expenses	(38,374)	-	(38,374)
Administrative expenses – expense of implementation costs	-	(1,544)	(1,544)
Administrative expenses – reversal of amortisation of software implementation costs	(422)	283	(139)
Administrative expenses – unwinding of the prepaid software implementation costs	-	(131)	(131)
Profit before taxation	3,284	(1,392)	1,892
Net finance costs	(1,080)	-	(1,080)
Taxation	(415)	374	(41)
Profit after taxation	1,789	(1,018)	771
Profit/(loss) for the year	581	(1,018)	(437)

Condensed Consolidated Statement of Changes in Equity

	As previously reported £'000	Adjustment £'000	As restated £'000
Total equity at 1 August 2020	39,772	(4,738)	35,034
Profit/(loss) for the period	581	(1,018)	(437)
Balance at 31 July 2021	40,863	(5,756)	35,107

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

1. The Group and Company Significant Accounting Policies continued

1.25 Change in accounting policy – Software-as-a-service ('SaaS') arrangements continued

Condensed Consolidated Statement of Financial Position

	As previously reported as at 1 August 2020 £'000	Adjustment as at 1 August 2020 £'000	As restated as at 1 August 2020 £'000
Non-current assets			
Goodwill and intangible assets	12,877	(5,929)	6,948
Deferred tax assets	-	859	859
Total non-current assets	21,726	(5,070)	16,656
Current assets			
Trade and other receivables	48,862	84	48,946
Total current assets	83,684	84	83,768
Total assets	105,410	(4,986)	100,424
Non-current liabilities			
Deferred tax liabilities	(277)	248	(29)
Total non-current liabilities	(14,914)	248	(14,666)
Total liabilities	(65,638)	248	(65,390)
Net assets	39,772	(4,738)	35,034
Equity			
Retained earnings	1,711	(4,738)	(3,027)
Total equity	39,772	(4,738)	35,034

	As previously reported as at 31 July 21 £'000	Adjustment as at 31 July 21 £'000	As restated as at 31 July 21 £'000
Non-current assets			
Goodwill and intangible assets	13,778	(7,435)	6,343
Deferred tax assets	-	971	971
Total non-current assets	21,030	(6,464)	14,566
Current assets			
Trade and other receivables	63,937	198	64,135
Total current assets	94,339	198	94,537
Total assets	115,369	(6,266)	109,103
Non-current liabilities			
Deferred tax liabilities	(524)	510	(14)
Total non-current liabilities	(6,074)	510	(5,564)
Total liabilities	(74,506)	510	(73,996)
Net assets	40,863	(5,756)	35,107
Equity			
Retained earnings	2,533	(5,756)	(3,223)
Total equity	40,863	(5,756)	35,107

Condensed Consolidated Cash Flow Statement For period ended 31 July 2021

	As previously reported £'000	Adjustment £'000	As restated £'000
Cash flows from operating activities			
Profit/(loss) after taxation	581	(1,018)	(437)
Cash used in operating activities	(2,411)	(1,789)	(4,200)
Cash flows from investing activities			
Purchase of intangible assets	(1,872)	1,789	(83)
Cash used in investing activities	(2,204)	1,789	(415)
Cash and cash equivalents at end of year	29,238	-	29,238

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

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 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. Previously, the Group was managed through its three reporting segments, UK Engineering, UK Technology and International. From August 2021 the Group aligned its operating model to the markets in which its clients operate. From December 2021 financial information provided to the Board was based on this new reporting and operating structure. As a result of this change, the segmental information for the year to 31 July 2022 has been presented based on the new structure in line with the requirements of IFRS 8 'Operating Segments' and the information for the year to 31 July 2021 has been restated accordingly.

Year ended 31 July 2022

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	International ¹	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue	47,766	40,779	69,811	41,660	140,422	7,969	54,939	403,346	-	781	404,127
Gross profit	4,571	3,884	6,720	4,246	13,561	2,779	8,379	44,140	-	238	44,378
Operating contribution	1,963	2,015	3,003	1,674	5,082	(613)	2,338	15,462	-	(440)	15,022
Depreciation, impairment, and amortisation	(74)	(63)	(108)	(64)	(217)	(12)	(86)	(624)	(5,051)	(31)	(5,706)
Central overheads	(1,128)	(774)	(2,753)	(992)	(4,418)	(1,609)	(2,659)	(14,333)	(558)	(100)	(14,991)
Profit/(loss) from operations	761	1,178	142	618	447	(2,234)	(407)	505	(5,609)	(571)	(5,675)
Finance (costs)/income, net								(249)	566	218	535
Profit/(loss) before tax								256	(5,043)	(353)	(5,140)

Year ended 31 July 2021 Restated^{1, 2}

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	International ¹	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue	43,251	48,854	67,680	42,319	146,286	9,816	57,520	415,726	-	3,432	419,158
Gross profit	3,141	3,916	5,858	3,735	14,182	3,528	7,720	42,080	-	1,047	43,127
Operating contribution	1,263	2,231	3,227	1,368	7,707	(483)	3,164	18,477	-	(213)	18,264
Depreciation, impairment, and amortisation	(388)	(438)	(607)	(380)	(1,311)	(88)	(516)	(3,728)	(548)	(244)	(4,520)
Central overheads	(1,021)	(707)	(2,301)	(835)	(4,041)	(1,352)	(2,245)	(12,502)	193	(693)	(13,002)
Profit/(loss) from operations	(146)	1,086	319	153	2,355	(1,923)	403	2,247	(355)	(1,150)	742
Finance costs								(412)	(668)	(73)	(1,153)
Profit/(loss) before tax								1,835	(1,023)	(1,223)	(411)

¹ Segmental disclosures for the year to 31 July 2021 have been restated as a result of the change in operating model structure.

² Comparatives are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

³ International revenue and gross profit is generated from the location of the commission earning sales consultant, as opposed to the domicile of the respective subsidiary by which they are employed.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

2 Segmental Information continued

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	
	2022	2021	2022	Restated ¹ 2021
UK	390,861	402,254	6,726	13,740
Rest of Europe	662	2,316	1	-
Middle East and Africa	781	1,685	59	551
Americas	11,823	12,903	314	275
Total	404,127	419,158	7,100	14,566

¹ Comparatives are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

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

3 Revenue from Contracts with Customers

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

Major service lines – continuing underlying operations

2022	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	International £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	46,249	40,612	67,652	40,493	138,027	5,863	48,728	387,624
Permanent placements	1,483	158	1,909	1,115	2,363	2,106	3,652	12,786
Other	34	9	250	52	32	-	2,559	2,936
Total	47,766	40,779	69,811	41,660	140,422	7,969	54,939	403,346

2021 Restated ¹	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	International £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	42,326	48,559	65,581	41,376	144,298	7,575	52,430	402,145
Permanent placements	903	259	2,050	922	1,883	2,240	2,557	10,814
Other	22	36	49	21	105	1	2,533	2,767
Total	43,251	48,854	67,680	42,319	146,286	9,816	57,520	415,726

¹ As explained in Note 2, reported operating segments have changed at 31 July 2022 as a result of a change in internal operating structure; consequently, all prior period information has been restated on the new basis.

