31 March 2022

Gattaca plc

("Gattaca" or "the Group")

Interim Results for the six months ended 31 January 2022

Evolution of strategy

Gattaca plc ("Gattaca" or the "Group"), the specialist Engineering and Technology staffing solutions business, today announces its financial results for the six months ended 31 January 2022.

Financial Highlights

	2022 H1		2021 H1 (restated)[1]			
	Continuing reported	Continuing underlying[3]	Continuing reported	Continuing underlying	Continuing reported	Continuing underlying
	£m	£m	£m	£m	%	%
Revenue	202.2	202.2	204.8	204.8	-1%	-1%
Net Fee Income (NFI)[2]	21.6	21.6	20.5	20.5	5%	5%
EBITDA	(1.2)	0.9	1.4	1.4	n/a	-36%
Loss before tax	(2.5)	(0.3)	(0.3)	(0.0)	n/a	n/a
Loss after tax	(2.4)	(0.2)	(0.2)	0.0	n/a	n/a
Discontinued operations	(0.6)	n/a	(0.2)	n/a	n/a	n/a
Reported loss after tax	(3.1)	n/a	(0.4)	n/a	n/a	n/a
Basic earnings per share	(7.5)	(0.8)	(0.7)	0.0		
Diluted earnings per share	(7.5)	(0.8)	(0.7)	0.0		
Interim dividend	0p	n/a	0p	n/a		
Adjusted net cash at end of period[4]	£4.8m	n/a	£22.7m	n/a		
Net (debt) / cash	£(0.1)m	n/a	£15.8m	n/a		

Highlights

- Group continuing underlying NFI of £21.6 million, up 5% year-on-year
  - UK NFI up 9% at £20.3 million (2021 H1: £18.6 million)
  - International NFI down 30%, driven by a decline in international contract NFI. Most International regions are now predominantly focused on the permanent market
  - Permanent NFI up 41% year-on-year, now representing 30% of group NFI (2021 H1: 23%)
- Investment in sales headcount continued, up 12% versus 31 July 2021
- Group adjusted net cash (exc IFRS 16 lease liabilities) of £4.8 million (31 July 2021: £19.9 million), in the period the Group repaid the final balance of £5.6m of deferred VAT. The Group is covenant free.
- No interim dividend (2021 H1: nil pence). The Board remains committed to paying dividends when the Group returns to sustainable levels of profitability.
- Post period-end, Gattaca confirmed its Board succession plan
  - Kevin Freeguard, Chief Executive Officer, and Salar Farzad, Chief Financial Officer, to step down from the Board at the end of March 2022
  - Matt Wragg appointed to succeed Kevin as Chief Executive Officer
  - Oliver Whittaker appointed to succeed Salar as Chief Financial Officer

Four priorities for new leadership

- Increase external focus
- Culture
- Operational performance
- Continued cost focus

Outlook

We are seeing encouraging trends across many of our sectors and believe we are positioned to capture the opportunities that these trends provide. The Group has now established its operating model, fully integrated a new global technology platform, and strategically invested in its sales headcount. With these critical internal components now complete, Gattaca has the right infrastructure and capabilities to capture the opportunities presented across our markets.

Gattaca's challenge now is to capitalise on the actions already taken and to take the necessary steps to position the Group for growth in the medium to long term. We expect continuing underlying profit before tax for its financial year ending 31 July 2022 to be around breakeven as announced in January 2022. Looking to 2023 and beyond, although the trajectory of the business has been slower than previously anticipated we expect to see the benefits of our investment in headcount and the technology platform begin to come through, delivering a return to profitable and sustainable long-term growth. This will continue to be supported by strong market demand for STEM talent, which we believe will remain scarce and in high demand.

Commenting on the results, Patrick Shanley, Chairman said:

"The first half of FY 2022 has been a period of mixed performance for Gattaca. We see encouraging trends and positive signs of growth across a number of our core markets however, our contract business has taken longer to recover than expected which is impacting the Group's performance.

To ensure we successfully capture the robust demand for STEM skills across our markets, we plan to significantly increase our external focus, particularly client acquisition and expansion, and leverage our new operating model and technology platform to increase efficiency and performance output.

Finally, on behalf of the entire Board, I would like to take the opportunity to thank Kevin and Salar for their contribution over the last 4/5 years and welcome Matt and Oliver who, following careful succession planning, are well-prepared to lead us forward."

Kevin Freeguard, Chief Executive Officer said:

"Following the significant improvement in capability made over the last several years Gattaca is well positioned to take full advantage of the strong demand for STEM talent. I am delighted that we have developed our internal talent such that the Board has been able to appoint internal candidates to succeed both myself and Salar. I wish the Gattaca team every success for the future"

Matthew Wragg, incoming Chief Executive Officer said:

"Kevin and Salar have led us through some challenging times while significantly reducing the Group's net debt, establishing our new operating model, and overhauling our technology platforms. Thanks to their contribution, we are now in a stronger position to focus our energy once again on our STEM talent markets helping our customers with their talent challenges during a period of particularly high demand. It is against this backdrop that I am optimistic for the future of the Group and excited for everyone in the team."

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

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

1. Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, and the results for the 6 months to January 2021 have been restated for the presentation of discontinued operations

2. NFI is calculated as revenue less contractor payroll costs

3. Continuing underlying results exclude the NFI and (losses) before taxation of discontinued businesses predominantly being operations in Mexico and South Africa (2022 H1: £(0.7)m, 2021 H1 : £(0.2)m), non-underlying items within administrative expenses in 2021 primarily related to reversal of restructuring costs provided for in prior year (2022 H1: £0.1m, 2021 H1 : £(0.2)m), amortisation of acquired intangibles (2022 H1: £0.2m, 2021 H1 : £0.2m), impairment of acquired intangibles (2022 H1: £2.0m, 2021 H1 : £0.0m), and exchange (losses) / gains from revaluation of foreign assets and liabilities (2022 H1: £0.1m, 2021 H1 : £(0.2)m).

4. Adjusted net cash is calculated as net cash excluding lease liabilities, less any capitalised finance costs.

For further information please contact:

Gattaca plc **+44 (0) 1489 898989**
Matthew Wragg, Chief Executive Officer designate
Oliver Whittaker, Chief Financial Officer designate

Liberum Capital Limited (Nomad and Broker) **+44 (0) 20 3100 2000**
Lauren Kettle
Robert Morton

Citigate Dewe Rogerson **+44 (0) 20 7638 9571**
Jos Bieneman
Lucy Eyles

Operational Review

The Group's trading performance in the first half of 2022 saw the Group maintain year on year NFI growth of 5%, with the UK operations achieving growth of 9%, driven by strong performance in the permanent recruitment market. Group adjusted underlying loss before tax was £0.3 million, driven by our mix of net fee income growth offset by our ongoing investment in sales and fulfilment headcount, which will mature into 2023 and beyond.

During H1 several key priority initiatives were progressed across the Group. Gattaca's new global technology platform is now integrated across the whole Group and we are starting to the realise benefits of this single platform and the opportunities that it presents. Furthermore we integrated a market leading AI sourcing technology into our platform, enabling improved candidate attraction and engagement. We also now have a comprehensive data and MI platform working across the Group.

During the period, we continued to invest in our sales and fulfilment teams. Headcount increased by 12% in sales and 29% in fulfilment between July 2021 and January 2022, and Gattaca has provided L&D investment to embed them into the Group.

Gattaca revisited its product offering, with a particular focus on permanent packages of work to align with current market trends and conditions.

In H1 2022 we launched the Group's refreshed Purpose, Vision, Mission and Values to all of our staff, and have been focused on ensuring that these values are part of our practices and processes to ensure they become truly embedded in the organisation.

Also in the period, Gattaca established and communicated its ESG ambitions, demonstrating the Group's commitment to sustainability. These ambitions are:

- Achieve net zero emissions by 2030
- Ensure an equal gender balance in our management positions by August 2026
- To be in the top quartile for our employee engagement score by 2026
- To positively impact 100,000 lives by 2025

Four priorities for new leadership

The new leadership team has identified four priority areas to ensure the continued evolution of the Group's strategy. While there has undoubtedly been important recent progress, Gattaca's challenge now is to capitalise on the actions already taken and to take the necessary steps to position the Group for growth in the medium to long term.

There is a real opportunity to build on Gattaca's many great strengths, the focus on in demand STEM skills; its core strength in robust sectors; blue chip and long-standing client base; and the strength of the balance sheet.

The priorities are:

- Increase external focus
    - Leverage externally focused CEO; previously Chief Customer Officer
    - Simplify the sales process
    - Invest in marketing to demonstrate key STEM skills messaging
    - Increase client acquisition and investment in client development
- Culture
    - Bring through our next generation of leadership
    - Increase localised accountability
    - Embed purpose, vision, mission and values across the business
    - Increase staff engagement and participation
- Operational performance
    - Realise operating model productivity
    - Increase efficiency and performance output
    - Leverage investment in technology to improve candidate attraction, conversion and client experience
- Continued cost focus
    - Rebalance the cost base: delayering infrastructure, estate, and other third-party costs
    - Improve staff retention via culture, talent acquisition, learning & development, performance management and leadership
    - Technology leveraged to automate process and enhance service

Operational review by sector

Net Fee Income (NFI) £m	2022 H1	2021 H1 (restated)[1]	Change
Infrastructure	6.7	6.9	-2%
Defence	3.2	2.9	10%
Mobility	2.2	1.4	63%
Technology, Media & Telecoms	2.2	1.9	18%
Energy	1.8	2.1	-15%
Other	4.1	3.5	18%

Total UK	20.3	18.6	9%
International	1.3	1.9	-30%
Continuing Total Group NFI	**21.6**	**20.5**	**5%**

Infrastructure

Infrastructure NFI was down 2% year on year, partly impacted by accounting related to the bankruptcy of one of our clients, NMCN, and the loss of two significant clients. The Infrastructure market for permanent recruitment is particularly strong, and we are building our teams in this area to capitalise on this opportunity.

