4 November 2021

Gattaca plc

Unaudited Preliminary Results for the year ended 31 July 2021
Improvement plan complete; well positioned for growth

Gattaca plc ("Gattaca" or the "Group"), the specialist Engineering and Technology recruitment solutions business, today announces its unaudited Preliminary Results for the year ended 31 July 2021.

Financial Highlights

	Unaudited 2021		**Restated 2020**			
	Continuing Reported	Continuing underlying[2]	Continuing Reported	Continuing underlying[2]	Continuing Reported	**Continuing underlying[2]**
	£m	**£m**	£m	£m	**%**	**%**
Revenue	**415.7**	**415.7**	534.7	534.7	-22%	**-22%**
Net Fee Income (NFI)[1]	**42.1**	**42.1**	52.8	52.8	-20%	**-20%**
Profit from operations	**3.3**	**3.6**	3.5	6.2	-7%	**-41%**
Profit before taxation	**2.2**	**3.2**	1.3	4.8	68%	**-32%**
Basic earnings per share	**5.5**	**8.4**	2.3	11.7	139%	**-28%**
Diluted earnings per share	**5.5**	**8.4**	2.2	11.7	150%	**-28%**
Dividend per share		**1.5**		0.0		
Net cash at end of period (excluding IFRS 16 lease liabilities)		**19.9**		27.3		

Financial Performance

- Notwithstanding the significant impact of the pandemic on NFI, strong cost management resulted in continuing underlying PBT £3.2m (2020 restated: £4.8m) down 32% on year to 31 July 2020
- Robust balance sheet:
  - Group adjusted net cash position of £19.9m at 31 July 2021 (31 July 2020: £27.3m net cash). Reported net cash (including IFRS16 lease liabilities) was £14.1m (2020: £19.6m).
  - Revolving credit facility ('RCF') repaid in full
  - The Group is now covenant free
  - £4.7m of deferred VAT repaid
- Dividends restarting at 1.5 pence per share (2020: nil pence)

Operational Performance[3]

- The entire reporting period was impacted by the global pandemic resulting in Group continuing underlying NFI of £42.1m, 20% down on year to 31 July 2020
- Contract NFI represents 74% of group NFI (2020 restated: 74%) on a continuing basis
  - Increased activity from our "RPO" (Permanent Recruitment Process Outsourcing solutions) clients as the market recovery has been led by permanent recruitment
  - Further improvement to come on the contract front including in our core infrastructure unit, which will benefit from strong demand driven by major initiatives such as UK Fibre investment, HS2 and Offshore 2025
- UK Engineering, providing STEM skills to crucial engineering projects, proved resilient. While NFI was down 17% year-on-year, H2 2021 was up 10% on H1 2021
- UK Technology NFI was 25% down year-on-year, with H2 2021 flat on H1. Significant investment has been made in this area, with signs of growth evident post year-end
- International continuing NFI was 30% lower year-on-year. During the year, operations in Mexico were closed and the South Africa business was in the process of being sold, both are treated as discontinued

Strategic update

- The successful completion of the Group's Improvement Plan:
  - Group wide restructuring completed to focus on our eight target industry sectors including Defence and Infrastructure
  - Expansion of our fulfilment function, both in the UK and via lower cost offshore resource
  - Global technology platform live (from April 2021)
  - Roll out of targeted marketing approach
- The Group is now well positioned to grow
  - Hiring continues within our sales and fulfilment functions to support growth
  - UK sales headcount up 16% between Jan 21 and July 21
  - Over the coming year we will continue to invest in our people and technology
- The Group has refreshed its purpose, vision, mission and values, focused on STEM skills which remain in short supply

Outlook

Given the current market conditions, our clients are finding it more challenging to identify and secure specialist talent, which plays well to Gattaca's expertise in delivering critical skills and talent for their businesses. With strong demand for STEM skills, and our investment in our people and technology, we are well positioned for growth.

Notwithstanding evolving pandemic and macro supply chain factors, the business continues to trade in line with market expectations. We continue to invest to ensure sustainable growth over the long-term in our chosen markets.

Kevin Freeguard, CEO commented:

"Despite the challenges posed by the COVID-19 pandemic during the financial year, we successfully completed our Group wide Improvement Plan which included an organisational restructure, the creation of a core fulfilment function, the establishment of market sector facing sales structures, and implementing an integrated global technology platform. Furthermore, we recently refreshed Gattaca's purpose, vision, mission and values, helping to embed the right mindset and culture across the Group. With these fundamental initiatives complete and our markets recovering, we are now in the right place, with the right tech platform as we invest in people to support growth.

To support our new operating model, between January and July 2021, we increased sales headcount by 16%. Since July 2021, we have continued to invest in sales headcount in our core growth STEM sectors which offer significant long-term sustainable growth potential. All of our core sectors are now in various stages of recovery, and I anticipate continued improvement as momentum builds. Given our confidence in the business, I am pleased that we are resuming dividends."

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

[1] NFI is calculated as revenue less contractor payroll costs
[2] Continuing underlying results exclude the NFI and profits / (losses) before taxation of discontinued businesses predominantly being operations in Mexico and South Africa (2021: £(1.2)m, 2020 : £(2.5)m), non-underlying items within administrative expenses in 2021 primarily related to reversal of restructuring costs provided for in prior year (2021: £(0.2)m, 2020 : £1.2m), amortisation of acquired intangibles (2021: £0.5m, 2020: £0.6m), impairment of acquired intangibles (2021: £0.0m, 2020: £0.3m) and exchange (losses) / gains from revaluation of foreign assets and liabilities (2021: £(0.7)m, 2020 restated: £(0.8)m).
[3] NFI commentary is on an continuing underlying like for like constant currency basis
[4] Cooperation with the US Department of Justice continues with respect to historical transactions in our discontinued telecommunication infrastructure business

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

Chair's Statement

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

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

Overview

The financial year has been a year of two halves. The first six months remained significantly impacted by the pandemic as cli ents were cautious in the search for talent. By mid-year there were early signs of a recovery and the market for STEM skills had rebounded. It is not back to the pre-pandemic levels as there are a number of key markets where the recovery is slower than others, but it is moving in the right direction. Initially we have seen a step up in permanent opportunities and we also expect further growth from our contractor base. The balance has swung in favour of candidates and indeed in many areas there is a shortage of STEM skills. This has alw ays been anticipated but the speed of the change has been surprising. There is no single reason for this and we look forward to the challenge to support our clients and to be seen as the STEM partner of choice.

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

As part of the reset we initially had to make a number of colleagues redundant during October 2020. This allowed us to keep our costs under control at the low point of the pandemic cycle but it has subsequently allowed us to address the balance of skills required in the business. We have seen our numbers employed in UK sales gradually increase in the second half (16% from January to July).

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

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

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

Dividend

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

Diversity and inclusion

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

Below Board level we have also committed to ensuring that by 2024, 40% of our leadership group will be female. We recognise as an organisation we need to redress the balance within the Group and Tracey has agreed to provide Board sponsorship with Kevin to chair our Diversity and Inclusion steering group. This group will look at the wider aspects of diversity and inclusion.

Outlook

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

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

Patrick Shanley
Non-Executive Chair

CEO's Statement

Introduction

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

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

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

We worked extensively with our client and contractor base in the period leading up to the much delayed IR35 changes in the private sector which were implemented in April 2021, with relatively little disruption compared to 2016 when the changes came into force in the public sector.

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

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

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

Accelerating the rebuild

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

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

- Defence,

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

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

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

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

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

As we emerged from lockdown we have chosen to embrace hybrid working as a core practice having observed some of the benefits arising from the working patterns adopted during the pandemic. This offers greater flexibility to our people which helps retention and we believe enhances productivity, but also enables access to wider markets for internal talent.

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

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

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

.

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

Outlook

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

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

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

Kevin Freeguard
Chief Executive Officer

Chief Financial Officers Report

Key highlights

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

Financial performance

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

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

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

Continuing underlying results

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

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

Discontinued operations and non-underlying costs

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

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

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

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

Cost actions and UK Government Coronavirus Job Retention Scheme

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

Taxation

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

Earnings per share

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

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

Dividends

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

Capital expenditure

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

Net assets and shares in issue at 31 July 2021

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

Cash flow and net cash/net debt

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

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

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

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

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

Banking facilities and interest rate risk

On 27 October 2020, the Group repaid the £7.5m remaining outstanding RCF balance and cancelled the facility. As a result the Group no longer has any covenant obligations. As of 31 July 2021 the Group had a working capital facility of £75m. This facility includes both recourse and non-recourse facility. Under the terms of the non-recourse facility, the trade receivables assigned to the facility are owned by HSBC and so have been derecognised from the Group's statement of financial position; in addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. The utilisation of this facility at 31 July 2021 was £9.3m recourse and £14.2m non-recourse with £7.1m restricted cash collected from customers relating to non-recourse facility.

Critical accounting policies

The statement of significant accounting policies is set out in Note 1 to the financial statements.

Group financial risk management

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

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. We monitor receivable and unbilled balances on an ongoing basis and in 2021 have taken a conservative approach to receivables and unbilled risk and have increased our loss allowance by £0.2m to £4.5m.