Notes Forming Part of the Financial Statements continued

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3 Revenue from Contracts with Customers continued

Timing of revenue recognition – continuing operations

	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	International £'000	Other £'000	Continuing underlying operations £'000
2022								
Point in time	47,766	40,779	69,811	41,660	140,422	7,969	52,436	400,843
Over time	-	-	-	-	-	-	2,503	2,503
Total	47,766	40,779	69,811	41,660	140,422	7,969	54,939	403,346
2021 Restated¹								
Point in time	43,251	48,854	67,680	42,319	146,286	9,816	55,022	413,228
Over time	-	-	-	-	-	-	2,498	2,498
Total	43,251	48,854	67,680	42,319	146,286	9,816	57,520	415,726

¹ As explained in Note 2, reported operating segments have changed at 31 July 2022 as a result of a change in internal operating structure; consequently, all prior period information has been restated on the new basis.

No single customer contributed more than 10% of the Group's revenues (2021: none). Revenue recognised over time is recognised based on costs incurred to date as a proportion of total forecast costs.

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

	31 July 2022 £'000	31 July 2021 £'000
Trade receivables (Note 17)	36,367	34,187
Accrued income (Note 17)	15,327	26,742
Deferred income	(330)	(880)

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. 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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

4 Profit from Total Operations

	2022 £'000	Restated ¹ 2021 £'000
Profit from total operations is stated after charging:		
Depreciation of property, plant and equipment (Note 14)	570	213
Depreciation of leased right-of-use assets (Note 22)	1,552	1,875
Amortisation of acquired intangibles (Note 13)	420	548
Amortisation of software and software licences (Note 13)	88	139
Impairment of property, plant and equipment (Note 14)	-	18
Impairment of goodwill and acquired intangibles (Note 13)	3,780	-
Impairment of leased right-of-use assets (Note 22)	852	183
Loss on disposal of property, plant and equipment	33	8
Loss on disposal of software and software licences	12	-
Plant and machinery rental expenses for leases out-of-scope of IFRS 16	17	14
Non-recourse working capital facility bank charges	323	287
Share-based payment charges (Note 23)	114	271

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

The aggregate auditors remuneration was as follows:

	2022 £'000	2021 £'000
Fees payable for the audit of the parent company financial statements	11	10
Fees payable for the audit of the subsidiary company financial statements	345	344
Total auditors remuneration	356	354
Non-audit services:		
- Taxation	-	-
- Other services pursuant to legislation	-	-
Total non-audit services	-	-

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

	2022 £'000	2021 £'000
Continuing operations		
Restructuring costs ¹	405	(284)
Costs associated with exiting properties ²	153	91
Impairment of goodwill, acquired intangibles and right-of-use leased assets ³	4,632	-
Non-underlying items included in profit from continuing operations	5,190	(193)
Discontinuing operations		
Advisory fees ⁴	33	29
Cost relating to discontinuation of group undertakings ⁵	5	664
Costs associated with properties previously exited ⁶	57	-
Non-underlying items included in profit from discontinued operations	95	693
Total non-underlying items	5,285	500

- A cost of £405,000 (2021: £nil) was recognised in 2022 as a result of changes in the Board and Senior Leadership Team. A gain of £nil (2021: cost of £284,000) was recognised in 2022 as a result of releasing unutilised provision for employee related expenses and professional fees.
- Costs of £153,000 (2021: £91,000) have been recognised in relation to the exit of a number of UK office buildings that are no longer in use by the business.
- Impairment losses have been recognised in 2022 with respect to the Infrastructure - RSL Rail CGU, as discussed in further detail in Note 13.
- Legal fees incurred in 2022 and 2021 relate to the Group's co-operation with certain voluntary enquiries from the US Department of Justice, as discussed in further detail in Note 28.
- Ongoing costs relating to closure of entities affected by the closure of the contract Telecoms Infrastructure business as well as the Group's operations in Mexico and South Africa in 2021, including staff termination costs and impairment of certain working capital balances.
- Costs of £57,000 (2021: £nil) have been recognised in relation to final closure costs for UK property previously exited and no longer used by the business.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

5 Particulars of Employees

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

	2022 No.	2021 No.
Total operations		
Sales	381	345
Administration	146	131
Directors	7	7
Total	534	483

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:

	2022 £'000	2021 £'000
Total operations		
Wages and salaries	26,215	24,269
Social security costs	3,166	2,830
Other pension costs	911	791
Share-based payments	114	271
Total	30,406	28,161

Amounts due to defined contribution pension providers at 31 July 2022 were £149,000 (2021: £138,000).

Disclosure of the remuneration of the statutory directors is further detailed in the audited part of the Remuneration Report on pages 75 to 86. The Group's key management personnel are defined as the Board and Senior Leadership Team. Disclosure of the remuneration of Group's key management personnel, as required by IAS 24, is detailed below:

	2022 £'000	2021 £'000
Total operations		
Short-term employee benefits	2,009	1,738
Contributions to defined contribution pension schemes	133	123
Share-based payments	34	106
Total	2,176	1,967

6 Finance Income

	2022 £'000	2021 £'000
Continuing operations		
Interest income	4	56
Net gains on foreign currency translation	566	-
Total	570	56

7 Finance Costs

	2022 £'000	2021 £'000
Continuing operations		
Bank interest expense	138	124
Interest expense on lease liabilities	115	148
Amortisation of capitalised finance costs	-	196
Net losses on foreign currency translation	-	668
Total	253	1,136

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

8 Government Grants

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

	2022 £'000	2021 £'000
Continuing operations		
UK Government Coronavirus Job Retention Scheme grant income recognised in cost of sales for temporary workers	-	43
UK Government Coronavirus Job Retention Scheme grant income recognised in administrative expenses for employees	-	458
Total	-	501

In the previous year, as a response to the COVID-19 global pandemic, the Group made use of the UK Government's Coronavirus Job Retention Scheme (for the year to 31 July 2021: claim period is from August 2020 to November 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, are 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 all periods 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 Profit/(Loss)

	2022 £'000	2021 £'000
The amount of profit/(loss) generated by the parent company was:	296	(866)

10 Taxation

	Continuing 2022 £'000	Discontinued 2022 £'000	Restated' Continuing 2021 £'000	Discontinued 2021 £'000
Analysis of charge in the year				
Current tax:				
UK corporation tax	(654)	(33)	748	(48)
Overseas corporation tax	26	26	(134)	40
Adjustments in respect of prior years	(138)	-	(511)	-
	(766)	(7)	103	(8)

Deferred tax (Note 16):

	Continuing 2022 £'000	Discontinued 2022 £'000	Restated' Continuing 2021 £'000	Discontinued 2021 £'000
Origination and reversal of temporary differences	446	-	(323)	(5)
Adjustments in respect of prior years	(56)	-	290	(2)
Changes in tax rate	(84)	-	(29)	-
	306	-	(62)	(7)
Income tax (credit)/charge for the year	(460)	(7)	41	(15)

1 Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

UK corporation tax has been charged at 19% (2021: 19%).