UK Infrastructure demand has recovered to pre-Covid levels with a shortage of skilled labour and increased requirement for international attraction. The AMP and CP6 investment cycles in water and rail have now moved into the build and construction phases. Furthermore, nationwide investment in fibre and EV is driving significant demand for skilled blue-collar workers in the utilities market.

Defence

Defence was up 10% year-on-year, due to strong demand for Technology skills and a strong Defence market including a well performing large RPO deal.

While this sector tends to remain stable irrespective of short-term economic fluctuations, demand for labour in the Defence sector has increased 17.5%. Permanent recruitment has seen largest demand, with some reduction of overall contractor workforce post IR35 and Covid. Investment in the defence sector in both the UK and US markets, creates an ongoing sustainable scale opportunity. Gattaca is currently working with 68% of the Ministry of Defense Top 100 suppliers, and is well placed to service both Technology and Engineering staffing requirements, with an opportunity for growth in Manufacturing and IT.

Mobility

Strong growth in Mobility NFI, of 63% year-on-year, was achieved off a relatively small base following significant market impact during the pandemic period. In Q4 2022, a significant contract is due to expire which will impact 2023.

The Mobility market is attractive as industry rebuilds, with permanent recruitment demand outstripping contract, as businesses rehire having downsized during the pandemic and the associated market downturn. Mobility market supply chains have been impacted by the pandemic, semi-conductor shortages and now the conflict in Ukraine. The supply of technician skills remains tight, and we see investment in new technology driving high demand especially across EV and battery development

Technology, Media & Telecoms (TMT)

TMT has seen a strong return to growth in H1 2022 with NFI up 18% year-on-year. This has been driven by increased headcount and strong demand for technology skills.

Recruitment demand is robust with all sectors investing in technology skills. These skillsets typically have lower barriers associated with fixed geographical location, offering the option of remote working. There is a strong demand for permanent hires and, notably, we increasingly see clients buying “packages” of hires (versus one-off hires), which provide more scalable opportunities. Demand for contract recruitment lags permanent hiring, but it is climbing as the 'great resignation' slows. Skills associated with the development of cloud and security, infrastructure, data, and enterprise resource planning are particularly in-demand. The market is candidate-driven, resulting in average salaries increasing and clients increasingly offering fully remote working.

Energy

Energy NFI was down 15% year on year, primarily driven by the loss of a significant client and reduced focus on high cost to serve international markets. Project related and seasonal demand is creating solid market opportunity for contract recruitment. ,

Investment is increasing across all sectors within Energy. Gattaca well positioned to capture market opportunities in nuclear, transmission and distribution, renewables and oil and gas markets. In particular, demand is focused around skills in project management, controls and design engineers driven by the investment in programmes.

UK Other

NFI was up 18% year-on-year driven by strong performance from Gattaca Projects, our statement of work brand and Barclay Meade, our professional services brand.

The Projects business has continued to grow in 2022 with a wider client base that has benefited from our experience in project management and in-depth technical expertise.

Demand for professional skill sets across accounting and finance, procurement, HR and sales has been particularly strong in the permanent recruitment market and our professional services brand has successfully captialised on this market opportunity. We continue to see high levels of demand resulting in salary and rate increases.

International

International NFI was down 30% year on year, as we have repositioned our North American business away from Telco contract recruitment and towards Engineering and Technology contingent and RPO permanent opportunities which are trending positively.

In North America and Europe hiring demand is tracking similar to UK, with our regions predominantly focused on the permanent recruitment market in three of our eight sectors. Within North America and Europe we have an opportunity for expansion leveraging a stabilised and maturing operating model.

Group contractor and permanent fee mix

Contract fees accounted for 70% of continuing underlying NFI in H1 2022 (2021 H1 restated: 77%). During the period, the contract base was relatively flat with approximately 5,100 contractors.

Permanent fees accounted for 30% of continuing underlying NFI in H1 2022 (2021 H1 restated: 23%). There was increased demand for permanent hires in our contingent and solutions business across almost all our market sectors. Our professional services brands, Alderwood and Barclay Meade, saw particularly high demand during the period as their market recovered strongly.

People

Gattaca's full time equivalent headcount at 31 January 2022 was 540, an increase of 103, or 24%, from 31 January 2021. This increase was primarily due to growth in sales headcount where we added 85 new heads. The ratio of sales to support staff was 73:27, compared to a ratio of 71:29 at 31 January 2021.

Financial Overview

Revenue for the period was £202.2 million (2021 H1: £204.8 million), down 1% year-on-year on a continuing basis.

NFI of £21.6 million represented a 5% year-on-year increase on a continuing basis. The Contract NFI margin of 7.8% (2021 H1 restated: 8.0%) was down 0.2 percentage points compared with the prior year.

Continuing underlying loss before tax for the period amounted to £0.3 million (2021 H1 restated: loss before tax £(0.0) million). On a continuing underlying basis, the effective tax rate was 5% (2021 H1 restated: 100%). The Group's continuing underlying effective tax rate reported at 31 July 2021 was 7%.

Basic underlying earnings per share from continuing operations were (0.8)pence (2021 H1 restated: 0.0pence) and adjusted underlying diluted earnings per share from continuing operations were (0.8)pence (2021 H1 restated: 0.0pence).

Administrative costs

Underlying administrative costs of £21.7 million (2021 H1 restated: £20.2 million) increased by 7.4% on the prior year period, as we invested in our staff base through additional headcount and reward. During the period, we received no payments from the UK Government Job Retention Scheme, having ended the Group's participation in the UK Government Job Retention Scheme in October 2020.

A breakdown of the increase in administrative costs is shown below:

	£m
H1 2021 continuing underlying administrative costs restated[1]	**20.2**
UK Sales staff investment	0.9
Commission, bonus & incentives	0.7
UK Group Support	0.2
Contractor cost write offs associated with client bad debt	0.3
Legal and professional fees	(0.2)
Reduction in bad debt charges	(0.3)
Reduction in software cost	(0.3)
Other admin costs	0.2
H1 2022 continuing underlying administrative costs	**21.7**

Non-underlying costs and discontinued operations

The continuing non-underlying costs in H1 2022 of £2.3 million (2021 H1 restated: costs of £0.3 million), relates predominantly to the impairment of goodwill held in relating to the 'Infrastructure - RSL Rail' CGU. Non-underlying costs in the comparative period primarily related to unfavourable foreign exchange movements.

In the 2021 full year accounts, Mexican and South African operations were classified as discontinued. Loss before tax in H1 2022 for all discontinued operations was £0.7 million (2021 H1 restated: loss £0.2 million).

Financing costs

Net financing costs of £0.1 million (2021 H1: £0.6 million) were £0.5 million lower due to a decrease in interest payable and a £0.2 million decrease in foreign exchange impacts on translation of foreign currency balances within local entities (treated as non-underlying) compared to prior year.

Bank interest payable was £0.3 million lower than the comparative period, predominantly due to prior year capitalised borrowing costs being written off on the repayment of the revolving credit facility in October 2020.

Debtors, cash flow, net debt and financing

Net (debt) / cash at 31 January 2022 was £(0.1) million (31 July 2021: £14.1 million; 31 January 2021: £15.8 million), while adjusted net cash (net cash excluding IFRS 16 lease liabilities) was £4.8 million (31 July 2021: £19.9 million; 31 January 2021: £22.7 million) at the period end. The Group has now repaid all deferred VAT to HMRC.

The Group's trade and other receivables balance was £63.7m at 31 January 2022 (31 July 2021: £64.1m), of which debtor and accrued income balances were £59.7 million, a £1.2 million reduction over the 6 month period from 31 July 2021. The Group's days sales outstanding ('DSO') over this period (on a weekly based countback method) increased by 11 days from 52 to 63 days. Approximately 5 days of this increase is attributable to payment process difficulties with one client which is expected to be resolved in the near future. Whilst DSO position at 31 July 21 is considered to have been near optimal levels, there is room for improvement on the current DSO, and we remain focused on improving our time to bill and time to collect.

Capital expenditure in the period amounted to £0.1 million (2021 H1 restated: £0.3 million). Following the publication of the IFRS Interpretations Committee's ('IFRIC') final agenda decision on accounting for configuration and customisation costs in a SaaS arrangement, including for cloud-based arrangements, the Group has updated its accounting policy. This change in accounting policy has been applied to all relevant capitalised intangible asset costs held on the balance sheet, see note 1.24 in the accompanying interim financial statements.

As at 31 January 2022, the Group had a working capital facility of £75 million. This facility includes both recourse and non-recourse elements. Under the terms of the non-recourse facility, the trade receivables are assigned to, and owned by, HSBC and so have been derecognised from the Group's statement of financial position. In addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. The utilisation of this facility at 31 January 2022 was £8.9 million recourse and £10.4 million non-recourse.