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

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

Foreign currency risk

The Group generates 8% of its annualised NFI from continuing business in international markets. The Group does face risks to both its reported performance and cash position arising from the effects of exchange rate fluctuations. The Group manages these risks by matching sales and direct costs in the same currency and where appropriate entering into forward exchange contracts to effect the same where sales and costs are not in the same currency.

Salar Farzad

Chief Financial Officer

Consolidated Income Statement

For the year ended 31 July 2021

	Note	2021 *unaudited* £'000	2020 Restated[1] £'000
Continuing operations			
Revenue	2	**415,726**	534,709
Cost of sales		**(373,646)**	(481,953)
Gross profit	2	**42,080**	52,756
Administrative expenses[2]		**(38,796)**	(49,218)
Profit from continuing operations	4	**3,284**	3,538
Finance income	6	**56**	24
Finance cost	7	**(1,136)**	(2,245)
Profit before taxation		**2,204**	1,317

Taxation	10	**(415)**	(590)
Profit for the year after taxation from continuing operations		**1,789**	727
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	11	**(1,208)**	(2,508)
Profit/(loss) for the year		**581**	(1,781)

Profit/(loss) for the year for 2021 and 2020 are wholly attributable to equity holders of the Company. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent company income statement.

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

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

Reconciliation to adjusted profit measure

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

	Note	**2021** *unaudited* **£'000**	**2020** **Restated[1]** **£'000**
Profit from continuing operations		**3,284**	3,538
Add			
Depreciation of property, plant and equipment, depreciation of leased right-of-use assets and amortisation of software and software licences	2	**2,467**	3,088
Non-underlying items included within administrative expenses	2,4	**(193)**	1,248
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	2	**548**	1,382
Underlying EBITDA		**6,106**	9,256

Less			
Depreciation and impairment of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences		**(2,467)**	(3,088)
Net finance costs excluding foreign exchange gains and losses	6,7	**(412)**	(1,389)
Underlying profit before taxation		**3,227**	4,779
Underlying taxation	10	**(506)**	(995)
Underlying profit after taxation from continuing operations		**2,721**	3,784

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

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

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2021

	2021 *unaudited* £'000	2020 £'000
Profit/(loss) for the year	**581**	(1,781)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**281**	(1,091)
Other comprehensive income/(loss) for the year	**281**	(1,091)
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	**862**	(2,872)

	2021 *unaudited* £'000	2020 Restated[1] £'000
Attributable to:		
Continuing operations	**2,022**	507
Discontinued operations	**(1,160)**	(3,379)
	862	(2,872)

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

Consolidated and Company Statement of Changes in Equity (unaudited)

For the year ended 31 July 2021

A) Consolidated

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

Issue of treasury shares to employees	–	–	–	–	–	60	–	60
Transactions with owners	–	–	–	(72)	–	60	241	229
At 31 July 2021	**323**	**8,706**	**28,750**	**454**	**134**	**(37)**	**2,533**	**40,863**

B) Company

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

Consolidated and Company Statement of Financial Position

As at 31 July 2021

		Group		Company	
		2021	2020	2021	2020
		unaudited	restated[1]	*unaudited*	
	Note	£'000	£'000	£'000	£'000

Non-current assets					
Goodwill and intangible assets	13	**13,778**	12,877	**13**	16
Property, plant and equipment	14	**1,578**	1,492	**–**	–
Right-of-use assets	22	**5,674**	7,338	**–**	–
Investments	15	**–**	19	**38,463**	8,520
Deferred tax assets	16	**–**	–	**–**	–
Total non-current assets		**21,030**	21,726	**38,476**	8,536
Current assets					
Trade and other receivables	17	**63,937**	48,862	**3,046**	101,610
Corporation tax receivables		**818**	26	**195**	275
Cash and cash equivalents		**29,238**	34,796	**4**	–
Assets classified as held for sale	11	**346**	–	**–**	–
Total current assets		**94,339**	83,684	**3,245**	101,885
Total assets		**115,369**	105,410	**41,721**	110,421
Non-current liabilities					
Deferred tax liabilities	16	**(524)**	(277)	**–**	–
Provisions	18	**(1,269)**	(1,587)	**–**	–
Lease liabilities	22	**(4,281)**	(5,746)	**–**	–
Bank loans and borrowings	20	**–**	(7,304)	**–**	(7,304)
Total non-current liabilities		**(6,074)**	(14,914)	**–**	(7,304)
Current liabilities					
Trade and other payables	19	**(56,121)**	(46,129)	**(2,972)**	(63,590)
Provisions	18	**(464)**	(1,207)	**–**	–
Current tax liabilities		**(796)**	(1,247)	**–**	–
Lease liabilities	22	**(1,480)**	(1,990)	**–**	–
Bank loans and borrowings	20	**(9,348)**	(151)	**–**	–

	Note				
Liabilities directly associated with assets classified as held for sale	11	**(223)**	–	**–**	–
Total current liabilities		**(68,432)**	(50,724)	**(2,972)**	(63,590)
Total liabilities		**(74,506)**	(65,638)	**(2,972)**	(70,894)
Net assets		**40,863**	39,772	**38,749**	39,527
Equity					
Share capital	23	**323**	323	**323**	323
Share premium		**8,706**	8,706	**8,706**	8,706
Merger reserve		**28,750**	28,750	**28,526**	28,526
Share-based payment reserve		**454**	526	**454**	526
Translation reserve		**134**	(147)	**–**	–
Treasury shares reserve		**(37)**	(97)	**(16)**	–
Retained earnings		**2,533**	1,711	**756**	1,446
Total equity		**40,863**	39,772	**38,749**	39,527

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

Salar Farzad

Chief Financial Officer

1 Presentation of provisions between current and non-current liabilities for the year ended 31 July 2020 has been restated as explained in Note 1.24

Consolidated and Company Cash Flow Statements

For the year ended 31 July 2021

		Group		Company	
		2021	2020	2021	2020
		unaudited		*unaudited*	
	Note	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Profit/(loss) after taxation		**581**	(1,781)	**(866)**	(1,111)
Adjustments for:					

Depreciation of property, plant and equipment and amortisation of goodwill and intangible assets	4	**1,183**	1,831	**3**	4
Depreciation of leased right-of-use assets	4	**1,875**	2,041	**–**	–
Profits from sale of subsidiary, associate or investment		**–**	(304)	**–**	–
Loss on disposal of property, plant and equipment	4	**8**	52	**–**	–
Impairment of goodwill and acquired intangibles	4	**–**	334	**–**	–
Impairment of right-of-use assets	4	**183**	432	**–**	–
Impairment of property, plant and equipment	4	**18**	–	**–**	–
Interest income		**(65)**	(91)	**–**	–
Interest costs		**1,218**	1,936	**260**	593
Taxation expense recognised in income statement		**400**	598	**(189)**	(339)
(Increase)/decrease in trade and other receivables		**(15,384)**	47,537	**68,992**	–
Increase /(decrease) in trade and other payables		**10,098**	5,453	**(60,617)**	9,120
(Decrease)/increase in provisions		**(1,064)**	1,085	**–**	–
Share-based payment charge	23	**271**	77	**–**	–
Cash (used in)/generated from operations		**(678)**	59,200	**7,583**	8,267
Interest paid		**(320)**	(1,052)	**(63)**	(524)
Interest on lease liabilities		**(156)**	(214)	**–**	–
Interest received		**65**	91	**–**	–
Income taxes paid		**(1,322)**	(387)	**–**	–
Cash (used in)/generated from operating activities		**(2,411)**	57,638	**7,520**	7,743
Cash flows from investing activities					
Purchase of plant and equipment	14	**(332)**	(191)	**–**	–
Purchase of intangible assets	13	**(1,872)**	(2,348)	**–**	(20)
Purchase of investments	15	**–**	(19)	**–**	–
Proceeds from sale of subsidiary, associate or investment		**–**	304	**–**	–

Cash used in investing activities	**(2,204)**	(2,254)	**–**	(20)
Cash flows from financing activities				
Lease liability principal repayment	**(2,355)**	(1,987)	**–**	–
Issue from/(purchase of) treasury shares	**60**	(67)	**(16)**	–
Working capital facility utilised/(repaid)	**9,197**	(28,968)	**–**	–
Finance costs paid	**–**	(223)	**–**	(223)
Repayment of term loan	**(7,500)**	(7,500)	**(7,500)**	(7,500)
Cash used in financing activities	**(598)**	(38,745)	**(7,516)**	(7,723)
Effects of exchange rates on cash and cash equivalents	**(345)**	(1,016)	**–**	–
(Decrease)/increase in cash and cash equivalents	**(5,558)**	15,623	**4**	–
Cash and cash equivalents at the beginning of year	**34,796**	19,173	**–**	–
Cash and cash equivalents at end of year[1]	**29,238**	34,796	**4**	–

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

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

Unaudited Notes Forming Part of the Financial Statements

1 The Group and Company Significant Accounting Policies (unaudited)

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 unaudited financial statements of Gattaca plc have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The information for the year ended 31 July 2021 does not constitute statutory accounts for the purposes of section 435 of the Companies Act 2006. A copy of the accounts for the year ended 31 July 2020 was delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The audit of the statutory accounts for the year ended 31 July 2021 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the Directors in this 'preliminary results' and will be delivered to the Registrar of Companies following the Company's annual general meeting.

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 1.23.