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

10 Taxation continued

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

	Continuing 2022 £'000	Discontinued 2022 £'000	Restated ¹ Continuing 2021 £'000	Discontinued 2021 £'000
(Loss)/profit before tax	(4,787)	(353)	812	(1,223)
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	(909)	(67)	154	(232)
Expenses not deductible for tax purposes	15	(11)	139	172
Effect of goodwill impairment loss	502	-	-	-
Effect of share-based payments	60	-	(19)	-
Irrecoverable withholding tax	3	-	56	-
Overseas losses not recognised as deferred tax assets	156	47	46	163
Difference between UK and overseas tax rates	(9)	24	(85)	(116)
Adjustment to tax charge in respect of prior years	(194)	-	(221)	(2)
Changes in tax rate	(84)	-	(29)	-
Total taxation (credit)/charge for the year	(460)	(7)	41	(15)

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Tax charge/(credit) recognised in equity:

	2022 £'000	2021 £'000
Deferred tax charge/(credit) recognised directly in equity	60	(65)
Total tax charge/(credit) recognised directly in equity	60	(65)

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

	2022 £'000	Restated ¹ 2021 £'000
Income tax expense	(460)	41
Impairment and amortisation of acquired intangibles	517	43
Non-underlying items	106	(37)
Foreign currency exchanges differences	(9)	85
Underlying income tax expense	154	132

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Future tax rate changes

At the balance sheet date, the main UK corporation tax rate of 19% was anticipated to 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.

Recent announcements by the UK government have called into question whether the main rate of corporation tax will increase to 25% or will remain at 19%. If UK deferred tax assets and liabilities had been measured at 19% at 31 July 2022, the impact would have been to reduce the deferred tax asset by £75,000.

11 Discontinued Operations

2022

On 14 December 2021, the Group completed the sale of its South African recruitment operations as part of the management buy-out agreement announced in July 2021. The net loss of £82,000 arising on the disposal of the South African recruitment operations has been recognised in non-underlying costs as part of costs relating to discontinuation of group undertakings. Deferred consideration of £134,000 receivable under the sale agreement was due at the reporting date and is included in other receivables at 31 July 2022.

Losses from discontinued operations during the year include ongoing closure costs in connection with the Group's Asian and Mexican operations, in addition to trading results from the Group's South African recruitment business up until date of disposal.



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For the year ended 31 July 2022

11 Discontinued Operations continued 2021

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

Financial performance and cash flow information

	2022 £'000	2021 £'000
Revenue	781	3,432
Cost of sales	(543)	(2,385)
Gross profit	238	1,047
Administrative expenses ¹	(809)	(2,197)
Loss from operations	(571)	(1,150)
Finance income	-	39
Finance costs	-	(112)
Exchange gain	218	-
Loss before taxation	(353)	(1,223)
Taxation	7	15
Loss for the year after taxation from discontinued operations	(346)	(1,208)
Exchange differences on translation of discontinued operations	(231)	48
Other comprehensive loss from discontinued operations	(577)	(1,160)

¹ Included in administrative expenses are £95,000 (2021: £693,000) of non-underlying items, as detailed in Note 4. In addition, it includes net impairment costs on trade receivables from discontinued operations of Enil (2021: release of £80,000).

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:

	2021 £'000
Assets classified as held for sale	
Software licenses	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

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

	2022 £'000	2021 £'000
Net cash outflow from operating activities	(650)	(1,348)
Net cash outflow from investing activities	-	(32)
Net cash outflow from financing activities	(92)	(139)
Effect of exchange rates on cash and cash equivalents	-	(15)
Net decrease in cash generated by discontinued operations	(742)	(1,534)

No balances were classified as held for sale as at 31 July 2022.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

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 period.

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option schemes) into ordinary shares has been added to the denominator. Share options 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 Long Term Incentive Plan Options. 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. Where the effect of potential ordinary shares are considered to be dilutive they have been included in the calculations below.

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

The earnings per share information has been calculated as follows:

	2022 £'000	Restated' 2021 £'000
Total loss attributable to ordinary shareholders	(4,673)	(437)
Number of shares	2022 '000	2021 '000
Basic weighted average number of ordinary shares in issue	32,290	32,290
Dilutive potential ordinary shares	210	68
Diluted weighted average number of shares	32,500	32,358
Total earnings per share	2022 pence	Restated' 2021 pence
Loss per ordinary share	Basic (14.5)	(1.4)
	Diluted (14.5)	(1.4)

	2022 £'000	Restated' 2021 £'000
Earnings from continuing operations		
Total (loss)/profit for the year	(4,237)	771

	2022 pence	Restated' 2021 pence
Total earnings per share for continuing operations		
(Loss)/earnings per ordinary share from continuing operations	Basic (13.4)	2.4
	Diluted (13.4)	2.4

	2022 '000	2021 '000
Earnings from discontinuing operations		
Total loss for the year	(346)	(1,208)

	2022 pence	2021 pence
Total earnings per share for discontinuing operations		
Loss per ordinary share from discontinuing operations	Basic (1.1)	(3.7)
	Diluted (1.1)	(3.7)

	2022 £'000	Restated' 2021 £'000
Earnings from continuing underlying operations		
Total profit for the year	102	1,703

	2022 pence	Restated' 2021 pence
Total earnings per share		
Earnings per ordinary share from continuing underlying operations	Basic 0.3	5.3
	Diluted 0.3	5.3

1 Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

13 Goodwill and Intangible Assets

In the 12 months to 31 July 2022, following the IFRS Interpretation Committee's agenda decision published in March 2021, the Group changed its accounting policy relating to the capitalisation of certain software costs, specifically relating to the capitalisation of implementation costs such as configuration and customisation costs for cloud-based software under Software-as-a-service (SaaS) arrangements. Please refer to Note 1.25 for more details. The change of the accounting policy has resulted in either a reclassification of certain cloud-based software intangible assets to a prepaid asset in the Statement of Financial Position or recognition of the expenditure as an expense in the Income Statement, impacting both the current and prior periods presented.

		Goodwill £'000	Customer relationships £'000	Trade names £'000	Other £'000	Restated ¹ Software and software licences £'000	Total £'000
Cost	At 1 August 2020	28,739	22,245	5,346	3,809	8,573	68,712
	Effect of change in accounting policy	-	-	-	-	(6,052)	(6,052)
	At 1 August 2020, as restated	28,739	22,245	5,346	3,809	2,521	62,660
	Additions	-	-	-	-	1,872	1,872
	Reclassification to assets held for sale	-	-	-	-	(2)	(2)
	Reclassification to prepayments as a result of change of accounting policy	-	-	-	-	(245)	(245)
	Written off to Income Statement as a result of change of accounting policy	-	-	-	-	(1,544)	(1,544)
	At 31 July 2021	28,739	22,245	5,346	3,809	2,602	62,741
	Additions	-	-	-	-	29	29
	Disposals	-	-	-	-	(70)	(70)
	At 31 July 2022	28,739	22,245	5,346	3,809	2,561	62,700
Amortisation and impairment	At 1 August 2020	24,382	20,530	5,057	3,527	2,339	55,835
	Effect of change in accounting policy	-	-	-	-	(123)	(123)
	At 1 August 2020, as restated	24,382	20,530	5,057	3,527	2,216	55,712
	Amortisation for the period	-	332	45	171	422	970
	Reclassification to assets held for sale	-	-	-	-	(1)	(1)
	Reclassification to prepayments as a result of change of accounting policy	-	-	-	-	(19)	(19)
	Written off to Income Statement as a result of change of accounting policy	-	-	-	-	(264)	(264)
	At 31 July 2021	24,382	20,862	5,102	3,698	2,354	56,398
	Amortisation for the period	-	269	43	108	88	508
	Impairment	2,645	946	189	-	-	3,780
	Released on disposal	-	-	-	-	(58)	(58)
	At 31 July 2022	27,027	22,077	5,334	3,806	2,384	60,628
Net book value	At 31 July 2021	4,357	1,383	244	111	248	6,343
	At 31 July 2022	1,712	168	12	3	177	2,072