Dividend

The Board is mindful of the importance of dividends to shareholders. A dividend of 1.5 pence per share was paid in the period in relation to the 2021 financial year. The Board has not proposed an interim dividend for 2022. The Board remains committed to paying dividends when the Group returns to sustainable levels of profitability.

Risks

The Board considers strategic, financial and operational risks and identifies actions to mitigate those risks. Key risks and their mitigations were disclosed on pages 45 to 53 of the Annual Report for the year ended 31 July 2021.

We continue to manage a number of potential risks and uncertainties including contingent liabilities as noted in the interim accounts - many of which are common to other similar businesses - which could have a material impact on our longer-term performance.

Outlook

We are seeing encouraging trends across many of our sectors and believe we are positioned to capture the opportunities that these trends provide. The Group has now established its operating model, fully integrated a new global technology platform, and strategically invested in its sales headcount. With these critical internal components now complete, Gattaca has the right infrastructure and capabilities to capture the opportunities presented across our markets.

Gattaca's challenge now is to capitalise on the actions already taken and to take the necessary steps to position the Group for growth in the medium to long term. We expect continuing underlying profit before tax for its financial year ending 31 July 2022 to be around breakeven as announced in January 2022. Looking to 2023 and beyond, although the trajectory of the business has been slower than previously anticipated we expect to see the benefits of our investment in headcount and the technology platform begin to come through, delivering a return to profitable and sustainable long-term growth. This will continue to be supported by strong market demand for STEM talent, which we believe will remain scarce and in high demand.

Condensed Consolidated Income Statement

For the period ended 31 January 2022

	Note	**6 months to 31/01/22** *unaudited* £'000	**Restated 6 months [1] [2] to 31/01/21** *unaudited* £'000	**Restated 12 months to 31/07/21 [1]** £'000

Continuing operations				
Revenue	2	**202,199**	204,799	415,726
Cost of sales		**(180,593)**	(184,277)	(373,646)
Gross profit	2	**21,606**	20,522	42,080
Administrative expenses [(3)]		**(24,068)**	(20,223)	(40,188)
(Loss)/profit from continuing operations	2	**(2,462)**	299	1,892
Finance income		**73**	24	56
Finance cost		**(153)**	(633)	(1,136)
(Loss)/profit before taxation		**(2,542)**	(310)	812
Taxation	5	**120**	93	(41)
(Loss)/profit after taxation from continuing operations		**(2,422)**	(217)	771
Discontinued operations				
Loss for the period from discontinued operations (attributable to equity holders of the Company)	12	**(643)**	(194)	(1,208)
Loss for the period		**(3,065)**	(411)	(437)

[(1)] Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

[(2)] Results for the 6 months to January 2021 have been restated for the presentation of discontinued operations as explained in Note 12.

[(3)] Administrative expenses from continuing operations includes net impairment losses on trade receivables and accrued income of £172,000 (6 months to 31 January 2021 restated: losses of £477,000 and 12 months to 31 July 2021: losses of £420,000).

Loss for the period for 31 January 2022, 31 January 2021 and the year to 31 July 2021 are wholly attributable to equity holders of the Parent.

Earnings per ordinary share	Note	**6 months to 31/01/22 *unaudited* pence**	**Restated 6 months [(1) (2)] to 31/01/21 *unaudited* pence**	**Restated 12 months [(1)] to 31/07/21 pence**
Basic earnings per share	6	**(9.5)**	(1.3)	(1.4)
Diluted earnings per share	6	**(9.5)**	(1.3)	(1.4)

Reconciliation to adjusted profit measures

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.

	6 months to 31/01/22 *unaudited* £'000	**Restated 6 months [(1) (2)] to 31/01/21 *unaudited* £'000**	**Restated 12 months [(1)] to 31/07/21 £'000**
(Loss)/profit from continuing operations	**(2,462)**	299	1,892
Add			
Depreciation of property, plant and equipment, depreciation of leased right-of-use assets and amortisation of software and software licences	**995**	1,089	2,185
Non-underlying items included within administrative expenses	**90**	(197)	(193)
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	**2,264**	193	548
Underlying EBITDA	**887**	1,384	4,432
Less			
Depreciation and impairment of property, plant and equipment, leased right-of-use assets and amortisation of software and software licenses	**(995)**	(1,089)	(2,185)
Net finance costs excluding foreign exchange gains and losses	**(153)**	(335)	(412)
Underlying (loss)/profit before taxation	**(261)**	(40)	1,835
Underlying taxation	**14**	40	(132)
Underlying (loss)/profit after taxation from continuing operations	**(247)**	-	1,703

[(1)] Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

[(2)] Results for the 6 months to January 2021 have been restated for the presentation of discontinued operations as explained in Note 12.

Condensed Consolidated Statement of Comprehensive Income

For the period ended 31 January 2022

	6 months to 31/01/22 *unaudited* £'000	Restated 6 months [1] [2] to 31/01/21 *unaudited* £'000	Restated 12 months [1] to 31/07/21 £'000
Loss for the period	**(3,065)**	(411)	(437)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(85)**	12	281
Other comprehensive (loss)/income for the period	**(85)**	12	281
Total comprehensive loss for the period attributable to equity holders of the parent	**(3,150)**	(399)	(156)

	6 months to 31/01/22 *unaudited* £'000	Restated 6 months [1] [2] to 31/01/21 *unaudited* £'000	Restated 12 months [1] to 31/07/21 £'000
Attributable to:			
Continuing operations	**(3,254)**	(253)	1,004
Discontinued operations	**104**	(146)	(1,160)
	(3,150)	(399)	(156)

[1] Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

[2] Results for the 6 months to January 2021 have been restated for the presentation of discontinued operations as explained in Note 12.

Condensed Consolidated Statement of Changes in Equity

For the period ended 31 January 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserve £'000	Retained earnings [1] [2] £'000	Total £'000
Total equity at 1 August 2020 as reported	323	8,706	28,750	526	(147)	(97)	1,711	39,772
Adjustments due to change of accounting policy, net of tax	-	-	-	-	-	-	(4,738)	(4,738)
Restated total equity at 1 August 2020	323	8,706	28,750	526	(147)	(97)	(3,027)	35,034
Loss for the period	-	-	-	-	-	-	(411)	(411)
Other comprehensive income	-	-	-	-	12	-	-	12
Total comprehensive loss	-	-	-	-	12	-	(411)	(399)
Deferred tax movement in respect of share options	-	-	-	-	-	-	-	-
Share-based payments charge	-	-	-	28	-	-	-	28
Share-based payments reserve transfer	-	-	-	(71)	-	-	71	-
Issue of treasury shares to employees	-	-	-	-	-	17	-	17
Transactions with owners	-	-	-	(43)	-	17	71	45
Restated total equity at 31 January 2021	323	8,706	28,750	483	(135)	(80)	(3,367)	34,680
Total equity at 1 August 2020 as reported	323	8,706	28,750	526	(147)	(97)	1,711	39,772
Adjustments due to change of accounting policy, net of tax	-	-	-	-	-	-	(4,738)	(4,738)
Restated total equity at 1 August 2020	323	8,706	28,750	526	(147)	(97)	(3,027)	35,034
Loss for the period	-	-	-	-	-	-	(437)	(437)
Other comprehensive income	-	-	-	-	281	-	-	281
Total comprehensive loss	-	-	-	-	281	-	(437)	(156)

Deferred tax movement in respect of share options	-	-	-	-	-	-	65	65
Share-based payments charge	-	-	-	104	-	-	-	104
Share-based payments reserve transfer	-	-	-	(176)	-	-	176	-
Issue of treasury shares to employees	-	-	-	-	-	60	-	60
Transactions with owners	-	-	-	(72)	-	60	241	229
Restated total equity at 31 July 2021	323	8,706	28,750	454	134	(37)	(3,223)	35,107
Restated total equity at 1 August 2021	**323**	**8,706**	**28,750**	**454**	**134**	**(37)**	**(3,223)**	**35,107**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(3,065)**	**(3,065)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(85)**	**-**	**-**	**(85)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**(85)**	**-**	**(3,065)**	**(3,150)**
Dividend paid in the year	**-**	**-**	**-**	**-**	**-**	**-**	**(484)**	**(484)**
Deferred tax movement in respect of share options	**-**	**-**	**-**	**-**	**-**	**-**	**(66)**	**(66)**
Share-based payments charge	**-**	**-**	**-**	**13**	**-**	**-**	**-**	**13**
Share-based payments reserve transfer	**-**	**-**	**-**	**(78)**	**-**	**-**	**78**	**-**
Translation reserves movements due to disposal of foreign operations	**-**	**-**	**-**	**-**	**881**	**-**	**(881)**	**-**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**(68)**	**-**	**(68)**
Transactions with owners	**-**	**-**	**-**	**(65)**	**881**	**(68)**	**(1,353)**	**(605)**
Total equity at 31 January 2022	**323**	**8,706**	**28,750**	**389**	**930**	**(105)**	**(7,641)**	**31,352**

[1] Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

[2] Results for the 6 months to January 2021 have been restated for the presentation of discontinued operations as explained in Note 12.