1.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group, its cash flows and liquidity position mirror those of our ultimate parent company and can be found in the Chief Financial Officer's Report of the 2021 annual report for Gattaca plc.

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

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

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

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

1.4 New standards and interpretations

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 August 2020 and no new standards have been early adopted. The Group's July 2021 consolidated financial statements have adopted these amendments to IFRS:

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

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

New standards in issue, not yet adopted

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are only effective for the Group accounting periods beginning on or after 1 August 2021. Forthcoming amendments are noted below.

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

Forthcoming requirements

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

Standard		**Effective date (annual periods beginning on or after)**
IAS 1 Amendments	Classification of liabilities as current or non-current	1 January 2022
IAS 16 Amendments	Property, plant and equipment: proceeds before intended use	1 January 2022

IAS 37 Amendments	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS 3 Amendments	Reference to the conceptual framework	1 January 2022
IFRS Standards 2018-2022	Annual improvements on IFRS 9, IFRS 16 and IFRS 1	1 January 2022

1.5 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

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

Acquisition-related costs are expensed as incurred.

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

1.6 Revenue

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

Temporary placements

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

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

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

Permanent placements

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

Other

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

1.7 Government grants

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

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

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

1.8 Non-underlying items

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

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

- material restructuring costs including related professional fees and staff costs;
- costs of acquisitions; and
- integration costs following acquisitions.

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

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

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

1.9 Property, plant and equipment

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

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset. Annual depreciation rates are as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

1.10 Goodwill

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

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

1.11 Intangible assets

Customer relationships

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

Trade names and trademarks

Trade names and trademarks have either arisen on the consolidation of acquired businesses or have been separately purchased and are recognised at fair value at the acquisition date. They are subsequently measured at cost less accumulated amortisation and impairment. Trade names and trademarks are determined to have a useful life of ten years and are amortised on a straight-line basis.

Software and software licences

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

Internally generated intangible assets

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

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

Other

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

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

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

1.12 Disposal of assets

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

1.13 Leases

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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts may contain both lease and non-lease components, and consideration is allocated in the contract to the lease and non-lease components based on their relative stand-alone prices.

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

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

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

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

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

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

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

Lease modifications are a change in scope of a lease that was not part of the original lease. Any change that is triggered by a clause already part of the original lease contract is a reassessment and not a modification. Changes to lease cash flows as part of a reassessment result in a remeasurement of the lease liability using an updated discount rate and a corresponding adjustment to the carrying value of the right-of-use asset.

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

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

1.14 Taxation

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

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

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

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

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

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

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

1.15 Pension costs

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

1.16 Share-based payments

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

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

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

The Group operates two long-term incentive share option plans. The Zero Priced Share Option Bonus covers all share options issued with an exercise price of £0.01; the Long-Term Incentive Plan Options have an exercise price above £0.01. Grants under both categories have been made as part of a CSOP scheme, depending on the terms of specific grants.

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

1.17 Financial instruments

Financial assets

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

Financial assets: debt instruments

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

(i) those to be measured subsequently at fair value through other comprehensive income (OCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

(ii) those to be measured subsequently at FVTPL: assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the year in which it arises.

(iii) those to be measured subsequently at amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the income statement.

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

Financial assets: equity instruments

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

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

Impairment of financial assets

IFRS 9 requires the application of the 'Expected Credit Loss' 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 applying consistent method with trade receivables other than 100% provision for any unbilled amounts over 6 months.
- Cash and cash equivalents are held with established financial institutions. The Group has determined that based on the external credit ratings of counterparties, this financial asset has a very low credit risk and that the estimated expected credit loss provision is not material.

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

Financial liabilities

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

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

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

1.18 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position and cash flow statement, bank overdrafts are netted against cash and cash equivalents where the offsetting criteria are met.

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

Restricted cash and cash equivalent balances are those which meet the definition of cash and cash equivalents but are not available for wider use by the Group. These balances arise from the Group's non-recourse working capital arrangements.

1.19 Provisions

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

1.20 Dividends

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

1.21 Foreign currencies

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

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

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

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

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

1.22 Equity

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares.
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- 'Merger reserve' represents the equity balance arising on the merger of Matchtech Engineering and Matchmaker Personnel and to record the excess fair value above the nominal value of the share consideration on the acquisition of Networkers International plc.
- 'Share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised or lapsed.
- 'Translation reserve' represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group.
- 'Treasury shares reserve' represents company shares purchased directly by the Group to satisfy obligations under the employee share plan.
- 'Retained earnings' represents retained profits

1.23 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements

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

Key sources of estimation uncertainty

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

ECL provisions in respect of trade receivables and accrued income

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

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

Valuation of goodwill and intangible assets

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

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

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

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

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

2 Segmental Information

An operating segment, as defined by IFRS 8 'Operating segments', is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group is managed through its three reporting segments: UK Engineering, UK Technology and International, which form the operating segments on which the information below is prepared. The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker, which has been identified as the board of directors of Gattaca plc.

2021 (*unaudited*)

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

2020 Restated[2]

All amounts in £'000	UK Engineering	UK Technology	International	Continuing underlying operations	Non-underlying items[1]	Discontinued operations	Group total
Revenue	347,173	173,648	13,888	534,709	–	4,281	538,990
Gross profit	34,177	13,602	4,977	52,756	–	1,911	54,667
Operating contribution	20,913	7,061	1,319	29,293	–	(759)	28,534

Depreciation, impairment and amortisation	(1,816)	(873)	(399)	(3,088)	(1,382)	(168)	(4,638)
Central overheads	(13,065)	(4,773)	(2,199)	(20,037)	(1,248)	(1,949)	(23,234)
Profit/(loss) from operations	6,032	1,415	(1,279)	6,168	(2,630)	(2,876)	662
Finance (cost)/income, net				(1,389)	(832)	376	(1,845)
Profit/(loss) before taxation				4,779	(3,462)	(2,500)	(1,183)

1 Non-underlying items includes non-underlying income and expenses, amortisation and impairment of goodwill and acquired intangibles, impairment of right-of-use assets and net foreign exchange gains or losses.

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

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

	Total Group revenue		Non-current assets	
All amounts in £'000	**2021**	**2020**	**2021**	**2020**
UK	**402,254**	515,869	**20,204**	21,051
Rest of Europe	**2,316**	3,469	**–**	1
Middle East and Africa	**1,685**	1,786	**551**	286
Americas	**12,903**	17,534	**275**	388
Asia Pacific	**–**	332	**–**	–
Total	**419,158**	538,990	**21,030**	21,726

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

3 Revenue from Contracts with Customers (unaudited)

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

Major service lines – continuing underlying operations

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

Timing of revenue recognition – continuing underlying operations

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

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

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

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

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

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

4 Profit/(Loss) from Total Operations

	2021	2020
	unaudited	
	£'000	£'000
Profit/(loss) from total operations is stated after charging/(crediting):		
Depreciation of plant, property and equipment (Note 14)	**213**	943
Depreciation of right-of-use leased assets (Note 22)	**1,875**	2,041
Amortisation of acquired intangibles (Note 13)	**548**	616
Amortisation of software & software licences (Note 13)	**422**	272
Impairment of plant, property and equipment (Note 14)	**18**	–
Impairment of goodwill and acquired intangibles (Note 13)	**–**	334

Impairment of right-of-use leased assets (Note 22)	**183**	432
Loss on disposal of property, plant and equipment	**8**	52
Operating lease costs:		
– Plant and machinery	**14**	47
– Land and buildings	**–**	192
Non-recourse working capital facility bank charges	**287**	241
Share-based payment charges	**271**	77

The aggregate auditors' remuneration was as follows:

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

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

Continuing operations	**2021** *unaudited* **£'000**	**2020** **£'000**
Restructuring costs[1]	**(284)**	1,552
Gain on sale of investment[2]	**–**	(304)
Onerous lease payments[3]	**91**	–
Non-underlying items included in profit from continuing operations	**(193)**	1,248

Discontinued operations	**2021** *unaudited* **£'000**	**2020** **£'000**

Advisory fees[4]	**29**	1,395
Costs relating to discontinuation of group undertakings[5]	**664**	554
Non-underlying items included in loss from discontinued operations	**693**	1,949
Total non-underlying items	**500**	3,197

1 A gain of £284,000 (2020: cost of £1,552,000) was recognised in 2021 as a result of releasing unutilised provisions for employee related expenses and professional fees.
2 In November 2019, the Group concluded the sale of its 10% minority interest investment in Concilium Search Limited for consideration in cash of £304,000. The investment carrying value was £nil, so a profit on sale of investments of £304,000 was recognised, and presented as non-underlying due to its material value and nature not arising from trading activities.
3 Lease expenses of £91,000 were incurred in 2021 in respect of a UK office building no longer in use by the business.
4 Legal fees incurred in 2021 and 2020 in relation to the Group's co-operation with certain voluntary enquiries from the US Department of Justice.
5 Ongoing costs relating to the preparation of entities affected by the closure of the contract Telecoms Infrastructure business and operations in China for liquidation, including professional fees and impairment of certain working capital balances. In addition for 2021, the closure costs also includes Group's operations in Mexico, including staff termination costs and impairment of certain working capital balances.