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

13 Goodwill and Intangible Assets continued

The carrying amount of goodwill allocated to Cash Generating Units (CGUs) is as follows:

	2022 £'000	2021 £'000
Energy (previously UK Engineering)	1,712	1,712
Infrastructure - RSL Rail (previously Resourcing Solutions Limited)	-	2,645
Total	1,712	4,357

As part of the operational restructure disclosed in Note 2, the Cash Generating Unit's (CGUs) to which goodwill and intangible assets have previously been allocated to have been amended as follows: UK Engineering to Energy which is a reportable segment, and Resourcing Solutions to Infrastructure - RSL Rail, a sub-division of the reportable operating segment Infrastructure for which distinct financial information is available but not used by the Chief Operating Decision Maker ('CODM'). These changes best represent the original business units that the assets were allocated to, ensuring that the cashflows that form the FY22 value-in-use ('VIU') valuations of the CGUs are aligned to previous year's impairment assessments.

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 recoverable amount of the CGU, including goodwill, intangible assets and right-of-use assets, is determined using value-in-use calculations.

As a result of management's trading forecasts now being lower than those at time of acquisition, impairment losses of £2,645,000 and £1,135,000 (year to 31 July 2021: £nil) have been recorded in respect of goodwill, acquired intangible assets respectively within the Infrastructure - RSL Rail CGU, fully impairing all remaining goodwill and intangible assets to a carrying value of £nil. Impairment losses of £852,000 (year to 31 July 2021: £nil) have also been recorded in respect of the right-of-use asset associated with the lease of the UK property occupied by the RSL sales team and several motor vehicles, which is included in the assets of the CGU. Please refer to Note 22 for more details.

After suffering the same widespread downturn in trading activity as the majority of the UK economy during the 2020 COVID-19 pandemic, management had aligned the FY21 internal forecasts of the Infrastructure - RSL Rail CGU to the externally projected post-COVID economic trajectory of the UK construction and transportation sectors and whilst the models indicated sensitivity, factors pointed towards slow but steady post-pandemic recovery. However, throughout FY22, as a result of the ongoing challenges of the UK rail industry combined with the sustained post-pandemic loss of a substantial number of legacy temporary workers with some of the UK rail industry's core customers, management undertook a substantial review of the long-term expectations of the sector and reduced the long-term growth forecasts further in FY22 resulting in a material reduction to the VIU terminal value which could not sustain the CGUs asset base.

Goodwill and acquired intangibles within the Energy CGU relate to the Networkers acquisition. At 31 July 2022, the recoverable amount of the Infrastructure - RSL Rail CGU was £nil.

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 3 year business plan and applying the over-arching Group NFI and cost growth rates for the 3 year period on top of the FY23 full year forecast for the Energy and Infrastructure - RSL Rail sectors. 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.

Discount rates

The pre-tax rates used to discount the forecast cash flows ranged from 13.9% to 14.4% (year to 31 July 2021: 15.0% to 16.0%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The nominal discount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on 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 13.8% (year to 31 July 2021: 12.5%) for CGUs assessed.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

13 Goodwill and Intangible Assets continued

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% (year to 31 July 2021: 2.0%), using a weighted average of operating country real growth expectations.

	Goodwill 2022 £'000	Intangible assets 2022 £'000	Total 2022 £'000	Goodwill 2021 £'000	Intangible assets 2021 £'000	Total 2021 £'000
Impairment expenses						
Energy (previously UK Engineering)	-	-	-	-	-	-
Infrastructure - RSL Rail (previously Resourcing Solutions Limited)	2,645	1,135	3,780	-	-	-
Total	2,645	1,135	3,780	-	-	-

Sensitivity analysis has been performed to show the impact of reasonable or possible changes in key assumptions. An increase in the post-tax discount rate by a factor of 5% to 14.5%, or a reduction in the long-term growth rate to 1.8%, would not trigger a material impairment for the Energy CGU. A reduction of 25% in management's mid-term gross profit forecasts for FY24-FY27 would not trigger any material impairment.

Company

		Trade names £'000
Cost	At 1 August 2020	20
	Additions	-
	At 31 July 2021	20
	Additions	-
	At 31 July 2022	20
Amortisation and impairment	At 1 August 2020	4
	Amortisation for the year	3
	Impairment	-
	At 31 July 2021	7
	Amortisation for the year	2
	Impairment	-
	At 31 July 2022	9
Net book value	At 31 July 2021	13
	At 31 July 2022	11

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

14 Property, Plant and Equipment

Group		Motor vehicles £'000	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost	At 1 August 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
	Additions	-	-	370	370
	Disposals	-	(41)	(586)	(627)
	Effects of movements in exchange rates	-	26	10	36
	At 31 July 2022	-	2,986	4,742	7,728
Depreciation and impairment	At 1 August 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
	Charge for the year	-	-	570	570
	Released on disposal	-	(41)	(553)	(594)
	Effects of movements in exchange rates	-	18	4	22
	At 31 July 2022	-	1,856	4,513	6,369
Net book value	At 31 July 2021	-	1,122	456	1,578
	At 31 July 2022	-	1,130	229	1,359

Impairment charges during the prior year relate to the closure of the Mexican operations as disclosed in Note 11.

There were no capital commitments as at 31 July 2022 or 31 July 2021.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

15 Investments in Subsidiary Undertakings

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cost and carrying value:				
Balance at 1 August	-	19	38,463	8,520
Capital contributions to subsidiaries	-	-	145	29,943
Reclassifications to assets held for sale	-	(19)	-	-
Balance at 31 July	-	-	38,608	38,463

The movement in investments in the parent Company in the prior year 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.

The movement in investments held by the Group in the prior year related to the reclassification of the Sakha Sonke Private Equity Fund and its associated investment asset to held-for-sale following the announcement of the expected sale of the South African recruitment operations on 30 July 2021. As noted below, the sale of the South African operations was completed in the 2022 year.

Impairment testing

The Directors have assessed that the reduction in the Group's market capitalisation during the year is an indicator of impairment of the Parent Company's investments in subsidiary undertakings and as a result have performed a year end impairment review in accordance with IAS 36.

The recoverable amount of investments in subsidiaries has been determined based on value-in-use calculations, which require the use of estimates. Discounted cash flows from operations have been prepared based on the Group's board approved 3 year business plan, starting with the FY2023 budget and applying over-arching NFI and cost growth rates in FY2026 and FY2027. A pre-tax discount rate of 13.8% has been used, reflecting the Group's post-tax weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. Medium-term growth rates modelled are based on management forecasts, reflecting past experience and the economic environment. Long-term growth rates, based on external sources of information, are an average estimated growth rate of 2.0%.