Condensed Consolidated Statement of Financial Position
As at 31 January 2022

	Note	**6 months to 31/01/22** ***unaudited*** **£'000**	**Restated 6 months [1] to 31/01/21** ***unaudited*** **£'000**	**Restated 12 months [1] to 31/07/21** **£'000**
Non-current assets				
Goodwill and intangible assets	7	**3,980**	6,984	6,343
Property, plant and equipment		**1,465**	1,332	1,578
Right-of-use assets	10	**5,069**	6,683	5,674
Investments		**-**	19	-
Deferred tax assets		**470**	1,107	971
Total non-current assets		**10,984**	16,125	14,566
Current assets				
Trade and other receivables (As at 31 January 2022: £134,000 is falling due after one year, £nil for 31 January 2021 and 31 July 2021)	8	**63,652**	45,605	64,135
Corporation tax receivables		**1,226**	64	818
Cash and cash equivalents	13	**13,731**	27,082	29,238
Assets classified as held-for-sale		**-**	-	346
Total current assets		**78,609**	72,751	94,537
Total assets		**89,593**	88,876	109,103
Non-current liabilities				
Deferred tax liabilities		**(21)**	(30)	(14)
Provisions		**(1,248)**	(1,522)	(1,269)
Lease liabilities	10	**(3,421)**	(5,056)	(4,281)
Total non-current liabilities		**(4,690)**	(6,608)	(5,564)
Current liabilities				
Trade and other payables		**(42,115)**	(40,136)	(56,121)
Provisions		**(900)**	(751)	(464)
Current tax liabilities		**(169)**	(454)	(796)

	Note			
Lease liabilities	10	**(1,477)**	(1,909)	(1,480)
Bank loans and borrowings	9	**(8,890)**	(4,338)	(9,348)
Liabilities directly associated with assets classified as held-for-sale		**-**	-	(223)
Total current liabilities		**(53,551)**	(47,588)	(68,432)
Total liabilities		**(58,241)**	(54,196)	(73,996)
Net assets		**31,352**	34,680	35,107
Equity				
Share capital	11	**323**	323	323
Share premium		**8,706**	8,706	8,706
Merger reserve		**28,750**	28,750	28,750
Share-based payment reserve		**389**	483	454
Translation reserve		**930**	(135)	134
Treasury shares reserve		**(105)**	(80)	(37)
Retained earnings		**(7,641)**	(3,367)	(3,223)
Total equity		**31,352**	34,680	35,107

The accompanying notes are an integral part of these interim Financial Statements.

[1] Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

Condensed Consolidated Cash Flow Statement

For the period ended 31 January 2022

	6 months to 31/01/22 *unaudited* **Total £'000**	**Restated 6 months [1] [2] to 31/01/21** *unaudited* **Total £'000**	**Restated 12 months [1] to 31/07/21 Total £'000**
Cash flows from operating activities			
Loss after taxation	**(3,065)**	(411)	(437)
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of goodwill, intangible assets and software and software licences	**563**	387	901
Depreciation of leased right-of-use assets	**728**	953	1,875
Loss from sale of subsidiary, associate or investment	**55**	-	-
Loss on disposal of property, plant and equipment	**12**	27	8
Impairment of goodwill and acquired intangibles	**2,000**	-	-
Impairment of right-of-use assets	**-**	-	183
Impairment of property, plant and equipment	**-**	-	18
Interest income	**(132)**	(88)	(65)
Interest costs	**160**	650	1,218
Taxation (credit)/expense recognised in Income Statement	**(153)**	(71)	26
Decrease/(increase) in trade and other receivables	**617**	2,912	(15,498)
(Decrease)/increase in trade and other payables	**(14,005)**	(6,009)	10,098
Increase/(decrease) in provisions	**408**	(547)	(1,064)
Share-based payment charge	**13**	86	271
Cash used in operations	**(12,799)**	(2,111)	(2,466)
Interest paid	**(96)**	(83)	(320)
Interest on lease liabilities	**(64)**	(82)	(156)
Interest received	**-**	32	65
Income taxes paid	**(493)**	(1,048)	(1,322)
Cash used in operating activities	**(13,452)**	(3,292)	(4,199)
Cash flows from investing activities			
Purchase of plant and equipment	**(102)**	-	(332)
Purchase of intangible assets	**-**	(293)	(83)
Cash used in investing activities	**(102)**	(293)	(415)

Cash flows from financing activities			
Lease liability principal repayment	**(970)**	(1,046)	(2,355)
(Purchase)/sale of treasury shares	**(68)**	17	60
Working capital facility (repaid)/withdrawn	**(458)**	4,572	9,197
Dividend paid	**(484)**	-	-
Repayment of term loan	**-**	(7,500)	(7,500)
Cash used in financing activities	**(1,980)**	(3,957)	(598)
Effects of exchange rates on cash and cash equivalents	**27**	(172)	(346)
Decrease in cash and cash equivalents	**(15,507)**	(7,714)	(5,558)
Cash and cash equivalents at beginning of period	**29,238**	34,796	34,796
Cash and cash equivalents at end of period [3]	**13,731**	27,082	29,238

Net decrease in cash and cash equivalents for discontinued operations was £1,156,000 (6 months to 31 January 2021 restated: decrease of £1,447,000 and year to 31 July 2021: decrease of £1,534,000).

[1] Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

[2] Results for the 6 months to January 2021 have been restated for the presentation of discontinued operations as explained in Note 12.

[3] Included in Cash and cash equivalents is £902,000 of restricted cash (6 months to 31 January 2021: £1,588,000 year to 31 July 2021: £7,115,000) 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.

NOTES

Forming part of the financial statements

1 The Group and Company Significant Accounting Policies

The accounting policies applied in these condensed interim Financial Statements are consistent with those used in the preparation of the Group's consolidated Financial Statements for the year ended 31 July 2021, as described in those annual Financial Statements, with the exception of policies, amendments and interpretations effective as of 1 August 2021 and other changes detailed below.

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 interim Financial Statements

These condensed consolidated interim Financial Statements are for the six months ended 31 January 2022. They have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual Financial Statements, and should be read in conjunction with the consolidated Financial Statements for the year ended 31 July 2021 which have been filed with the Registrar of Companies. The auditor's report on those Financial Statements was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

These condensed consolidated interim Financial Statements (the interim Financial Statements) have been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 1 August 2021 or are expected to be adopted and effective at 1 August 2021.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 of the Group's 2021 Annual Report. The financial position of the Group, its cash flows and liquidity position mirror those of the 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 adopted a hybrid working style between our offices and remote working 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 reduce our working capital requirements during growth. We have seen signs of extensions in debtor days as a result of the ongoing pandemic recovery 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 2025, covering a period of 40 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 steady growth in the Group's contract and permanent NFI year on year.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios with significantly lower NFI growth rates and extended DSO considered. The Group has modelled the impact of a severe but plausible scenario including growth of 0%-0.6% in contract NFI across FY23 to FY25, with customer receivables DSO extended to 60 days.

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

1.4 New standards and interpretations

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 August 2021 and no new standards have been early adopted. The Group's January 2022 interim 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)

Following the IFRS Interpretations Committee's agenda decision published in April 2021, during the 6 months to 31 January 2022, the Group voluntarily changed its accounting policy relating to the capitalisation of certain software costs, specifically relating to the capitalisation of implementation costs such as configuration and customisation costs for cloud-based software under SaaS arrangements. This is further described, along with the financial impact, in Note 1.24.

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. These new pronouncements are listed as follows:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)

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

Forthcoming requirements

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

Standard		Effective date (annual period 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

1.5 Basis of consolidation

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangements.

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

Acquisition-related costs are expensed as incurred.

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

1.6 Revenue

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

Temporary placements

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

A number of contractual rebate arrangements are in place in respect of volume and value of sales; these are accounted for as variable consideration reducing revenue and estimated in line with IFRS 15.

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

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 from the provision of engineering services is recognised either over a period of time when the performance obligations are satisfied over the course of project milestones or at a point in time upon receipt of client-approved timesheets. Other fees mainly relate to relate to account management fees for providing recruitment services. Revenue from other fees is recognised on confirmation from the client committing to the agreement and either at a point in time or over time in accordance with terms of each individual agreement as performance obligations are met.

1.7 Government grants

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

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

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

1.8 Non-underlying items

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

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

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

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

1.9 Property, plant and equipment

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

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

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.

When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

1.10 Goodwill

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

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

1.11 Intangible assets

Customer relationships

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

Trade names and trademarks

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

Software and software licences

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

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

Implementation costs for cloud-based software under Software-as-a-Service (SaaS) arrangements

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

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

Internally generated intangible assets

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

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

Other

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

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

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

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 has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS17 and IFRIC 14.

The Group leases office property, motor vehicles and equipment. Rental contracts range from monthly to eight 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 re-assessment and not a modification. Changes to lease cash flows as part of a re-assessment result in a re-measurement of the lease liability using an updated discount rate and a corresponding adjustment to the carrying value of the right-of-use asset.

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

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

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

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

- Trade receivables: the Group has chosen to take advantage of the practical expedient in IFRS 9 when assessing default rates over its portfolio of trade receivables, to estimate the ECL based on historical default rates specific to groups of customers by industry and geography that carry similar credit risks. Separate ECL's have been modelled for UK customers in different industries, and customers in the Americas, Europe, Asia and Africa.
- Accrued income is in respect of temporary placements where a client-approved timesheet has been received or permanent placements where a candidate has commenced employment, but no invoice has been raised. Default rates have been determined by reference to historical data.
- Cash and cash equivalents are held with established financial institutions. The Group has determined that based on the external credit ratings of counterparties, this financial asset has a very low credit risk and that the estimated expected credit loss provision is not material.