5 Particulars of Employees

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

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

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

The aggregate payroll costs of the above were:

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

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

Disclosure of the remuneration of Group's key management personnel, as required by IAS 24, is detailed below:

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

6 Finance Income

Continuing operations	2021 *unaudited* £'000	2020 Restated[1] £'000
Interest income	**56**	24
Total	**56**	24

7 Finance Costs

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

8 2020 figures have been restated for the presentation of discontinued operations as explained in Note 11.

8 Government Grants

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

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

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

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

9 Parent Company Loss

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

10 Taxation

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

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

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

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

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

Tax (credit)/charge recognised in equity:

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

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

	2021	2020
	unaudited	Restated[1]
	£'000	£'000
Income tax expense	**415**	590
Impairment and amortisation of acquired intangibles	**43**	143
Non-underlying items	**(37)**	280
Foreign currency exchange differences	**85**	(18)
Underlying income tax expense	**506**	995

Future tax rate changes

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

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

11 Discontinued Operations

2021

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

2020

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

Financial performance and cash flow information

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

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

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

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

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

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

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

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

12 Earnings per Share

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

Diluted earnings per share has been calculated on the same basis as above, except that the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares (arising from the Group's share option schemes) into ordinary shares has been added to the denominator. Share options (Note 23) are treated as dilutive when, at the reporting date, they would be issuable had the performance year ended at that date.

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

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

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

	2021 *unaudited* £'000	2020 £'000
Total profit/(loss) attributable to ordinary shareholders	**581**	(1,781)

Number of shares	2021 *unaudited* £'000	2020 £'000
Basic weighted average number of ordinary shares in issue	**32,290**	32,285
Dilutive potential ordinary shares	**68**	68
Diluted weighted average number of shares	**32,358**	32,353

Total earnings per share		2021 *unaudited* pence	2020 pence
Earnings per ordinary share	Basic	**1.8**	(5.5)
	Diluted	**1.8**	(5.5)

Earnings from continuing operations	2021 *unaudited* £'000	2020 Restated[1] £'000
Total profit for the year	**1,789**	727

Total earnings per share for continuing operations	2021	2020

		unaudited pence	Restated[1] pence
Earnings per ordinary share from continuing operations	Basic	**5.5**	2.3
	Diluted	**5.5**	2.2

Earnings from discontinuing operations	2021 *unaudited* £'000	2020 Restated[1] £'000
Total loss for the year	**(1,208)**	(2,508)

Total earnings per share for discontinuing operations		2021 *unaudited* pence	2020 Restated[1] pence
Earnings per ordinary share from discontinuing operations	Basic	**(3.7)**	(7.8)
	Diluted	**(3.7)**	(7.8)

Earnings from continuing underlying operations	2021 *unaudited* £'000	Restated[1] 2020 £'000
Total profit for the year	**2,721**	3,784

Total earnings per share for continuing underlying operations		2021 *unaudited* pence	2020 Restated[1] pence
Earnings per ordinary share from continuing underlying operations	Basic	**8.4**	11.7
	Diluted	**8.4**	11.7

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

13 Goodwill and Intangible Assets (unaudited)

Group		Goodwill £'000	Customer relationships £'000	Trade names £'000	Other £'000	Software and software licences £'000	Total £'000
Cost	At 1 August 2019	28,739	22,245	5,346	3,809	6,225	66,364
	Additions	–	–	–	–	2,348	2,348

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

Other intangibles comprises candidate databases and non-compete agreements.

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

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

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

Impairment testing

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

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

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

Cash flows from operations

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

Discount rates

The pre-tax rates used to discount the forecast cash flows were a range from 15.0% to 16.0% (2020: 13.9% to 14.9%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The d iscount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on government bond rates, is adjusted for equity and industry risk premiums, reflecting the increased risk compared to an investor who is investing the market as a whole. Net present values are calculated using pre-tax discount rates derived from the Group's post-tax WACC of 12.5% (2020: 11.7%) for CGUs assessed.

Growth rates

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

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

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

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

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

Company		Trade names £'000
Cost	At 1 August 2019	–
	Additions	20
	At 31 July 2020	20
	Additions	**–**
	At 31 July 2021	**20**
Amortisation and impairment	At 1 August 2019	–
	Amortisation for the year	4
	Impairment	–

	At 31 July 2020	4
	Amortisation for the year	**3**
	Impairment	**–**
	At 31 July 2021	**7**
Net book value	At 31 July 2020	16
	At 31 July 2021	**13**

14 Property, Plant and Equipment (unaudited)

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

	Impairment	**–**	**(29)**	**(74)**	**(103)**
	Reclassification to assets held for sale	**–**	**–**	**(6)**	**(6)**
	At 31 July 2021	**–**	**1,879**	**4,492**	**6,371**
Net book value	At 31 July 2020	–	1,188	304	1,492
	At 31 July 2021	**–**	**1,122**	**456**	**1,578**

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

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

15 Investments in Subsidiary Undertakings

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

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

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

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

The subsidiary undertakings at the year end are as follows:

	Registered Office Note	Country of Incorporation	Share Class	% held 2021	% held 2020	Main Activities
Alderwood Education Ltd[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Application Services Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Barclay Meade Ltd[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Group Limited[1]	1	United Kingdom	Ordinary	100%	100%	Holding

Cappo International Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Comms Software Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Comms Resources Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Connectus Technology Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Elite Computer Staff Ltd.[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Gattaca Recruitment Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Gattaca Solutions Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Engineering Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Matchtech Group (Holdings) Limited[1]	1	United Kingdom	Ordinary	99.7%	99.7%	Holding
Matchtech Group (UK) Limited[1]	1	United Kingdom	Ordinary	99.998%	99.998%	Provision of recruitment consultancy
Matchtech Group Management Company Limited [2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Matchtech Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
MSB Consulting Services Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Networkers International (UK) Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International Limited[1]	1	United Kingdom	Ordinary	100%	100%	Holding
Networkers International Trustees Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Networkers Recruitment Services Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Provanis Limited[2]	1	United Kingdom	Ordinary	100%	100%	Non trading
Resourcing Solutions Limited[1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
The Comms Group Limited[1]	1	United Kingdom	Ordinary	100%	100%	Holding
Gattaca GmbH	2	Germany	Ordinary	100%	100%	Provision of recruitment consultancy
MSB International GMBH	13	Germany	Ordinary	100%	100%	Non trading
Gattaca BV	3	Netherlands	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Engineering Inc.[4]	4	United States	Ordinary	0%	100%	Non trading
Networkers Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International LLC	5	United States	Ordinary	100%	100%	Non trading
Networkers International (Canada) Inc.	11	Canada	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Mexico Services, S.A. de C.V	6	Mexico	Ordinary	100%	100%	Provision of recruitment consultancy
NWI Mexico, S. de R.L. de C.V.	6	Mexico	Ordinary	100%	100%	Provision of recruitment consultancy
Kithara Investments Proprietary Limited	8	South Africa	Ordinary	100%	100%	Holding
Kula Nathi Investments Proprietary Limited	7	South Africa	Ordinary	100%	100%	Holding
Networkers International Proprietary Limited	7	South Africa	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International South Africa Proprietary Limited	7	South Africa	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International (China) Co. Limited	9	China	Ordinary	100%	100%	Provision of recruitment consultancy
Comms Resource SDN. BHD	10	Malaysia	Ordinary	100%	100%	Non trading

Networkers International (Malaysia) Sdn Bhd	10	Malaysia	Ordinary	100%	100%	Non trading
NWKI Consultancy FZ LLC[4]	12	United Arab Emirates	Ordinary	0%	100%	Non trading
Cappo Qatar LLC[3]	15	Qatar	Ordinary	49%	49%	Non trading
Networkers Consultancy (Singapore) PTE. Limited	14	Singapore	Ordinary	100%	100%	Non trading
Gattaca Information Technology Services SLU	16	Spain	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Recruitment ETT, SLU	16	Spain	Ordinary	100%	100%	Non trading
Networkers International (India) PTE	17	India	Ordinary	100%	100%	Non trading

1 For the year ended 31 July 2021, Gattaca plc has provided a legal guarantee dated 4 November 2021 under s479a-s479c of the Companies Act 2006 to these subsidiaries for audit exemption.
2 These dormant companies are exempt from preparing individual financial statements by virtue of s394A of Companies Act 2006.
3 Gattaca plc has 100% of the beneficial interest in these entities, and consolidates them as wholly owned subsidiaries in line with IFRS 10.
4 These companies were disposed of or liquidated in the year, with the shareholding remaining the same as per the year ended 31 July 2020 up to the date of disposal or liquidation.

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

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

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

During the year, Gattaca plc set up a branch for a new Employee Benefit Trust (the EBT) and appointed Apex Financial Services Limited as the Trustee and the administrator to this new EBT. The Company and Group has control over the new EBT and therefore it has been consolidated in the Group and Company's results.