The calculated value-in-use results in a material excess of the recoverable amount above the asset's carrying amount. The Directors consider that there is no combination of reasonably plausible changes in key assumptions which would result in a material change to the outcome of the impairment assessment and have concluded that the Parent Company's investments in subsidiaries is not impaired.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

15 Investments in Subsidiary Undertakings continued

The subsidiary undertaking at the year end are as follows:

	Registered Office Note	Country of Incorporation	Share Class	% Held 2022	% Held 2021	Main Activities
Alderwood Education Ltd 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 ⁴	1	United Kingdom	Ordinary	0%	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	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Projects Limited (formerly Application Services Limited) ¹	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Recruitment Limited	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	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 ⁴	1	United Kingdom	Ordinary	0%	100%	Non-trading
MSB Consulting Services Limited ⁴	1	United Kingdom	Ordinary	0%	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 ²	1	United Kingdom	Ordinary	100%	100%	Non-trading
Networkers Recruitment Services Limited ²	1	United Kingdom	Ordinary	100%	100%	Non-trading
Provanis Limited ⁴	1	United Kingdom	Ordinary	0%	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	12	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
Networkers Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International LLC	5	United States	Ordinary	100%	100%	Non-trading

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

15 Investments in Subsidiary Undertakings continued

	Registered Office Note	Country of Incorporation	Share Class	% Held 2022	% Held 2021	Main Activities
Networkers International (Canada) Inc.	11	Canada	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Mexico Services, S.A. de CV	6	Mexico	Ordinary	100%	100%	Provision of recruitment consultancy
NWI Mexico, S. de R.L. de CV	6	Mexico	Ordinary	100%	100%	Provision of recruitment consultancy
Kithara Investments Proprietary Limited ¹	8	South Africa	Ordinary	0%	100%	Holding
Kula Nathi Investments Proprietary Limited ¹	7	South Africa	Ordinary	0%	100%	Holding
Networkers International Proprietary Limited ¹	7	South Africa	Ordinary	0%	100%	Provision of recruitment consultancy
Networkers International South Africa Proprietary Limited ¹	7	South Africa	Ordinary	0%	100%	Provision of recruitment consultancy
Gattaca Services South Africa	7	South Africa	Ordinary	100%	0%	Provision of recruitment consultancy
Networkers International (China) Co. Limited	9	China	Ordinary	100%	100%	Provision of recruitment consultancy
Comms Resources SDN BHD	10	Malaysia	Ordinary	100%	100%	Non-trading
Networkers International (Malaysia) Sdn Bhd	10	Malaysia	Ordinary	100%	100%	Non-trading
Cappo Qatar LLC	14	Qatar	Ordinary	49%	49%	Non-trading
Networkers Consultancy (Singapore) PTE. Limited	13	Singapore	Ordinary	100%	100%	Non-trading
Gattaca Information Technology Services SLU	15	Spain	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Recruitment ETT, SLU	15	Spain	Ordinary	100%	100%	Non-trading
Networkers International (India) PTE ⁴	16	India	Ordinary	0%	100%	Non-trading

¹ For the year ended 31 July 2022, Gattaca plc has provided a legal guarantee dated 2 November 2022 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 2021 up to the date of disposal or liquidation.

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 results.

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 2021 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 Group and Company has control over the new EBT and therefore it has been consolidated in the Group and Company's results.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

15 Investments in Subsidiary Undertakings continued

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	Franlinstr. 48, 60456, Frankfurt, Germany
13	371 Beach Road, #15-09 Keypoint, Singapore 199597
14	Suite #204, Office #40 Al Rawabi Street, Muntazah, Doha, State of Qatar. PO Box 8306
15	Calle General, Moscardo 6, Espaco Office, Madrid 28020, Spain
16	3rd Floor, 301 DLF City Court Sikandarpur, Gurgaon-122002 Hararyana, India

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

16 Deferred Tax

2022 Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited to equity £'000	Disposal of subsidiaries £'000	Foreign exchange £'000
Share-based payments	43	-	43	(41)	(60)	-	-
Accelerated capital allowances	22	(4)	18	53	-	-	-
Internally generated intangibles	-	-	-	(1,050)	-	-	-
Acquired intangibles	-	(18)	(18)	351	-	-	-
Tax losses	427	-	427	427	-	-	-
Other temporary and deductible differences	109	-	109	(46)	-	(16)	(3)
Gross deferred tax assets/(liabilities)	601	(22)	579	(306)	(60)	(16)	(3)
Amounts available for offset	3	(3)	-	-	-	-	-
Net deferred tax assets/(liabilities)	604	(25)	579				

2021 Restated ¹ Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited to equity £'000	Foreign exchange £'000	Impact of restatement ¹ £'000
Share-based payments	146	-	146	60	65	-	-
Accelerated capital allowances	-	(35)	(35)	(265)	-	-	336
Internally generated intangibles	1,050	-	1,050	279	-	-	771
Acquired intangibles	-	(369)	(369)	45	-	-	-
Other temporary and deductible differences	174	-	174	(50)	-	2	-
Gross deferred tax assets/(liabilities)	1,370	(404)	966	69	65	2	1,107
Amounts available for offset	(390)	390	-	-	-	-	-
Reclassification to assets held for sale	(9)	-	(9)	-	-	-	-
Net deferred tax assets/(liabilities)	971	(14)	957				

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

16 Deferred Tax continued

The movement on the net deferred tax is shown below:

	Group	
	2022 £'000	Restated 2021 ¹ £'000
At 1 August, as reported	(524)	(277)
Impact of restatement ¹	1,481	1,107
At 1 August, as restated	957	830
Recognised in income (Note 10)	(306)	69
Recognised in equity	(60)	65
Disposal of subsidiaries	(16)	-
Foreign exchange	(5)	2
Reclassification to assets held for sale	9	(9)
At end of year	579	957
	2022 £'000	Restated 2021 ¹ £'000
Deferred tax assets reversing within 1 year	469	1,298
Deferred tax liabilities reversing within 1 year	(15)	(107)
Reclassification of deferred tax assets reversing within 1 year to assets held for sale	-	(9)
At end of year	454	1,182
	2022 £'000	Restated 2021 ¹ £'000
Deferred tax assets reversing after 1 year	132	72
Deferred tax liabilities reversing after 1 year	(7)	(297)
At end of year	125	(225)

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

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. Recent announcements by the UK government have called into question whether the main rate of corporation tax will increase to 25% or will remain at 19% from 1 April 2023. Since these changes were not substantively enacted as at the balance sheet date, deferred tax has been valued based on the original tax rate rises, based on when the deferred tax is expected to reverse.

Unrecognised deferred tax assets

	Group	
	2022 £'000	2021 £'000
Tax losses carried forward against profits of future years	2,400	1,865
Net deferred tax assets	2,400	1,865

Of the unused tax losses £5,612,000 (2021: £2,071,000) can be carried forward indefinitely, £1,257,000 (2021: £817,000) expires within 10 years and £3,649,000 (2021: £3,053,000) expires within 20 years. £133,000 of the unused tax losses carried forward indefinitely relate to unrecognised capital losses which may be offset against future chargeable (capital) gains only.