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

Financial liabilities

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

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

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

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; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

1.20 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 re-translations of the opening net investment and the results for the period to the period end rate are accounted for in the translation reserve in the statement of Comprehensive Income. On divestment, these exchange differences are reclassified from the translation reserve to the Income Statement.

1.22 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 lapse;
- 'Translation reserve' represents the foreign currency differences arising on translating foreign operations into the presentational currency of the Group;
- 'Treasury shares reserve' represents Company shares purchased directly by the Group to satisfy obligations under the employee share plan;
- 'Retained earnings' represents retained profits.

1.23 Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements

Note 1.24 describes the Group's change in accounting policy in respect of configuration and customisation costs incurred in implementing Software-as-a-service (SaaS) arrangements. In applying the entity's accounting policy, the directors made the following key judgements that may have the most significant effect on the amounts recognised in financial statements.

Determination of whether configuration and customisation implementation services are separate from the cloud-based SaaS software access

- Under the new accounting policy application guidance, implementation costs including costs to configure or customise the cloud-based provider's software are recognised as operating expenses when the services are received, if they are separate from the provision of the SaaS contract.
- Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether these services are separate from the underlying use of the SaaS software. Separate configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-separate configuration and customisation costs are expensed over the SaaS contract term.

Capitalisation of configuration and customisation implementation costs in SaaS arrangements

- In implementing SaaS arrangements, suppliers have developed software code that either enhances, modifies or creates additional capability to the existing owned software or to software held under SaaS arrangements. Where modifications have been made to owned software, this is used to connect with the SaaS arrangement cloud-based applications.
- Judgement has been applied in determining whether the changes to the owned software or software held under a SaaS arrangement meets the definition of and recognition criteria for an intangible asset in accordance with IAS 38 Intangible Assets.

Key sources of estimation uncertainty

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

ECL provisions in respect of trade receivables

The Group's policy for default risk over receivables is based on the on-going evaluation of the credit risk of its trade receivables. Estimation is used in assessing the ultimate realisation of these receivables, including reviewing the potential likelihood of default, the past collection history of each customer, any insurance coverage in place and the current economic conditions. As a result, expected credit loss provisions for impairment of trade receivables have been recognised, as discussed in Note 8. The impact of the ongoing economic recovery from COVID-19 has been incorporated into these estimates.

Valuation of goodwill and intangible assets

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

1.24 Changes in accounting policy – Software-as-a-service (SaaS) arrangements

In the 6 months to 31 January 2022, following the IFRS Interpretation Committee's agenda decision published in April 2021, the Group changed its accounting policy relating to the capitalisation of certain software costs, specifically relating to the capitalisation of implementation costs such as configuration and customisation costs for cloud-based software under SaaS arrangements.

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

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

Condensed Consolidated Income Statement

For the 6 month period ended 31 January 2021	As previously reported/restated [1] £'000	Adjustment £'000	As restated £'000
Continuing operations			

Gross profit	20,522	-	20,522
Administrative expenses – *other administrative expenses*	(19,561)	-	(19,561)
Administrative expenses – *expense of implementation costs*	-	(546)	(546)
Administrative expenses – *reversal of amortisation of software implementation* costs	(109)	45	(64)
Administrative expenses – *unwinding of the prepaid software implementation* costs	-	(52)	(52)
Profit before taxation	852	(553)	299
Net finance costs	(609)	-	(609)
Taxation	(12)	105	93
Profit/(loss) after taxation from continuing operations	231	(448)	(217)
Profit/(loss) for the period	38	(449)	(411)

[1] Figure for the 6 months to January 2021 has been restated for the presentation of discontinued operations as explained in Note 12.

For the year ended 31 July 2021	**As previously reported £'000**	**Adjustment £'000**	**As restated £'000**
Continuing operations			
Gross profit	42,080	-	42,080
Administrative expenses – *other administrative expenses*	(38,374)	-	(38,374)
Administrative expenses – *expense of implementation costs*	-	(1,544)	(1,544)
Administrative expenses – *reversal of amortisation of software implementation costs*	(422)	283	(139)
Administrative expenses – *unwinding of the prepaid software implementation costs*	-	(131)	(131)
Profit before taxation	3,284	(1,392)	1,892
Net finance costs	(1,080)	-	(1,080)
Taxation	(415)	374	(41)
Profit after taxation from continuing operations	1,789	(1,018)	771
Profit/(loss) for the year	581	(1,018)	(437)

Condensed Consolidated Statement of Changes in Equity

	As previously reported £'000	**Adjustment £'000**	**As restated £'000**
Total equity at 1 August 2020	39,772	(4,738)	35,034
Profit/(loss) for the period	38	(449)	(411)
Balance at 31 January 2021	39,867	(5,187)	34,680

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

Condensed Consolidated Statement of Financial Position

	As previously reported as at 1 August 2020 £'000	**Adjustment as at 1 August 2020 £'000**	**As restated as at 1 August 2020 £'000**
Non-current assets			
Goodwill and intangible assets	12,877	(5,929)	6,948
Deferred tax assets	-	859	859
Total non-current assets	21,726	(5,070)	16,656

Current assets			
Trade and other receivables	48,862	84	48,946
Total current assets	83,684	84	83,768
Total assets	105,410	(4,986)	100,424
Non-current liabilities			
Deferred tax liabilities	(277)	248	(29)
Total non-current liabilities	(14,914)	248	(14,666)
Total liabilities	(65,638)	248	(65,390)
Net assets	39,772	(4,738)	35,034
Equity			
Retained earnings	1,711	(4,738)	(3,027)
Total equity	39,772	(4,738)	35,034

	As previously reported as at 31 January 2021 £'000	**Adjustment as at 31 January 2021 £'000**	**As restated as at 31 January 2021 £'000**
Non-current assets			
Goodwill and intangible assets	13,512	(6,528)	6,984
Deferred tax assets	-	1,107	1,107
Total non-current assets	21,546	(5,421)	16,125
Current assets			
Trade and other receivables	45,475	130	45,605
Total current assets	72,621	130	72,751
Total assets	94,167	(5,291)	88,876
Non-current liabilities			
Deferred tax liabilities	(134)	104	(30)
Total non-current liabilities	(6,712)	104	(6,608)
Total liabilities	(54,300)	104	(54,196)
Net assets	39,867	(5,187)	34,680
Equity			
Retained earnings	1,820	(5,187)	(3,367)
Total equity	39,867	(5,187)	34,680

	As previously reported as at 31 July 2021 £'000	**Adjustment as at 31 July 2021 £'000**	**As restated as at 31 July 2021 £'000**
Non-current assets			
Goodwill and intangible assets	13,778	(7,435)	6,343
Deferred tax assets	-	971	971
Total non-current assets	21,030	(6,464)	14,566
Current assets			
Trade and other receivables	63,937	198	64,135
Total current assets	94,339	198	94,537
Total assets	115,369	(6,266)	109,103
Non-current liabilities			
Deferred tax liabilities	(524)	510	(14)
Total non-current liabilities	(6,074)	510	(5,564)
Total liabilities	(74,506)	510	(73,996)
Net assets	40,863	(5,756)	35,107
Equity			
Retained earnings	2,533	(5,756)	(3,223)
Total equity	40,863	(5,756)	35,107

Condensed Consolidated Cash Flow Statement

For period ended 31 January 2021	As previously reported £'000	Adjustment £'000	As restated £'000
Cash flows from operating activities			
Profit/(loss) after taxation	38	(449)	(411)
Cash used in operating activities	(2,648)	(644)	(3,292)
Cash flows from investing activities			
Purchase of intangible assets	(937)	644	(293)
Cash used in investing activities	(937)	644	(293)
Cash and cash equivalents at end of period	27,082	-	27,082

For year ended 31 July 2021	As previously reported £'000	Adjustment £'000	As restated £'000
Cash flows from operating activities			
Profit/(loss) after taxation	581	(1,018)	(437)
Cash used in operating activities	(2,411)	(1,789)	(4,200)
Cash flows from investing activities			
Purchase of intangible assets	(1,872)	1,789	(83)
Cash used in investing activities	(2,204)	1,789	(415)
Cash and cash equivalents at end of year	29,238	-	29,238

2 Segmental Information

An operating segment, as defined by IFRS 8 'Operating segments', is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Group determines and presents operating segments based on the information that is provided internally to the chief operating decision maker, which has been identified as the Board of Directors of Gattaca plc. Previously, the Group was managed through its three reporting segments, UK Engineering, UK Technology and International. From August 2021 the Group aligned its operating model to the markets in which its clients operate. From December 2021 financial information provided to the Board was based on this new reporting and operating structure. As a result of this change, the segmental information for 6 months to 31 January 2022 has been presented based on the new structure in line with the requirements of IFRS 8: Operating Segments and the information for 6 months to 31 January 2021 and 12 months to 31 July 2021 have been restated accordingly.