Registered office addresses

1	1450 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire, PO15 7AF, United Kingdom
2	c/o Grant Thornton, Jahnstrasse 6, 70597, Stuttgart, Germany
3	Herengracht 124–128, 1015 BT Amsterdam, Netherlands
4	33 SW Flager Avenue, Stuart, Florida, USA
5	6400 International Parkway, Suite 1510, Plano TX 75093, USA
6	Avenida Paseo de la Reforma No. 296 Piso 15 Oficina A, Colonia Juárez, Delegación Cuauhtémoc, Código Postal 06600. Ciudad de México, Mexico
7	201 Heritage House, 20 Dreyer Street, Claremont, 7735, South Africa
8	6th Floor, 119 Hertzog Boulevard, Foreshre, Cape Town, 8001, South Africa
9	B-2701, Di San Zhi Ye Building, No. A1 Shuguang Xili, Chao Yang District, Beijing, China
10	Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia
11	1 Richmond Street West, Suite 902, Toronto, Ontario, M5H 3W4, Canada
12	Office 3022, Shatha Tower, Dubai Media City, Dubai, United Arab Emirates
13	Franlinstr. 48, 60456, Frankfurt, Germany
14	371 Beach Road, #15-09 Keypoint, Singapore 199597
15	Suite #204, Office #40 Al Rawabi Street, Muntazah, Doha, State of Qatar. PO Box 8306

16	Calle General, Moscardo 6. Espaco Office, Madrid 28020, Spain
17	3rd Floor, 301 DLF City Court Sikandarpur, Gurgaon-122002 Harayana, India

16 Deferred Tax (unaudited)

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

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

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

	Group 2021 £'000	Group 2020 £'000

At 1 August	**(277)**	(396)
Impact of transition to IFRS 16	**–**	119
Recognised in income (Note 10)	**(305)**	22
Recognised in equity	**65**	(16)
Foreign exchange	**2**	(6)
Reclassification to assets held for sale	**(9)**	–
At end of year	**(524)**	(277)

	2021 £'000	2020 £'000
Deferred tax assets reversing within 1 year	**248**	179
Deferred tax liabilities reversing within 1 year	**(84)**	(232)
Reclassification of deferred tax assets reversing within 1 year to assets held for sale	**(9)**	–
At end of year	**155**	(53)

	2021 £'000	2020 £'000
Deferred tax assets reversing after 1 year	**72**	64
Deferred tax liabilities reversing after 1 year	**(751)**	(288)
At end of year	**(679)**	(224)

Unrecognised deferred tax assets

	Group	
	2021 £'000	2020 £'000
Tax losses carried forward against profits of future years	**1,865**	1,640
Net deferred tax assets	**1,865**	1,640

Of the unused tax losses £2,071,000 (2020: £3,234,000) can be carried forward indefinitely, £817,000 (2020: £340,000) expires within 10 years and £3,053,000 (2020: £142,000) expires within 20 years. No deferred tax is recognised on unremitted earnings of overseas subsidiaries as the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in the foreseeable future. The temporary differences associated with the investments in subsidiaries for which a deferred tax liability has not been recognised aggregate to £3,675,000 (2020: £5,345,000). If the earnings were remitted, tax of £45,000 (2020: £120,000) would be payable. The main UK corporation tax rate of 19% will increase to 25% from 1 April 2023. Deferred tax has been valued based on the substantively enacted rates at each balance sheet date at which the deferred tax is expected to reverse.

17 Trade and Other Receivables

	Group		Company	
	2021 *unaudited* **£'000**	**2020** **£'000**	**2021** *unaudited* **£'000**	**2020** **£'000**
Trade receivables from contracts with customers, net of loss allowance	**34,187**	27,703	**–**	–
Amounts owed by group companies	**–**	–	**3,046**	101,610
Other receivables	**1,619**	3,554	**–**	–
Prepayments	**1,389**	1,705	**–**	–
Accrued income	**26,742**	15,900	**–**	–
Total	**63,937**	48,862	**3,046**	101,610

The amounts owed by group companies in the company statement of financial position are considered to approximate to fair value. Amounts owed by group companies are unsecured, repayable on demand and accrue no interest.

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

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

Impairment of accrued income

	Group	
	2021 *unaudited* **£'000**	**2020** **£'000**
Gross accrued income	**27,807**	16,169
Loss allowance	**(1,065)**	(269)
Accrued income, net of loss allowance	**26,742**	15,900

The loss allowance for accrued income was determined as follows:

31 July 2021 (*unaudited*)	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
Weighted expected loss rate (%)	**2.9%**	**2.7%**	**2.6%**	**23.7%**	
Gross carrying amount – accrued income (£'000)	**21,455**	**3,546**	**1,519**	**1,287**	**27,807**
Loss allowance (£'000)	**624**	**96**	**40**	**305**	**1,065**

31 July 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	0.0%	0.0%	0.0%	38.7%	
Gross carrying amount – accrued income (£'000)	13,858	1,398	218	695	16,169
Loss allowance (£'000)	–	–	–	269	269

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

	Group	
	2021 *unaudited* £'000	2020 £'000
Opening loss allowance at 1 August	**269**	–
Increase in loss allowance recognised in profit and loss during the year	**796**	269
Closing loss allowance at 31 July	**1,065**	269

Impairment of trade receivables from contracts with customers

	Group	
	2021 *unaudited* £'000	2020 £'000
Trade receivables from contracts with customers, gross amounts	**37,636**	31,690
Loss allowance	**(3,449)**	(3,987)
Trade receivables from contracts with customers, net of loss allowance	**34,187**	27,703

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

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before the relevant year end and the corresponding historical credit losses experienced within this period. The historic loss rates are then adjusted to reflect any relevant current and forward-looking information expected to affect the ability of customers to settle the receivables. Additionally, the ongoing impact of COVID-19 and projected post-COVID economic recovery, based on external reports, forecast data and scenario analysis, have been taken into account when assessing the credit risk profiles for specific industries and geographies.

The loss allowance for trade receivables was determined as follows:

31 July 2021 (unaudited)	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	**5.2%**	**5.0%**	**18.6%**	**60.9%**	
Gross carrying amount – trade receivables (£'000)	**33,741**	**654**	**743**	**2,498**	**37,636**
Loss allowance (£'000)	**1,756**	**33**	**138**	**1,522**	**3,449**

31 July 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Weighted expected loss rate (%)	6.9%	8.8%	10.2%	91.1%	
Gross carrying amount – trade receivables (£'000)	19,079	8,941	1,788	1,882	31,690
Loss allowance (£'000)	1,307	783	183	1,714	3,987

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

	Group	
	2021 £'000	2020 £'000
Opening loss allowance at 1 August	**3,987**	2,189
(Decrease)/increase in loss allowance recognised in profit and loss during the year	**(296)**	2,281
Receivables written off during the year as uncollectible	**(242)**	(483)
Closing loss allowance at 31 July	**3,449**	3,987

18 Provisions (unaudited)

	2021				2020			
Group	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000
Balance at 1 August	**1,710**	**–**	**1,084**	**2,794**	1,747	934	–	2,681
Adjustment on initial application of IFRS 16	**–**	**–**	**–**	**–**	–	(934)	–	(934)
Restated balance at 1 August	**1,710**	**–**	**1,084**	**2,794**	1,747	–	–	1,747
Effects of movements in exchange rates	**–**	**–**	**–**	**–**	(38)	–	–	(38)
Provisions made in the year	**74**	**–**	**40**	**114**	1	–	1,084	1,085

Provisions utilised	**–**	**–**	**(679)**	**(679)**	–	–	–	–
Provisions released	**(58)**	**–**	**(392)**	**(450)**	–	–	–	–
Provisions reclassified to held for sale	**(46)**	**–**	**–**	**(46)**	–	–	–	–
Balance at 31 July	**1,680**	**–**	**53**	**1,733**	1,710	–	1,084	2,794

	2021				2020 restated[1]			
Group	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000	Dilapidation provisions £'000	Onerous lease provisions £'000	Other provisions £'000	Total £'000
Non-Current	**1,269**	**–**	**–**	**1,269**	1,587	–	–	1,587
Current	**411**	**–**	**53**	**464**	123	–	1,084	1,207
Total	**1,680**	**–**	**53**	**1,733**	1,710	–	1,084	2,794

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

Dilapidation provisions are held in respect of the Group's office properties where lease obligations include contractual obligations to return the property to its original condition at the end of the lease term, ranging between one and seven years.

Other provisions have been recognised primarily for restructuring activities, with the remainder in respect of claims for certain legal matters. In July 2020, the Group publicly announced plans for a significant restructuring of its UK employee base and restructuring provisions of £971,000 were recognised based on the directors' best estimate of the forecast direct costs arising from the restructuring. £679,000 of the restructuring provision was utilised in the year to 31 July 2021 and the remainder of the provision has been released. As such, there is no restructuring provision held as at 31 July 2021. Other provisions held as at 31 July 2021 are primarily in respect of claims for certain legal matters.

No provisions are held by the parent Company (2020: £nil).