No deferred tax is recognised on unremitted earnings of overseas subsidiaries as the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in the foreseeable future. The temporary differences associated with the investments in subsidiaries for which a deferred tax liability has not been recognised aggregate to £2,345,000 (2021: £3,675,000). If the earnings were remitted, tax of £2,000 (2021: £45,000) would be payable.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

17 Trade and Other Receivables

	Group		Company	
	2022 £'000	Restated 2021 ¹ £'000	2022 £'000	2021 £'000
Trade receivables from contracts with customers, net of loss allowance	36,367	34,187	-	-
Amounts owed by Group companies	-	-	2,757	3,046
Other receivables	1,701	1,619	-	-
Prepayments	1,372	1,587	-	-
Accrued income	15,327	26,742	-	-
Total	54,767	64,135	2,757	3,046

¹ Prepayments as at 31 July 2021 have been restated as a result of change of accounting policy in light of the International Financial Reporting Standards Interpretations Committee (IFRIC) latest guidance on SaaS arrangements, as explained further in Note 125.

The amounts owed by Group companies in the Company Statement of Financial Position are considered to approximate fair value. Amounts owed by Group companies are unsecured, repayable on demand and accrue no interest.

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 trade receivables from contracts with customers

	Group	
	2022 £'000	2021 £'000
Trade receivables from contracts with customers, gross amounts	38,444	37,636
Loss allowance	(2,077)	(3,449)
Trade receivables from contracts with customers, net of loss allowance	36,367	34,187

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

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the relevant period end and the corresponding historical credit losses experienced within this period. The historic loss rates are adjusted to reflect any relevant current and forward-looking information expected to affect the ability of customers to settle the receivables. Additionally, the projected post-COVID economic recovery based on external reports, forecast data and scenario analysis, has been taken into account along with other macro-economic factors when assessing the credit risk profiles for specific industries and geographies.

The loss allowance for trade receivables was determined as follows:

31 July 2022	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	4.0%	7.9%	15.9%	48.0%	
Gross carrying amount - trade receivables (£000)	35,817	1,241	327	1,059	38,444
Loss allowance (£'000)	1,418	99	52	508	2,077

31 July 2021	Current	More than 30 days past	More than 60 days past	More than 90 days past	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

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

17 Trade and Other Receivables continued

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

	Group	
	2022 £'000	2021 £'000
Opening loss allowance at 1 August	3,449	3,987
Increase/(decrease) in loss allowance recognised in the year	136	(296)
Receivables written off during the year as uncollectable	(1,508)	(242)
Closing loss allowance at 31 July	2,077	3,449

	Group	
	2022 £'000	2021 £'000
Gross accrued income	16,009	27,807
Loss allowance	(682)	(1,065)
Accrued income, net of loss allowance	15,327	26,742

The loss allowance for accrued income was determined as follows:

31 July 2022	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	2.5%	2.5%	2.5%	30.6%	
Gross carrying amount - accrued income (£'000)	13,269	1,090	649	1,001	16,009
Loss allowance (£'000)	333	27	16	306	682

31 July 2021	Current	More than 30 days past	More than 60 days past	More than 90 days past	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

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

	Group	
	2022 £'000	2021 £'000
Opening loss allowance at 1 August	1,065	269
(Decrease)/increase in loss allowance recognised in profit and loss during the year	(383)	796
Closing loss allowance at 31 July	682	1,065

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

18 Provisions

Group	2022			2021		
	Dilapidations £'000	Other provisions £'000	Total £'000	Dilapidations £'000	Other provisions £'000	Total £'000
Balance at 1 August	1,680	53	1,733	1,710	1,084	2,794
Provisions made in the year	18	824	842	74	40	114
Provisions utilised	(145)	(40)	(185)	-	(679)	(679)
Provisions released	(698)	(13)	(711)	(58)	(392)	(450)
Effect of movements in exchange rates	25	-	25	(46)	-	(46)
Balance at 31 July	880	824	1,704	1,680	53	1,733

Group	2022			2021		
	Dilapidations £'000	Other provisions £'000	Total £'000	Dilapidations £'000	Other provisions £'000	Total £'000
Non-current	517	-	517	1,269	-	1,269
Current	363	824	1,187	411	53	464
Total	880	824	1,704	1,680	53	1,733

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 six years.

Other provisions have been recognised in respect of restructuring activities relating to discontinuation of overseas operations and claims for certain legal matters. 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 (2021: £nil).

19 Trade and Other Payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	3,753	4,530	-	-
Amounts owed to group undertakings	-	-	3,006	2,972
Taxation and social security	6,672	10,473	-	-
Contractor wages payable	25,841	27,209	-	-
Accruals and deferred income	3,828	5,158	-	-
Other payables	3,312	8,751	-	-
Total	43,406	56,121	3,006	2,972

Amounts owed to Group undertakings are unsecured, repayable on demand and accrue no interest.

20 Loans and Borrowings

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Recourse working capital facility	1,801	9,348	-	-
Bank loans and borrowings due in less than one year	1,801	9,348	-	-
Total bank loans and borrowings	1,801	9,348	-	-

The Group holds both recourse and non-recourse working capital facilities. 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 2022, the Group had agreed banking facilities with HSBC totalling £60m (31 July 2021: £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 £60m (31 July 2021: £75m). Interest is charged on the recourse borrowings at a rate of 1.90% (31 July 2021: 1.75%) over the HSBC Bank base rate of 1.25% (2021: 0.1%).



Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

21 Financial Assets and Liabilities Statement of Financial Position Clarification

The carrying amount of the Group's financial assets and liabilities as recognised at the Statement of Financial Position date of the reporting 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade and other receivables (Note 17)				
– Financial assets recorded at amortised cost	53,395	62,548	2,757	3,046
Cash and cash equivalents				
– Financial assets recorded at amortised cost	17,768	29,238	7	4
Total	71,163	91,786	2,764	3,050

Financial liabilities are included in the statement of financial position within the following headings:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Borrowings (Note 20)				
– Financial liabilities recorded at amortised costs	1,801	9,348	-	-
Leases (Note 22)				
– Financial liabilities recorded at amortised costs	3,625	5,761	-	-
Trade and other payables (Note 19)				
– Financial liabilities recorded at amortised costs	36,734	45,648	3,006	2,972
Total	42,160	60,757	3,006	2,972

22 Leases

The balance sheet shows the following amounts related to leases where the Group is a lessee.

	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Right-of-use assets				
Cost				
At 1 August 2020	10,004	348	16	10,368
Effect of reassessment of lease terms	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
At 1 August 2021	10,245	348	8	10,601
Additions	183	44	-	227
Effect of reassessment of dilapidation assets	(412)	-	-	(412)
Effect of reassessment of lease terms	(965)	-	-	(965)
Effect of change in lease consideration	440	-	-	440
Effect of movement in exchange rates	64	-	-	64
At 31 July 2022	9,555	392	8	9,955
Accumulated depreciation and impairment				
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
At 1 August 2021	4,629	295	3	4,927
Depreciation charge	1,491	59	2	1,552
Impairment	827	25	-	852
Effect of reassessment of dilapidation assets	(481)	-	-	(481)
Effect of movement in exchange rates	40	-	-	40
At 31 July 2022	6,506	379	5	6,890
Net book value				
At 1 August 2021	5,616	53	5	5,674
At 31 July 2022	3,049	13	3	3,065

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

22 Leases continued

At 31 July 2022, included within property right-of-use assets is costs of £854,000 (2021: £1,491,000) and net book value of £248,000 (2021: £526,000) relating to dilapidation assets.