6 months to 31 January 2022 ***unaudited***

All amounts in £'000	Mobility	Energy	Defence	Technology, Media & Telecoms	Infra-structure	Inter-national	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Dis-continued	Total Group
Revenue	24,095	19,152	32,325	21,951	72,011	3,896	28,769	202,199	-	-	202,199
Gross profit	2,231	1,777	3,179	2,211	6,743	1,335	4,130	21,606	-	(10)	21,596
Operating contribution	1,163	953	1,478	1,290	1,974	(246)	1,603	8,215	-	(569)	7,646
Depreciation, impairment and amortisation	(118)	(94)	(159)	(108)	(355)	(19)	(142)	(995)	(2,264)	(32)	(3,291)
Profit/(loss) from reportable segments	1,045	859	1,319	1,182	1,619	(265)	1,461	7,220	(2,264)	(601)	4,355
Central overheads								(7,328)	(90)	(127)	(7,545)
Loss from operations								(108)	(2,354)	(728)	(3,190)
Finance (cost)/ income, net								(153)	73	52	(28)
Loss before tax								(261)	(2,281)	(676)	(3,218)

6 months to 31 January 2021 ***unaudited/*** **restated**[(1) (2)]

All amounts in £'000	Mobility	Energy	Defence	Technology, Media & Telecoms	Infra-structure	Inter-national	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Dis-continued	Total Group
Revenue	19,947	25,911	34,457	21,935	71,485	5,141	25,923	204,799	-	1,682	206,481
Gross profit	1,366	2,101	2,888	1,873	6,896	1,902	3,496	20,522	-	534	21,056
Operating contribution	405	1,111	1,544	595	3,556	(581)	1,164	7,794	-	(29)	7,765
Depreciation, impairment and amortisation	(106)	(137)	(183)	(117)	(380)	(27)	(139)	(1,089)	(193)	(58)	(1,340)
Profit/(loss) from reportable segments	299	974	1,361	478	3,176	(608)	1,025	6,705	(193)	(87)	6,425
Central overheads								(6,410)	197	(132)	(6,345)
Profit/(loss) from operations								295	4	(219)	80
Finance (cost)/ income, net								(335)	(274)	47	(562)
Loss before tax								(40)	(270)	(172)	(482)

12 months to 3 July 2021 *unaudited/* restated[1]

All amounts in £'000	Mobility	Energy	Defence	Technology, Media & Telecoms	Infra-structure	Inter-national	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Dis-continued	Total Group
Revenue	43,251	48,854	67,680	42,319	146,286	9,816	57,520	415,726	-	3,432	419,158
Gross profit	3,141	3,916	5,858	3,735	14,182	3,528	7,720	42,080	-	1,047	43,127
Operating contribution	1,102	2,049	2,976	1,211	7,164	(520)	2,952	16,934	-	(213)	16,721
Depreciation, impairment and amortisation	(227)	(257)	(356)	(222)	(769)	(52)	(302)	(2,185)	(548)	(244)	(2,977)
Profit/(loss) from reportable segments	875	1,792	2,620	989	6,395	(572)	2,650	14,749	(548)	(457)	13,744
Central overheads								(12,502)	193	(693)	(13,002)
Profit/(loss) from operations								2,247	(355)	(1,150)	742
Finance (cost)/ income, net								(412)	(668)	(73)	(1,153)
Loss before tax								1,835	(1,023)	(1,223)	(411)

A segmental analysis of total assets has not been included as this information is not available to 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	**6 months to 31/01/22**	**6 months to 31/01/21**	**12 months to 31/07/21**	**6 months to 31/01/22**	**Restated [3] 6 months to 31/01/21**	**Restated [3] 12 months to 31/07/21**
UK	**196,434**	197,038	402,254	**10,592**	15,343	13,740
Rest of Europe	**274**	1,621	2,316	**1**	1	-
Middle East and Africa	**-**	729	1,685	**16**	344	551
Americas	**5,491**	7,093	12,903	**375**	437	275
Total	**202,199**	206,481	419,158	**10,984**	16,125	14,566

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

(1) Segmental disclosures for the 6 months to 31 January 2021 and year to 31 July 2021 have been restated as a result of the change in operating model structure.

(2) Figure for the 6 months to January 2021 have been restated for the presentation of discontinued operations as explained in Note 12.

(3) Results are restated following the April 2021 IFRS Interpretations Committee agenda decision on cloud computing arrangements, resulting in previously capitalised software assets being expensed, as explained further in Note 1.24.

3 Revenue from Contracts with Customers

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

Major service lines – continuing underlying operations

6 months to January 2022	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	**23,423**	**19,034**	**31,236**	**21,475**	**70,848**	**2,797**	**23,845**	**192,658**
Permanent placements	**672**	**118**	**1,089**	**476**	**1,163**	**1,099**	**1,938**	**6,555**
Other	**-**	**-**	**-**	**-**	**-**	**-**	**2,986**	**2,986**
Total	**24,095**	**19,152**	**32,325**	**21,951**	**72,011**	**3,896**	**28,769**	**202,199**

Major service lines – continuing underlying operations

Restated 6 months to January 2021[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	19,594	25,761	33,543	21,547	70,802	3,986	23,669	198,902
Permanent placements	344	133	892	380	637	1,151	1,126	4,663
Other	9	17	22	8	46	4	1,128	1,234
Total	19,947	25,911	34,457	21,935	71,485	5,141	25,923	204,799

Major service lines – continuing underlying operations

Restated 12 months to July 2021[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	42,326	48,559	65,581	41,376	144,298	7,575	52,430	402,145
Permanent placements	903	259	2,050	922	1,883	2,240	2,557	10,814
Other	22	36	49	21	105	1	2,533	2,767
Total	43,251	48,854	67,680	42,319	146,286	9,816	57,520	415,726

Timing of revenue recognition – continuing operations

6 months to January 2022	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Point in time	**24,095**	**19,152**	**32,325**	**21,951**	**72,011**	**3,896**	**25,783**	**199,213**
Over time	**-**	**-**	**-**	**-**	**-**	**-**	**2,986**	**2,986**
Total	**24,095**	**19,152**	**32,325**	**21,951**	**72,011**	**3,896**	**28,769**	**202,199**

Restated 6 months to January 2021[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Point in time	19,947	25,911	34,457	21,935	71,485	5,141	24,810	203,686
Over time	-	-	-	-	-	-	1,113	1,113
Total	19,947	25,911	34,457	21,935	71,485	5,141	25,923	204,799

Restated 12 months to July 2021[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media & Telecoms £'000	Infra-structure £'000	Inter-national £'000	Other £'000	Continuing underlying operations £'000
Point in time	43,251	48,854	67,680	42,319	146,286	9,816	55,022	413,228
Over time	-	-	-	-	-	-	2,498	2,498
Total	43,251	48,854	67,680	42,319	146,286	9,816	57,520	415,726

No single customer contributed more than 10% of the Group's revenues (6 months to 31 January 2021 and 12 months to 31 July 2021: none). Revenue is recognised for each performance obligation over time based on the proportion of cost incurred to total forecast costs.

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

	6 months to 31/01/22 *unaudited*	6 months to 31/01/21 *unaudited*	12 months to 31/07/21

	Total	Total	Total
	£'000	£'000	£'000
Trade receivables (Note 8)	**39,993**	29,488	34,187
Accrued income (Note 8)	**19,779**	12,518	26,742
Deferred income	**(576)**	(803)	(880)

Accrued income relates to the Group's right to consideration for temporary and permanent placements made but not billed by the year end. These transfer to trade receivables once billing occurs. All accrued income at a given reporting date is billed within the following financial year and is classified in current assets. Deferred income at a given reporting date is recognised as revenue in the following financial year once performance obligations are satisfied and is classified in current liabilities.

(1) As explained in Note 1.24, reported operating segments have changed at 31 January 2022 as a result of a change in internal operating structure; consequently, all prior period information has been restated on the new basis. In addition, South African and Mexican operations have been restated from the International segment to Discontinued in the 6-month period to 31 January 2021, as explained in Note 12.

4 Government Grants

Grant income recognised from government grants recognised in Cost of Sales and Administrative Expenses are as follows:

Continuing operations	6 months to 31/01/22 £'000	6 months to 31/01/21 £'000	12 months to 31/07/21 £'000
UK Government Coronavirus Job Retention Scheme grant income recognised in Cost of Sales for temporary workers	**-**	43	43
UK Government Coronavirus Job Retention Scheme grant income recognised in Administrative Expenses for employees	**-**	458	458
Total	**-**	501	501

As a response to the COVID-19 global pandemic, the Group made use of the UK Government's Coronavirus Job Retention Scheme (6 months to 31 January 2021: claim period is from August 2020 to November 2020, 12 months to 31 July 2021: claim period is from August 2020 to November 2020). Under this scheme, Her Majesty's Revenue & Customs (HMRC) provides UK companies with a non-refundable grant equivalent to a portion of wages, National Insurance contributions and pension contributions for employees and temporary workers who were retained in employment but placed on furlough. From 1 August 2021 National Insurance contributions and pension contributions were no longer eligible for claims. When considering temporary workers, the contractors employed by Gattaca's clients that Gattaca provides payroll services to and whose costs are recognised as Cost of Sales by Gattaca, are also considered eligible.

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

5 Taxation

	6 months to 31/01/22 *unaudited*	Restated 6 months (1) (2) to 31/01/21 *unaudited*	Restated 12 months (1) to 31/07/21
Analysis of (credit)/charge in the period for continuing operations	**Total £'000**	**Total £'000**	**Total £'000**
(Loss)/profit before tax for continuing operations	**(2,542)**	(310)	812
(Loss)/profit before tax multiplied by the standard rate of corporate tax in the UK of 19% (31 January 2021: 19.0%, 31 July 2021: 19.0%)	**(483)**	(59)	154
Expenses not deductible for tax purposes and goodwill impairment loss	**360**	3	139
Income not taxable	**(10)**	-	-
Effect of share-based payments	**12**	(4)	(19)
Irrecoverable withholding tax	**2**	1	56
Changes in tax rate	**(25)**	-	(29)
Overseas losses not recognised as deferred tax assets	**21**	(49)	46
Difference between UK and overseas tax rates	**3**	17	(85)
Adjustment to tax charge in respect of previous periods	**-**	(2)	(221)
Total taxation (credit)/charge for the period for continuing operations	**(120)**	(93)	41

Total taxation (credit)/charge for the period for discontinued operations	**(33)**	22	(15)

Deferred tax assets of £470,000, after offset against deferred tax liabilities, have been recognised at 31 January 2022 in respect of trading losses in the UK, on the basis that future taxable profits are expected to be available for the losses to be utilised against.