19 Trade and Other Payables

	Group		Company	
	2021 *unaudited* £'000	2020 £'000	2021 *unaudited* £'000	2020 £'000
Trade payables	**4,530**	1,750	**–**	–
Amounts owed to group undertakings	**–**	–	**2,972**	63,590
Taxation and social security	**10,473**	15,859	**–**	–
Contractor wages payable	**27,209**	20,519	**–**	–
Accruals and deferred income	**5,158**	4,348	**–**	–
Other payables	**8,751**	3,653	**–**	–

Total	**56,121**	46,129	**2,972**	63,590

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

20 Loans and Borrowings

	Group		Company	
	2021 *unaudited* £'000	2020 £'000	2021 *unaudited* £'000	2020 £'000
Working capital facility	**9,348**	151	**–**	–
Bank loans and borrowings due in less than one year	**9,348**	151	**–**	–
Revolving credit facility	**–**	7,500	**–**	7,500
Finance costs capitalised	**–**	(196)	**–**	(196)
Bank loans and borrowings due in more than one year	**–**	7,304	**–**	7,304
Total bank loans and borrowings	**9,348**	7,455	**–**	7,304

In January 2020, the Group transferred a portion of its recourse working capital facility to a non-recourse working capital facility. Under the terms of the non-recourse facility, the trade receivables assigned to the facility are owned by HSBC and so have been de-recognised from the Group's statement of financial position; in addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. The Group continues to collect cash from trade receivables assigned to the non-recourse facility on behalf of HSBC which is then transferred to them periodically each month. Any cash collected from trade receivables under the non-recourse facility at the end of reporting period that had not been transferred to HSBC, is presented as restricted cash included within the Group's cash balance. At 31 July 2021, the Group had agreed banking facilities with HSBC totalling £75m (31 July 2020: £75m) invoice financing working capital facility (recourse and non-recourse).

The Group's working capital facilities are secured by way of an all assets debenture, which contains fixed and floating charg es over the assets of the Group. This facility allows certain companies within the Group to borrow up to 90% of invoiced or accrued income up to a maximum of £75m. Interest is charged on the recourse borrowings at a rate of 1.75% (31 July 2020: 1.75%) over the HSBC Bank base rate of 0.1% (2020: 0.1%).

The Group's £7.5m revolving credit facility was secured by way of a fixed and floating charge over assets of the Group. In October 2020, the Group repaid the £7.5m revolving credit facility in full and no longer is required to comply with certain financial covenants over the revolving credit facility.

21 Financial Assets and Liabilities Statement of Financial Position Classification

The carrying amount of the Group's financial assets and liabilities as recognised at the statement of financial position date of the reporting years under review may also be categorised as follows:

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

	Group		Company	
	2021 *unaudited* £'000	2020 £'000	2021 *unaudited* £'000	2020 £'000
Trade and other receivables (Note 17)				

– Financial assets recorded at amortised cost	**62,548**	47,157	**3,046**	101,610
Cash and cash equivalents				
– Financial assets recorded at amortised cost	**29,238**	34,796	**4**	–
Total	**91,786**	81,953	**3,050**	101,610

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

	Group		Company	
	2021 *unaudited* £'000	2020 £'000	2021 *unaudited* £'000	2020 £'000
Borrowings (Note 20)				
– Financial liabilities recorded at amortised cost	**9,348**	7,455	**–**	7,304
Leases (Note 22)				
– Financial liabilities recorded at amortised cost	**5,761**	7,736	**–**	–
Trade and other payables (Note 19)				
– Financial liabilities recorded at amortised cost	**45,648**	30,270	**2,972**	63,590
Total	**60,757**	45,461	**2,972**	70,894

The amounts at which the assets and liabilities above are recorded are considered to approximate to fair value.

22 Leases (unaudited)

On 1 August 2019, the Group adopted IFRS 16 Leases, applying a modified retrospective approach to transition. The consolidated statement of financial position shows the following amounts related to leases where the Group is a lessee.

Right-of-use-assets		Properties £'000	Vehicles £'000	Other £'000	Total £'000
Cost	At 1 August 2019	9,335	336	17	9,688
	Reclassification of dilapidation assets	1,535	–	–	1,535
	Additions	42	12	–	54
	Effect of reassessment of lease term	(862)	–	–	(862)
	Effect of movement in exchange rates	(46)	–	(1)	(47)
	At 31 July 2020	10,004	348	16	10,368
	At 1 August 2020	**10,004**	**348**	**16**	**10,368**

	Effect of reassessment of lease term	416	–	5	421
	Effect of movement in exchange rates	41	–	1	42
	Reclassification to assets held for sale	(216)	–	(14)	(230)
	At 31 July 2021	**10,245**	**348**	**8**	**10,601**
Accumulated depreciation	At 1 August 2019	–	–	–	–
	Reclassification of dilapidation assets	576	–	–	576
	Depreciation charge	1,858	176	7	2,041
	Impairment	432	–	–	432
	Effect of movement in exchange rates	(19)	–	–	(19)
	At 31 July 2020	2,847	176	7	3,030
	At 1 August 2020	**2,847**	**176**	**7**	**3,030**
	Depreciation charge	1,749	119	7	1,875
	Impairment	183	–	–	183
	Effect of movement in exchange rates	40	–	–	40
	Reclassification to assets held for sale	(190)	–	(11)	(201)
	At 31 July 2021	**4,629**	**295**	**3**	**4,927**
Net book value	At 1 August 2020	7,157	172	9	7,338
	At 31 July 2021	**5,616**	**53**	**5**	**5,674**

At 31 July 2021, included within property right-of-use assets is costs of £1,491,000 (2020: £1,577,000) and net book value of £526,000 (2020: £802,000) relating to dilapidation assets.

During the year, the Group recognised an impairment of £114,000 in respect of a UK office property that is no longer is use by the business. The remainder of the £69,000 impairment charge in the year is due to the closure of Mexico operations. In addition, the lease term for the Canadian office has been extended to September 2025 which led to additional right-of-use assets as shown in the disclosure above.

	31 July 2021				31 July 2020			
	Properties	Vehicles	Other	Total	Properties	Vehicles	Other	Total
Lease liabilities	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Current	**1,423**	**55**	**2**	**1,480**	1,855	132	3	1,990
Non-current	**4,268**	**9**	**4**	**4,281**	5,696	44	6	5,746
Total	**5,691**	**64**	**6**	**5,761**	7,551	176	9	7,736

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

The discount rates used to measure the lease liabilities at 31 July 2021 range between 1.6% to 10.1% for properties (2020: 2.0% – 10.1%), 4.7% for vehicles (2020: 4.7%) and 10.1% for other leases (2020: 10.1%).

Reconciliation of lease liabilities movement in the year

	Properties £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2019	10,260	347	17	10,624
Lease payments	(2,011)	(183)	(7)	(2,201)
Interest expense on lease liabilities	201	12	1	214
Effect of reassessment of lease term	(862)	–	–	(862)
Effect of movement in exchange rates	(37)	–	(2)	(39)
At 31 July 2020	7,551	176	9	7,736

	Properties £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2020	**7,551**	**176**	**9**	**7,736**
Lease payments	**(2,387)**	**(116)**	**(8)**	**(2,511)**
Interest expense on lease liabilities	**151**	**4**	**1**	**156**
Effect of reassessment of lease term	**268**	**–**	**5**	**273**
Effect of movement in exchange rates	**120**	**–**	**1**	**121**
Liabilities directly associated with assets held for sale	**(12)**	**–**	**(2)**	**(14)**
At 31 July 2021	**5,691**	**64**	**6**	**5,761**

Amounts in respect of leases recognised in the income statement

	2021 £'000	2020 £'000
Depreciation expense of right-of-use assets	**1,875**	2,041
Impairment of right-of-use assets	**183**	432
Interest expense on lease liabilities	**156**	214
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	**14**	239

23 Share Capital

Authorised share capital

	Company	
	2021 *unaudited* £'000	2020 £'000
40,000,000 (2020: 40,000,000) Ordinary shares of £0.01 each	**400**	400

Allotted, called up and fully paid:

	Company	
	2021 *unaudited* £'000	2020 £'000
32,290,400 (2020: 32,290,000) Ordinary shares of £0.01 each	**323**	323

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

	Company	
	2021 *unaudited* 000s	2020 000s
In issue at 1 August	**32,290**	32,285
Exercise of share options	**–**	5
In issue at 31 July	**32,290**	32,290

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

Share Options

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

	2021 *unaudited* '000s	2020 '000s	Date of grant	Exercise price pence	Exercise period From	To
Zero Priced Share Option Bonus	**–**	1	04/02/2011	1	03/02/2013	04/02/2021
Zero Priced Share Option Bonus	**–**	1	04/02/2011	1	03/02/2014	04/02/2021
Zero Priced Share Option Bonus	**1**	1	31/01/2012	1	30/01/2014	31/01/2022
Zero Priced Share Option Bonus	**1**	1	31/01/2012	1	30/01/2015	31/01/2022
Zero Priced Share Option Bonus	**1**	1	31/01/2013	1	30/01/2015	31/01/2023

Zero Priced Share Option Bonus	**2**	2	31/01/2013	1	30/01/2016	31/01/2023
Zero Priced Share Option Bonus	**4**	4	01/01/2014	1	01/01/2016	01/01/2024
Zero Priced Share Option Bonus	**32**	32	01/01/2014	1	01/01/2017	01/01/2024
Zero Priced Share Option Bonus	**3**	3	28/01/2015	1	28/01/2017	28/01/2025
Zero Priced Share Option Bonus	**24**	24	28/01/2015	1	28/01/2018	28/01/2025
Zero Priced Share Option Bonus	**231**	231	19/12/2018	1	19/12/2021	19/12/2028
Zero Priced Share Option Bonus	**171**	171	19/12/2018	1	19/12/2021	19/12/2028
Long-Term Incentive Plan Options	**510**	510	20/01/2020	1	20/01/2023	20/01/2030
Long-Term Incentive Plan Options	**194**	194	20/01/2020	1	20/01/2023	20/01/2030
Long-Term Incentive Plan Options	**129**	–	01/12/2020	1	01/12/2023	01/12/2030
Long-Term Incentive Plan Options	**90**	–	01/12/2020	1	01/12/2023	01/12/2030
Long-Term Incentive Plan Options	**63**	–	01/12/2020	1	01/12/2023	01/12/2030
Total	**1,456**	1,176				

During the year, the Group granted share options under the Long-Term Incentive Plan for executive directors and senior management. The share options were granted on 1 December 2020 to members of staff to be held over a three-year vesting period and are subject to a cumulative continuing underlying PBT performance condition. All share options have a life of 10 years from grant date and are equity settled on exercise.