During the year, the Group recognised an impairment of £852,000 in relation the right-of-use assets belonging to the Infrastructure – RSL Rail CGU, as discussed in more detail in Note 13. In the prior year, an impairment of £114,000 was recognised in respect of a UK property that was no longer in use by the business, with the remaining £69,000 impairment relating to the closure of the Mexican operations.

	2022				2021			
	Buildings £'000	Vehicles £'000	Other £'000	Total £'000	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Lease liabilities								
Current	1,112	21	2	1,135	1,423	55	2	1,480
Non-current	2,470	17	3	2,490	4,268	9	4	4,281
Total	3,582	38	5	3,625	5,691	64	6	5,761

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

The discount rates used to measure the lease liabilities at 31 July 2022 range between 2.0% to 7.5% for properties (2021: 1.6% – 10.1%), 4.7% for vehicles (2021: 4.7%) and 10.1% for other leases (2021: 10.1%).

Reconciliation of lease liabilities movement in the year

	Buildings £'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 of lease liabilities	151	4	1	156
Effect of reassessment of lease terms	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
At 1 August 2021	5,691	64	6	5,761
Additions	165	40	-	205
Lease payments	(1,968)	(68)	(2)	(2,038)
Interest expense of lease liabilities	112	2	1	115
Effect of changes in lease consideration	440	-	-	440
Effect of reassessment of lease terms	(892)	-	-	(892)
Effect of movement in exchange rates	34	-	-	34
At 31 July 2022	3,582	38	5	3,625

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

22 Leases continued

Amounts in respect of leases recognised in the income statement

	2022 £'000	2021 £'000
Depreciation expense of right-of-use assets	1,552	1,875
Impairment of right-of-use assets	852	183
Interest expense on lease liabilities	115	156
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	17	14

On the 5th October 2022, a sublease agreement was signed between Gattaca plc and a third party to sublet a portion of the office space within the London office. The annual rent has been agreed at £134,000. The sublease runs for the duration of the underlying lease of the building.

23 Share Capital

Authorised share capital:

	Company	
	2022 £'000	2021 £'000
40,000,000 (2021: 40,000,000) Ordinary shares of £0.01 each	400	400

Allotted, called up and fully paid:

	Company	
	2022 £'000	2021 £'000
32,290,400 (2021: 32,290,400) Ordinary shares of £0.01 each	323	323

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

	Company	
	2022 £'000	2021 £'000
In issue at 1 August	32,290	32,290
Exercise of share options	-	-
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.

Merger reserve

A merger reserve was created in 2015 in Gattaca plc under section 612 of the Companies Act 2006, relating to the acquisition of Networkers International plc. Gattaca plc's investment in Networkers International plc was subsequently transferred to a subsidiary undertaking in exchange for consideration of an intercompany receivable. The asset to which the merger reserve relates, being the goodwill and acquired intangible assets recognised on consolidation as part of the acquisition, was impaired in 2018, 2019 and 2021. Additionally, the intercompany receivable was settled in 2020 in exchange for qualifying consideration of offset with an intercompany payable. As a result, the full merger reserve of £28,526,000 became realised across these years. A choice has now been made to transfer the realised merger reserve to retained earnings in the year ended 31 July 2022 to present all distributable reserves in one place.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

23 Share Capital continued

Share Options

The following options arrangements exist over the Company's shares:

	2022 '000s	2021 '000s	Date of grant	Exercise price pence	Exercise period	
					From	To
Long-term Incentive Plan Options	-	1	31/01/2012	1	31/01/2014	31/01/2022
Long-term Incentive Plan Options	-	1	31/01/2012	1	31/01/2015	31/01/2022
Long-term Incentive Plan Options	2	1	31/01/2013	1	31/01/2015	31/01/2023
Long-term Incentive Plan Options	5	2	31/01/2013	1	31/01/2016	31/01/2023
Long-term Incentive Plan Options	5	4	01/01/2014	1	01/01/2016	01/01/2024
Long-term Incentive Plan Options	38	32	01/01/2014	1	01/01/2017	01/01/2024
Long-term Incentive Plan Options	5	3	28/01/2015	1	28/01/2017	28/01/2025
Long-term Incentive Plan Options	27	24	28/01/2015	1	28/01/2018	28/01/2025
Long-term Incentive Plan Options	5	-	25/06/2015	1	25/06/2018	25/06/2025
Long-term Incentive Plan Options	13	-	11/02/2016	1	11/02/2019	11/02/2026
Long-term Incentive Plan Options	71	402	19/12/2018	1	19/12/2021	19/12/2028
Long-term Incentive Plan Options	162	704	20/01/2020	1	20/01/2023	20/01/2030
Long-term Incentive Plan Options	160	282	01/12/2020	1	01/12/2023	01/12/2030
Long-term Incentive Plan Options	410	-	16/12/2021	1	16/12/2024	16/12/2031
Long-term Incentive Plan Options	70	-	09/05/2022	1	16/12/2024	09/05/2032
Long-term Incentive Plan Options	130	-	09/05/2022	1	09/05/2025	09/05/2032
Total	1,103	1,456				

During the year, the Group granted share options under the Long-Term Incentive Plan ('LTIP') for Executive Directors and senior management. The share options were granted on 16 December 2021 and 9 May 2022 to members of staff to be held over a three-year vesting period and are subject to various performance conditions. All share options have a life of 10 years from grant date and are equity settled on exercise.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

23 Share Capital continued

The movement in share options is shown below:

	2022			2021		
	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	1,456	1.2	-	1,176	74.6	-
Granted	1,026	1.0	-	1,106	1.0	-
Forfeited/lapsed	(1,379)	1.3	-	(826)	1.3	-
Exercised	-	-	-	-	-	-
Outstanding at 31 July	1,103	1.0		1,456	1.2	
Exercisable at 31 July	171	1.0		69	1.0	

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

Exercise date	2022			2021		
	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)
19/12/2021	-	-	-	5	402	1.0
20/01/2023	6	162	1.0	18	703	1.0
01/12/2023	16	160	1.0	28	219	2.4
31/01/2024	-	-	-	30	60	-
16/12/2024	29	410	1.0	-	-	-
16/12/2024	29	70	1.0	-	-	-
09/05/2025	33	130	1.0	-	-	-
Outstanding at 31 July		932			1,384	

In addition to the share option schemes the Group operated a Share Incentive Plan (SIP), which is a HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost. During the year the Company purchased 25,711 shares (2021: 73,190) 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 2022 and 31 July 2021. During the year ended 31 July 2021, a new EBT was set up as the branch of Gattaca plc and Apex Financial Services Limited was appointed as the Trustee and the administrator to this new EBT.

As at 31 July 2022, excess funds of £27,000 (2021: £28,000) were held by the EBTs, which has been included in cash and cash equivalents.