(¹) The prior period comparative figures have been restated, following the adoption of the IFRS Interpretations Committee's decision on configuration or customisation costs in a cloud computing arrangement. The pre-tax restatements result in restated deferred tax assets in these prior periods, which unwind in the year ending 31 July 2022 when current year tax deductions are available.

(²) 6 months to January 2021 figures have been restated for the presentation of discontinued operations following announcements relating to the full closure of our Mexico operations and sale of our South African recruitment operations on 30 July 2021.

6 Earnings Per Share

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

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

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

The effect of potential ordinary shares are reflected in diluted EPS only when they are dilutive. Potential ordinary shares are considered dilutive when their inclusion in the calculation would decrease EPS, or increase the loss per share from continuing operations in accordance with IAS 33. This is regardless of whether the potential ordinary shares are dilutive for EPS from total operations. The effect of potential ordinary shares are considered dilutive for the year ended 31 July 2021 and therefore have been included in the calculations below. The effect of potential ordinary shares are not considered dilutive for the 6 months to 31 January 2022 or the 6 months to 31 January 2021 and therefore have not been included in the calculations below.

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

The earnings per share information has been calculated as follows:

Total earnings	**6 months to 31/01/22 *unaudited* £'000**	**Restated (1) 6 months to 31/01/21 *unaudited* £'000**	**Restated (1) 12 months to 31/07/21 £'000**
Total loss attributable to ordinary share holders	**(3,065)**	(411)	(437)

Number of shares	**000's**	**000's**	**000's**
Basic weighted average number of ordinary shares in issue	**32,290**	32,290	32,290
Dilutive potential ordinary shares	**-**	-	68
Diluted weighted average number of shares	**32,290**	32,290	32,358

Total earnings per share		**pence**	**Restated (2) pence**	**Restated (2) pence**
Earnings per ordinary share	- Basic	**(9.5)**	(1.3)	(1.4)
	- Diluted	**(9.5)**	(1.3)	(1.4)

Earnings for continuing operations	**£'000**	**Restated (1) £'000**	**Restated (1) £'000**
Total (loss)/profit for period	**(2,422)**	(217)	771

Total earnings per share for continuing operations		**pence**	**Restated (2) pence**	**Restated (2) pence**
Earnings per ordinary share from continuing operations	- Basic	**(7.5)**	(0.7)	2.4
	- Diluted	**(7.5)**	(0.7)	2.4

Earnings for discontinuing operations	**£'000**	**Restated (1) £'000**	**Restated (1) £'000**

Total loss for the period	**(643)**	(194)	(1,208)

Total earnings per share for discontinuing operations		pence	Restated [2] pence	Restated [2] pence
Earnings per ordinary share from discontinuing operations	- Basic	**(2.0)**	(0.6)	(3.7)
	- Diluted	**(2.0)**	(0.6)	(3.7)

Earnings from continuing underlying operations	£'000	Restated [1] £'000	Restated [1] £'000
Total (loss)/profit for the period	**(247)**	-	1,703

Total earnings per share for continuing underlying operations		pence	Restated [2] pence	Restated [2] pence
Earnings per ordinary share for continuing underlying operations	- Basic	**(0.8)**	-	5.3
	- Diluted	**(0.8)**	-	5.3

[1] Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements as explained in Note 1.24. In addition, 6 months to January 2021 figures have been restated for the presentation of discontinued operations as explained in Note 12.

[2] As explained above, EPS for year ended 31 July 2021 has been restated due to the restated results for the year. For the 6 months to 31 January 2021 the effect of potential ordinary shares is no longer considered to be dilutive, as such, EPS has been restated as a result of a change in result, as well as a change in the number of shares included in the calculations.

7 Intangibles

In the 6 months to 31 January 2022, following the IFRS Interpretation Committee's agenda decision published in April 2021, the Group changed its accounting policy relating to the capitalisation of certain software costs, specifically relating to the capitalisation of implementation costs such as configuration and customisation costs for cloud-based software under Software-as-a-service (SaaS) arrangements. Please refer to Note 1.24 for more details. The change of the accounting policy has resulted in a reclassification of certain cloud-based software intangible assets to either a prepaid asset in the Statement of Financial Position or to an expense in the Income Statement, impacting both the current and prior periods presented.

		Goodwill £'000	Customer Relationships £'000	Trade Names £'000	Other £'000	Software and software licenses £'000	Total £'000
Cost	At 1 August 2020	28,739	22,245	5,346	3,809	2,521	62,660
	Additions	-	-	-	-	937	937
	Reclassification to prepayments as a result of change of accounting policy	-	-	-	-	(98)	(98)
	Reclassification to Income Statement as a result of change of accounting policy	-	-	-	-	(546)	(546)
	At 31 January 2021	28,739	22,245	5,346	3,809	2,814	62,953
	At 1 August 2020	28,739	22,245	5,346	3,809	2,521	62,660
	Additions	-	-	-	-	1,872	1,872
	Reclassification to assets held for sale	-	-	-	-	(2)	(2)
	Reclassification to prepayments as a result of change of accounting policy	-	-	-	-	(245)	(245)
	Reclassification to Income Statement as a result of change of accounting policy	-	-	-	-	(1,544)	(1,544)
	At 31 July 2021	28,739	22,245	5,346	3,809	2,602	62,741
	Disposals	-	-	-	-	(70)	(70)
	At 31 January 2022	28,739	22,245	5,346	3,809	2,532	62,671
Amortisation and impairment	At 1 August 2020	24,382	20,530	5,057	3,527	2,216	55,712
	Amortisation for the period	-	119	19	55	109	302
	Reclassification to prepayments as a result of change of accounting policy	-	-	-	-	(4)	(4)

	Reclassification to Income Statement as a result of change of accounting policy	-	-	-	-	(41)	(41)
	At 31 January 2021	24,382	20,649	5,076	3,582	2,280	55,969
	At 1 August 2020	24,382	20,530	5,057	3,527	2,216	55,712
	Amortisation for the period	-	332	45	171	422	970
	Reclassification to assets held for sale	-	-	-	-	(1)	(1)
	Reclassification to prepayments as a result of change of accounting policy	-	-	-	-	(19)	(19)
	Reclassification to Income Statement as a result of change of accounting policy	-	-	-	-	(264)	(264)
	At 31 July 2021	24,382	20,862	5,102	3,698	2,354	56,398
	Amortisation for the period	**-**	**134**	**22**	**108**	**87**	**351**
	Impairment	**2,000**	**-**	**-**	**-**	**-**	**2,000**
	Released on disposal	**-**	**-**	**-**	**-**	**(58)**	**(58)**
	At 31 January 2022	**26,382**	**20,996**	**5,124**	**3,806**	**2,383**	**58,691**
Net book value	At 31 January 2021	4,357	1,596	270	227	534	6,984
	At 31 July 2021	4,357	1,383	244	111	248	6,343
	At 31 January 2022	**2,357**	**1,249**	**222**	**3**	**149**	**3,980**

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

	6 months 31/01/22 *unaudited*	**6 months 31/01/21 *unaudited***	**12 months 31/07/21**
	£'000	**£'000**	**£'000**
Energy (previously UK Engineering)	**1,712**	1,712	1,712
Infrastructure – RSL Rail (previously Resourcing Solutions Limited)	**2,645**	2,645	2,645
Total	**4,357**	4,357	4,357

As part of the operational restructure discussed further in Note 2, the Cash Generating Unit's (CGU's) to which goodwill and intangible assets have been allocated to previously have been amended as follows: UK Engineering to Energy which is a reportable segment, and Resourcing Solutions to Infrastructure – RSL Rail, a sub-division of the reportable operating segment Infrastructure for which distinct financial information is available but not used by the Chief Operating Decision Maker (CODM). These changes best represent the original business units that the assets were allocated to.

Impairment testing

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

If any indication of impairment exists, then the recoverable amount of a CGU's goodwill and intangible asset's recoverable amount is determined using value-in-use calculations.

As a result of management's trading forecasts now being lower that those at time of acquisition, total impairment losses of £2,000,000 (6 months to 31 January 2021: £nil, year to 31 July 2021: £nil) have been recorded in respect of goodwill and acquired intangible assets within the Infrastructure – RSL Rail CGU.

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

Cash flows from operations

Cash flows from operations are based on the Group's 3 year business plan and applying the over-arching Group NFI and cost growth rates for the 3 year period on top of the FY22 full year forecast for the Energy and Infrastructure - RSL Rail sectors.

Discount rates

The pre-tax rates used to discount the forecast cash flows ranged from 18.4% to 18.9% (6 months to 31 January 2021: 14.4% to 14.9%, year to 31 July 2021: 15.0% to 16.0%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The discount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on government bond rates, is adjusted for equity and industry risk premiums, reflecting the increased risk compared to an investor who is investing the market as a whole. Net present values are calculated using pre-tax discount rates derived from the Group's post-tax WACC of 13.3% (6 months to 31 January 2021: 12.9%, year to 31 July 2021: 12.5%) 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% (6 months to 31 January 2021: 2.0%, year to July 2021: 2.0%), using a weighted average of operating country real growth expectations.