The movement in share options is shown below:

	2021 *unaudited*			**2020**		
	Number ‘000s	**Weighted average exercise price (pence)**	**Weighted average share price (pence)**	**Number ‘000s**	**Weighted average exercise price (pence)**	**Weighted average share price (pence)**
Outstanding at 1 August	**1,176**	**74.6**	**–**	883	13.1	–
Granted	**1,106**	**1.0**	**–**	704	1.0	–
Forfeited/ lapsed	**(826)**	**1.3**	**–**	(406)	27.3	–
Exercised	**–**	**–**	**–**	(5)	1.0	116.7
Outstanding at 31 July	**1,456**	**1.2**		1,176	74.6	
Exercisable at 31 July	**69**	**1.0**		69	1.0	

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

Exercise Date	2021 *unaudited* Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)	2020 Weighted average remaining contract life (months)	Number '000s	Weighted average exercise price (pence)
19/12/2021	**5**	**402**	**1.0**	17	402	1.0
20/01/2023	**18**	**703**	**1.0**	30	704	1.0
01/12/2023	**28**	**219**	**2.4**	–	–	–
31/01/2024	**30**	**60**	**–**	–	–	–
Total		**1,384**			1,106	

In addition to the share option schemes the Group operated a Share Incentive Plan (SIP), which is an HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost. During the year the Company purchased 73,190 shares (2020: 124,912) under this scheme.

The Group's Share Incentive Plan is held by an Employee Benefit Trust (EBT) for tax purposes. The EBT buys shares with funds from the Group and any shares held by the EBT are distributed to employees once vesting conditions are satisfied. The Group has control over the EBT and therefore it has been consolidated at 31 July 2021 and 31 July 2020. During the year, a new EBT was set up as the branch of Gattaca plc and Apex Financial Services Limited was pointed as the Trustee and the administrator to this new EBT.

As at 31 July 2021, excess funds of £28,000 (2020: £70,000) was held by the EBT, which has been included in cash and cash equivalents.

The following expenses or credits were recognised in the income statement in relation to share-based payment transactions:

Group	2021 *unaudited* £'000	2020 £'000
Zero Priced Share Option Bonus	**–**	(62)
Long-Term Incentive Plan Options	**133**	2
Share Incentive Plan	**138**	137
Total	**271**	77

The key assumptions used in the calculation of fair value per awards are as follows:

Date of grant		Share price on the date of grant (£)	Exercise price (£)	Volatility (%)	Vesting period (yrs)	Dividend yield (%)	Risk free rate of interest (%)	Fair value (£)
09/09/2016	SIP	3.87	0.01	N/A	3.00	N/A	N/A	3.87

07/10/2016	SIP	3.57	0.01	N/A	3.00	N/A	N/A	3.57
08/11/2016	SIP	3.16	0.01	N/A	3.00	N/A	N/A	3.16
07/12/2016	SIP	2.95	0.01	N/A	3.00	N/A	N/A	2.95
16/01/2017	SIP	2.98	0.01	N/A	3.00	N/A	N/A	2.98
31/01/2017	Zero Priced Share Option Bonus	2.92	0.01	31.6%	3.00	7.9%	0.3%	1.27
31/01/2017	Zero Priced Share Option Bonus	2.92	0.01	31.6%	3.00	7.9%	0.3%	1.51
31/01/2017	Zero Priced Share Option Bonus	2.90	0.01	31.6%	3.00	7.9%	0.3%	1.23
31/01/2017	Zero Priced Share Option Bonus	2.90	0.01	31.6%	3.00	7.9%	0.3%	1.49
31/01/2017	Long Term Incentive Plan Options	2.90	0.72	31.6%	3.00	7.9%	0.3%	0.86
03/02/2017	Long Term Incentive Plan Options	2.90	1.45	31.6%	3.00	7.9%	0.3%	0.66
07/02/2017	SIP	2.94	0.01	N/A	3.00	N/A	N/A	2.94
07/03/2017	SIP	2.94	0.01	N/A	3.00	N/A	N/A	2.94
07/04/2017	SIP	3.10	0.01	N/A	3.00	N/A	N/A	3.10
09/05/2017	SIP	3.18	0.01	N/A	3.00	N/A	N/A	3.18
07/06/2017	SIP	3.28	0.01	N/A	3.00	N/A	N/A	3.28
07/07/2017	SIP	3.09	0.01	N/A	3.00	N/A	N/A	3.09
07/08/2017	SIP	2.87	0.01	N/A	3.00	N/A	N/A	2.87
08/09/2017	SIP	2.99	0.01	N/A	3.00	N/A	N/A	2.99
09/10/2017	SIP	3.10	0.01	N/A	3.00	N/A	N/A	3.10
08/11/2017	SIP	3.12	0.01	N/A	3.00	N/A	N/A	3.12
08/12/2017	SIP	3.05	0.01	N/A	3.00	N/A	N/A	3.05
09/01/2018	SIP	3.00	0.01	N/A	3.00	N/A	N/A	3.00
08/02/2018	SIP	2.63	0.01	N/A	3.00	N/A	N/A	2.63
08/03/2018	SIP	2.31	0.01	N/A	3.00	N/A	N/A	2.31
12/04/2018	SIP	1.84	0.01	N/A	3.00	N/A	N/A	1.84
09/05/2018	SIP	1.40	0.01	N/A	3.00	N/A	N/A	1.40
08/06/2018	SIP	1.58	0.01	N/A	3.00	N/A	N/A	1.58

09/07/2018	SIP	1.25	0.01	N/A	3.00	N/A	N/A	1.25
08/08/2018	SIP	1.50	0.01	N/A	3.00	N/A	N/A	1.50
10/09/2018	SIP	1.40	0.01	N/A	3.00	N/A	N/A	1.40
08/10/2018	SIP	1.30	0.01	N/A	3.00	N/A	N/A	1.30
08/11/2018	SIP	1.41	0.01	N/A	3.00	N/A	N/A	1.41
10/12/2018	SIP	1.14	0.01	N/A	3.00	N/A	N/A	1.14
19/12/2018	Zero Priced Share Option Bonus	1.07	0.01	N/A	3.00	0.0%	N/A	1.08
19/12/2018	Zero Priced Share Option Bonus	1.07	0.01	44.9%	3.00	0.0%	0.7%	0.73
09/01/2019	SIP	1.13	0.01	N/A	3.00	N/A	N/A	1.13
08/02/2019	SIP	1.17	0.01	N/A	3.00	N/A	N/A	1.17
11/03/2019	SIP	1.18	0.01	N/A	3.00	N/A	N/A	1.18
08/04/2019	SIP	1.39	0.01	N/A	3.00	N/A	N/A	1.39
09/05/2019	SIP	1.58	0.01	N/A	3.00	N/A	N/A	1.58
10/06/2019	SIP	1.53	0.01	N/A	3.00	N/A	N/A	1.53
08/07/2019	SIP	1.43	0.01	N/A	3.00	N/A	N/A	1.43
07/08/2019	SIP	1.44	0.01	N/A	3.00	N/A	N/A	1.44
09/09/2019	SIP	1.28	0.01	N/A	3.00	N/A	N/A	1.28
08/10/2019	SIP	1.32	0.01	N/A	3.00	N/A	N/A	1.32
08/11/2019	SIP	1.18	0.01	N/A	3.00	N/A	N/A	1.18
09/12/2019	SIP	1.10	0.01	N/A	3.00	N/A	N/A	1.10
10/01/2020	SIP	1.29	0.01	N/A	3.00	N/A	N/A	1.29
10/02/2020	SIP	0.82	0.01	N/A	3.00	N/A	N/A	0.82
09/03/2020	SIP	0.76	0.01	N/A	3.00	N/A	N/A	0.76
09/04/2020	SIP	0.39	0.01	N/A	3.00	N/A	N/A	0.39
11/05/2020	SIP	0.44	0.01	N/A	3.00	N/A	N/A	0.44
08/06/2020	SIP	0.45	0.01	N/A	3.00	N/A	N/A	0.45
10/07/2020	SIP	0.45	0.01	N/A	3.00	N/A	N/A	0.45

20/01/2020	Long Term Incentive Plan Options	1.24	0.01	N/A	3.00	N/A	N/A	1.13
20/01/2020	Long Term Incentive Plan Options	1.24	0.01	N/A	3.00	N/A	N/A	1.13
14/08/2020	SIP	0.54	0.01	N/A	3.00	N/A	N/A	0.54
08/09/2020	SIP	0.58	0.01	N/A	3.00	N/A	N/A	0.58
08/10/2020	SIP	0.54	0.01	N/A	3.00	N/A	N/A	0.54
10/11/2020	SIP	0.60	0.01	N/A	3.00	N/A	N/A	0.60
08/12/2020	SIP	0.82	0.01	N/A	3.00	N/A	N/A	0.82
11/01/2021	SIP	0.82	0.01	N/A	3.00	N/A	N/A	0.82
12/02/2021	SIP	0.86	0.01	N/A	3.00	N/A	N/A	0.86
08/03/2021	SIP	1.15	0.01	N/A	3.00	N/A	N/A	1.15
12/04/2021	SIP	1.50	0.01	N/A	3.00	N/A	N/A	1.50
11/05/2021	SIP	1.49	0.01	N/A	3.00	N/A	N/A	1.49
08/06/2021	SIP	2.24	0.01	N/A	3.00	N/A	N/A	2.24
07/07/2021	SIP	2.64	0.01	N/A	3.00	N/A	N/A	2.64
01/12/2020	Long Term Incentive Plan Options	0.84	0.01	N/A	3.00	N/A	N/A	0.84
01/12/2020	Long Term Incentive Plan Options	0.79	0.01	N/A	3.00	N/A	N/A	2.32

For Zero Priced Share Option Bonus grants in 2020 that are subject to an Earnings per Share (EPS) growth vesting condition, a Binomial model was used for valuation.