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

	2022 £'000	2021 £'000
Long-term incentive plan options	106	133
Share incentive plan	39	138
Total	145	271

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

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 (£)
31/01/2012	LTIP	2.12	0.01	20.4%	2.00	7.4%	0.5%	2.12
31/01/2012	LTIP	2.12	0.01	20.4%	3.00	7.4%	0.5%	2.12
31/01/2013	LTIP	2.69	0.01	14.0%	2.00	5.8%	0.6%	2.67
31/01/2013	LTIP	2.69	0.01	14.0%	3.00	5.8%	0.6%	2.67
01/01/2014	LTIP	5.75	0.01	16.8%	2.00	3.1%	1.2%	5.75
01/01/2014	LTIP	5.75	0.01	16.8%	3.00	3.1%	1.2%	5.75
28/01/2015	LTIP	5.08	0.01	16.4%	2.00	3.9%	0.7%	5.08
28/01/2015	LTIP	5.08	0.01	16.4%	3.00	3.9%	0.6%	5.08
25/06/2015	LTIP	5.49	0.01	16.4%	3.00	3.9%	1.1%	5.49
11/02/2016	LTIP	4.35	0.01	20.9%	3.00	4.9%	0.5%	4.50
19/12/2018	LTIP	1.08	0.01	44.9%	3.00	0.0%	0.7%	1.07
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
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
20/01/2020	LTIP	1.13	0.01	n/a	3.00	0.0%	n/a	1.24
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
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

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 (£)
01/12/2020	LTIP	0.84	0.01	n/a	3.00	n/a	n/a	0.84
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
06/08/2021	SIP	2.46	0.01	n/a	3.00	n/a	n/a	2.46
07/09/2021	SIP	2.01	0.01	n/a	3.00	n/a	n/a	2.01
07/10/2021	SIP	2.00	0.01	n/a	3.00	n/a	n/a	2.00
05/11/2021	SIP	1.67	0.01	n/a	3.00	n/a	n/a	1.67
07/12/2021	SIP	1.39	0.01	n/a	3.00	n/a	n/a	1.39
16/12/2021	LTIP	1.29	0.01	59.2%	3.00	3.0%	0.5%	2.05
10/01/2021	SIP	1.49	0.01	n/a	3.00	n/a	n/a	1.49
07/02/2022	SIP	0.83	0.01	n/a	3.00	n/a	n/a	0.83
07/03/2022	SIP	0.79	0.01	n/a	3.00	n/a	n/a	0.79
07/04/2022	SIP	0.71	0.01	n/a	3.00	n/a	n/a	0.71
09/05/2022	SIP	0.66	0.01	n/a	3.00	n/a	n/a	0.66
09/05/2022	LTIP	0.66	0.01	66.9%	2.50	2.8%	1.4%	0.60
09/05/2022	LTIP	0.66	0.01	67.6%	3.00	2.8%	1.4%	0.37
09/06/2022	SIP	0.64	0.01	n/a	3.00	n/a	n/a	0.64
07/07/2022	SIP	0.69	0.01	n/a	3.00	n/a	n/a	0.69

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.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

24 Transactions with Directors and Related Parties

There were no related party transactions with entities outside of the Group.

During the year Matchtech Group (UK) Limited charged Gattaca plc £1,028,000 (2021: £525,000) for provision of management services. Further details of transactions with directors are included in the director's Remuneration Report on pages 75 to 86.

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

25 Financial Instruments

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

Maturity of financial liabilities

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

Group	0 to < 1 years £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000	Contractual cash flows £'000
2022					
Invoice financing working capital facility	1,801	-	-	-	1,801
Lease liabilities	1,271	1,093	1,616	48	4,028
Trade and other payables	32,713	-	-	-	32,713
Total	35,785	1,093	1,616	48	38,542
2021					
Invoice financing working capital facility	9,382	-	-	-	9,382
Lease liabilities	1,494	1,192	2,438	651	5,775
Trade and other payables	40,490	-	-	-	40,490
Total	51,366	1,192	2,438	651	55,647

Company

The Company had no financial liabilities at the reporting date (2021: £nil).

Interest rate sensitivity

The Group's exposure to fluctuations in interest rates on borrowing is limited to its recourse working capital facility, as explained in Note 20. The Directors have considered the potential increase in finance costs and reduction in pre-tax profits due to increases in the Bank of England's base rate over a range of possible scenarios. The information for the year ended 31 July 2022 and the comparative information for the year ended 31 July 2021 are both based upon actual utilisation of the facility during that year.

Projected increase in finance costs arising from increases in the Bank of England's base rate of 1.25% as at 31 July 2022 (31 July 2021: 0.10%):

	Group	
	2022 £000's	2021 £000's
100 basis point increase	68	62
200 basis point increase	136	123
500 basis point increase	339	308

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	
	2022 £'000	2021 £'000
Undrawn working capital facility	33,051	24,163

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 2022, the Group had agreed banking facilities with HSBC totalling £60m (2021: £75m) comprised solely of a £60m invoice financing working capital facility (2021: £75m invoice financing working capital facility). The available financing facilities in place are sufficient to meet the Group's forecast cash flows.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

25 Financial Instruments continued

Foreign currency risk

The Group's main foreign currency risk is the short-term risk associated with the trade receivables denominated in US dollars and Euros relating to the UK operations whose functional currency is Sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency.

Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into Sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank.

Net foreign currency monetary assets are shown below:

	Group	
	2022 £'000	2021 £'000
US dollar	5,696	6,436
Euro	2,119	5,224

The Directors have considered the effect of a change in the Sterling exchange rate with the US Dollar and Euro on the balances of cash, aged receivables and aged payables held at the reporting date, assuming no other variables have changed. The effect of a 10% (2021: 25%) strengthening and weakening of Sterling against the US Dollar and Euro is set out below. The Group's exposure to other foreign exchange movements is not material.

	Group	
	2022 £'000	2021 £'000
USD / EUR exchange rate - increase 10% (2021: 25%)	704	3,397
USD / EUR exchange rate - decrease 10% (2021: 25%)	(596)	(2,352)

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	
	2022 £'000	Restated ¹ 2021 £'000
Total equity	29,997	35,107
Cash and cash equivalents	(17,768)	(29,238)
Capital	12,229	5,869
Total equity	29,997	35,107
Borrowings	1,801	9,348
Lease liabilities	3,625	5,761
Overall financing	35,423	50,216
Capital to overall financing ratio	35%	12%

¹ Results are restated following the March 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.25.

Notes Forming Part of the Financial Statements continued

For the year ended 31 July 2022

27 Net Cash/(Debt)

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

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

	1 August 2021 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2022 £'000
2022				
Cash and cash equivalents	29,238	(11,667)	197	17,768
Working capital facilities	(9,348)	7,547	-	(1,801)
Lease liabilities	(5,761)	2,038	98	(3,625)
Total net cash	14,129	(2,082)	295	12,342

	1 August 2020 £'000	Net cash flows restated ¹ £'000	Non-cash movements restated ¹ £'000	31 July 2021 £'000
2021				
Cash and cash equivalents	34,796	(5,213)	(345)	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/(debt)	19,409	(4,399)	(881)	14,129
Capitalised finance costs	196	-	(196)	-
Total net cash/(debt) after capitalised finance costs	19,605	(4,399)	(1,077)	14,129

¹ The reconciliation to adjusted net debt is restated for non-cash movements relating to the effect of foreign exchange rates on cash and cash equivalents as presented in the Consolidated Cash Flow Statement.

28 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in 2022 have incurred £33,000 (2021: £29,000) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

The Directors are aware of other potential claims against the Group at the date of approval of these financial statements which may result in a future liability. The Group considers that the likelihood of a material economic outflow is remote, and therefore no provision is being made.

29 Dividends

	2022 £'000	2021 £'000
Equity dividends proposed after the year end (not recognised as a liability) at nil pence per share (2021: 1.5 pence per share)	-	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 other than the sublease that has been disclosed in Note 22.



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