Prior to the 2018 award, the volatility of the Company's share price on each date of grant was calculated as the average of the annualised standard deviations of daily continuously compounded returns on the Company's stock, calculated over five years back from the date of grant, where applicable. For 2018 onwards, the volatility of the Company's share price on date of grant was calculated using the historical daily share price of the Company over a term commensurate with the expected life of the award. For all awards the risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option.

24 Transactions with Directors and Related Parties (unaudited)

During the year the Group made no sales (2020: £16,000) to InHealth Group Ltd and made no purchases (2020: £7,400) from Preventicum UK Limited which were related parties by virtue of the common directorship of Richard Bradford (resigned as a director of Gattaca plc on 8 December 2020). During the year the Group made no sales (2020: £87,000) to Tricoya Technologies Limited, a subsidiary of Accsys Technologies Plc, which were considered as a related party transaction by virtue of common directorship of Patrick Shanley (resigned as a director of Accsys Technologies Plc on 18 September 2020). As at the year end 31 July 2021 and 31 July 2020, there were no balance outstanding for any transactions for InHealth Group Ltd, Preventicum UK Limited or Tricoya Technologies Limited. Group policy is for all transactions with related parties to be made on an arm's length basis and no guarantees have been given to, or received from, related parties.

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

During the year Matchtech Group (UK) Limited charged Gattaca plc £525,000 (2020: £467,000) for provision of management services.

The remuneration of key management is disclosed in Note 5.

25 Financial Instruments (unaudited)

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

Maturity of financial liabilities

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

Group	0 to <1 years £'000	1 to <2 years £'000	2 to <5 years £'000	5 years and over £'000	Contractual cash flows £'000
2021					
Revolving credit facility	**–**	**–**	**–**	**–**	**–**
Invoice financing working capital facility	**9,382**	**–**	**–**	**–**	**9,382**
Lease liabilities	**1,494**	**1,192**	**2,438**	**651**	**5,775**
Trade payables	**40,490**	**–**	**–**	**–**	**40,490**
Total	**51,366**	**1,192**	**2,438**	**651**	**55,647**
2020					
Revolving credit facility	5,117	88	2,515	–	7,720
Invoice financing working capital facility	170	–	–	–	170
Lease liabilities	1,990	5,746	–	–	7,736
Trade payables	25,922	–	–	–	25,922
Total	33,199	5,834	2,515	–	41,548

Company	0 to <1 years £'000	1 to <2 years £'000	2 to <5 years £'000	5 years and over £'000	Contractual cash flows £'000
2021					
Revolving credit facility	**–**	**–**	**–**	**–**	**–**
Total	**–**	**–**	**–**	**–**	**–**
2020					
Revolving credit facility	5,117	88	2,515	–	7,720
Total	5,117	88	2,515	–	7,720

Interest rate sensitivity

The directors have calculated that the effect on profit of a 100 basis point increase in interest rates would be an expense of £782,000 (2020: expense of £402,000).

Borrowing facilities

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

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Expiring in one to five years	**24,163**	23,715	**–**	–

The directors believe that the carrying value of borrowings approximates to their fair value.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has a robust approach to forecasting both net debt and trading results on a monthly basis, looking forward to at least the next 12 months. At 31 July 2021, the Group had agreed banking facilities with HSBC totalling £75m (31 July 2020: £82.5m) comprised solely of a £75m invoice financing working capital facility (31 July 2020: £75m invoice financing working capital facility and a £7.5m revolving credit facility). The available financing facilities in place are sufficient to meet the Group's forecast cash flows.

Foreign Currency Risk

The Group's main foreign currency risk is the short-term risk associated with the trade debtors denominated in US dollars and Euros relating to the UK operations whose functional currency is sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency. Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank.

Net foreign currency monetary assets are shown below:

	Group	
	2021 £'000	2020 £'000
US Dollar	**6,436**	6,155
Euro	**5,224**	4,070

The effect of a 25 percent strengthening of the Euro and US Dollar against sterling at the financial position date on the Euro and US Dollar denominated trade and other receivables and payables carried at that date would, all other variables held constant, have resulted in a net increase in pre-tax profit for the year and increase of net assets of £3,397,000 (2020: £2,635,000). A 25 percent weakening in the exchange rates would, on the same basis, have decreased pre-tax profit and reduced net assets by £2,352,000 (2020: £1,734,000).

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

26 Capital Management Policies and Procedures

Gattaca plc's capital management objectives are:
– to ensure the Group's ability to continue as a going concern;
– to provide an adequate return to shareholders; and
– by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the statement of financial position.

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

	Group	
	2021	2020
	unaudited	
	£'000	£'000
Total equity	**40,863**	39,772
Cash and cash equivalents	**(29,238)**	(34,796)
Capital	**11,625**	4,976
Total equity	**40,863**	39,772
Borrowings	**9,348**	7,455
Lease liabilities	**5,761**	7,736
Overall financing	**55,972**	54,963
Capital to overall financing ratio	**21%**	9%

27 Net Debt and Adjusted Net Debt (unaudited)

Net debt is the total amount of cash and cash equivalents less interest-bearing loans and borrowings, including finance lease liabilities. The table below provides the required reconciliation evaluating the changes in liabilities arising from financing activities.

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

A reconciliation to adjusted net debt, which excludes lease liabilities and is the Group's preferred net debt measure is also shown below.

2021	1 August 2020 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2021 £'000
Cash and cash equivalents	**34,796**	**(5,558)**	**–**	**29,238**
Interest-bearing term loan	**(7,500)**	**7,500**	**–**	**–**
Working capital facilities	**(151)**	**(9,197)**	**–**	**(9,348)**
Lease liabilities	**(7,736)**	**2,511**	**(536)**	**(5,761)**
Total net cash	**19,409**	**(4,744)**	**(536)**	**14,129**
Capitalised finance costs	**196**	**–**	**(196)**	**–**
Total net cash after capitalised finance costs	**19,605**	**(4,744)**	**(732)**	**14,129**
Excluding lease liabilities	**7,736**	**(2,511)**	**536**	**5,761**
Adjusted total net cash excluding lease liabilities	**27,341**	**(7,255)**	**(196)**	**19,890**

2020	1 August 2019 £'000	Net cash flows £'000	Non-cash movements £'000	31 July 2020 £'000
Cash and cash equivalents	19,173	15,623	–	34,796
Interest-bearing term loan	(15,000)	7,500	–	(7,500)
Working capital facilities	(29,119)	28,968	–	(151)
Lease liabilities	(10,624)	2,201	687	(7,736)
Total net (debt)/cash	(35,570)	54,292	687	19,409
Capitalised finance costs	124	223	(151)	196
Total net (debt)/cash after capitalised finance costs	(35,446)	54,515	536	19,605
Excluding lease liabilities	10,624	(2,201)	(687)	7,736
Adjusted total net (debt)/cash excluding lease liabilities	(24,822)	52,314	(151)	27,341

28 Contingent Liabilities (unaudited)

We continue our cooperation with the United States Department of Justice and in 2021 have incurred £29,000 (2020: £1.4m) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

29 Dividends

	2021 *unaudited* £'000	2020 £'000
Equity dividends proposed after the year end (not recognised as a liability) at 1.5 pence per share (2020: nil pence)	**484**	–

The Group declared an external dividend of 1.5 pence per share on 4 November 2021.

30 Events After the Reporting Date (unaudited)

The Group has not identified any subsequent events.

31 Availability of Report & Accounts and Notice of AGM

It is expected that the Company's annual report and accounts for the year ended 31 July 2021 (the "Accounts") will be publish ed before the end of 5 November 2021 and that copies will be posted to shareholders and available to download from the Company's website at www.gattacaplc.com shortly. Accompanying the Accounts will be notice of Gattaca's 2021 annual general meeting, to be held at 9.30am on 8 December 2021 at The Solent Hotel & Spa, Rookery Avenue, Whiteley, Hampshire.