As a result of these forecasts, total impairment losses of £2,000,000 (6 months to 31 January 2021: £nil, year to 31 July 2021: £nil,) have been recorded in respect of goodwill within the Infrastructure – RSL Rail CGU.

Impairment expenses	6 months 31/01/22 *unaudited* Goodwill £'000	6 months 31/01/22 *unaudited* Intangible assets £'000	6 months 31/01/22 *unaudited* Goodwill £'000	6 months 31/01/22 *unaudited* Intangible assets £'000	12 months 31/07/21 Goodwill £'000	12 months 31/07/21 Intangible assets £'000
Energy (previously UK Engineering)	**-**	-	-	-	-	-
Infrastructure – RSL Rail (previously Resourcing Solutions Limited)	**2,000**	-	-	-	-	-
Total	**2,000**	-	-	-	-	-

Sensitivity analysis has been performed to show the impact of reasonable or possible changes in key assumptions, in particular with reference to the economic uncertainty surrounding the ongoing recovery from the COVID-19 pandemic. An increase in the post-tax discount rate by a factor of 0.2% to 13.5%, or a reduction in the long-term growth rate to 1.8%, would not trigger a further material impairment for any of the CGU's. For both the Infrastructure – RSL Rail CGU and the Energy CGU, a reduction of 33% in management's mid-term forecasts for FY23-FY27 would not trigger any material further impairment.

8 Trade and Other Receivables

	6 months 31/01/22 *unaudited* £'000	Restated 6 months 31/01/21 *unaudited* £'000	Restated 12 months 31/07/21 £'000
Trade receivables from contracts with customers, net of loss allowance	**39,933**	29,488	34,187
Other receivables	**2,292**	1,857	1,817
Prepayments	**1,648**	1,742	1,389
Accrued income	**19,779**	12,518	26,742
Total	**63,652**	45,605	64,135

Prepayments as at 31 January 2021 and 31 July 2021 have been restated as a result of change of accounting policy in light of the International Financial Reporting Standards Interpretations Committee (IFRIC) latest guidance on SaaS arrangements. Please refer to Note 1.24 for more details.

Included in other receivables as at 31 January 2022 is £134,000 in respect of deferred consideration from the South African entities' disposal which is due after more than one year.

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

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

Impairment of trade receivables from contracts with customers

	6 months 31/01/22 *unaudited* £'000	6 months 31/01/21 *unaudited* £'000	12 months 31/07/21 £'000
Trade receivables from contracts with customers, gross amounts	**42,591**	33,693	37,636
Loss allowance	**(2,658)**	(4,205)	(3,449)
Trade receivables from contracts with customers, net of loss allowance	**39,933**	29,488	34,187

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

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

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

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

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

The loss allowance for trade receivables was determined as follows:

31 January 2022 *unaudited*	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	**3.8%**	**4.7%**	**5.7%**	**53.8%**	
Gross carrying amount – trade receivables (£'000)	**37,945**	**2,300**	**351**	**1,995**	**42,591**
Loss allowance (£'000)	**1,456**	**109**	**20**	**1,073**	**2,658**

31 January 2021 *unaudited*	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	8.3%	6.1%	6.2%	57.6%	
Gross carrying amount – trade receivables (£'000)	19,424	9,554	1,384	3,331	33,693
Loss allowance (£'000)	1,621	581	86	1,917	4,205

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

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

	6 months 31/01/22 *unaudited* £'000	**6 months 31/01/21 *unaudited* £'000**	**12 months 31/07/21 £'000**
Opening loss allowance for the period	**3,449**	3,987	3,987
Increase/(release) in loss allowance recognised in profit and loss during the period	**5**	439	(296)
Receivable written off during the period as uncollectable	**(796)**	(221)	(242)
Closing loss allowance for the period	**2,658**	4,205	3,449

Impairment of accrued income

	6 months 31/01/22 *unaudited* £'000	**6 months 31/01/21 *unaudited* £'000**	**12 months 31/07/21 £'000**
Gross accrued income	**20,621**	12,743	27,807
Loss allowance	**(842)**	(225)	(1,065)
Closing loss allowance for the period	**19,779**	12,518	26,742

31 January 2022 *unaudited*	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	**2.5%**	**2.5%**	**2.5%**	**32.1%**	
Gross carrying amount – trade receivables (£'000)	**17,932**	**903**	**690**	**1,096**	**20,621**
Loss allowance (£'000)	**450**	**23**	**17**	**352**	**842**

31 January 2021 ***unaudited***	**Current**	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days due**	**Total**
Weighted expected loss rate (%)	0.0%	0.0%	0.0%	14.2%	
Gross carrying amount – trade receivables (£'000)	9,753	640	765	1,585	12,743
Loss allowance (£'000)	-	-	-	225	225

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

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

	6 months 31/01/22 ***unaudited*** **£'000**	**6 months 31/01/21** ***unaudited*** **£'000**	**12 months 31/07/21** **£'000**
Opening loss allowance for the period	**1,065**	269	269
Amount utilised in the period	**(350)**	-	-
Increase/(release) in loss allowance recognised in profit and loss during the period	**127**	(44)	796
Closing loss allowance for the period	**842**	225	1,065

9 Loans and Borrowings

	6 months 31/01/22 ***unaudited*** **£'000**	**6 months 31/01/21** ***unaudited*** **£'000**	**12 months 31/07/21** **£'000**
Working capital facility	**8,890**	4,338	9,348
Finance costs capitalised	**-**	-	-
Bank loans and borrowings due in less than one year	**8,890**	4,338	9,348
Bank loans and borrowings due in more than one year	**-**	**-**	-
Total bank loans and borrowings	**8,890**	4,338	9,348

The Group has 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 all the reporting periods above, the Group had agreed banking facilities with HSBC totalling £75m Invoice Financing working capital facility (recourse and non-recourse).

The Group's working capital facilities are secured by way of an all assets debenture, which contains fixed and floating charges over the assets of the Group. This facility allows certain companies within the Group to borrow up to 90% of invoiced or uninvoiced trade receivables up to a maximum of £75m. Interest is charged on the recourse borrowings at a rate of 1.75% (year to 31 July 2021: 1.75%) over HSBC Bank base rate of 0.5% (year to 31 July 2021: 0.1%).

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.

10 Lease

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

Right-of-use assets	**Buildings £'000**	**Vehicles £'000**	**Other £'000**	**Total £'000**

		Properties	Vehicles	Other	Total
Cost	At 1 August 2020	10,004	348	16	10,368
	Effect of reassessment of lease term	283	-	5	288
	Effect of movement in exchange rates	7	-	1	8
	At 31 January 2021	10,294	348	22	10,664
	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
	Additions	**118**	**30**	**-**	**148**
	Change of lease consideration	**(20)**	**(9)**	**-**	**(29)**
	Effect of movement in exchange rates	**17**	**-**	**-**	**17**
	At 31 January 2022	**10,360**	**369**	**8**	**10,737**
Accumulated depreciation	At 1 August 2020	2,847	176	7	3,030
	Depreciation charge	866	83	4	953
	Effect of movement in exchange rates	(1)	-	(1)	(2)
	At 31 January 2021	3,712	259	10	3,981
	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
	Depreciation charge	**698**	**29**	**1**	**728**
	Effect of movement in exchange rates	**13**	**-**	**-**	**13**
	At 31 January 2022	**5,340**	**324**	**4**	**5,668**
Net book value	At 31 January 2021	6,582	89	12	6,683
	At 31 July 2021	5,616	53	5	5,674
	At 31 January 2022	**5,020**	**45**	**4**	**5,069**

At 31 January 2022, included within property right-of-use asset is dilapidation costs of £1,504,000 (31 January 2021: £1,627,000, 31 July 2021: £1,491,000) and net book value of £440,000 (31 January 2021: £662,000, 31 July 2021: £526,000).

Lease liabilities	Properties *unaudited* £'000	Vehicles *unaudited* £'000	Other *unaudited* £'000	Total 31 January 22 £'000
Current	**1,448**	**27**	**2**	**1,477**
Non-current	**3,399**	**19**	**3**	**3,421**
	4,847	**46**	**5**	**4,898**

Lease liabilities	Properties *unaudited* £'000	Vehicles *unaudited* £'000	Other *unaudited* £'000	Total 31 January 21 £'000
Current	1,833	72	4	1,909
Non-current	5,030	20	6	5,056
	6,863	92	10	6,965

Lease liabilities	Properties £'000	Vehicles £'000	Other £'000	Total 31 July 21 £'000
Current	1,423	55	2	1,480
Non-current	4,268	9	4	4,281
	5,691	64	6	5,761

Lease liabilities for properties have lease terms of between one and seven years (31 January 2021: one and eight years, 31 July 2021: one and seven years).

Reconciliation of lease liabilities movement in the period	Properties	Vehicles	Other	Total
	£'000	£'000	£'000	£'000
At 1 August 2020	7,551	176	9	7,736
Lease payments	(1,037)	(87)	(4)	(1,128)
Interest expense on lease liabilities	79	3	-	82
Effect of reassessment of lease term	257	-	5	262
Effect of movement in exchange rates	13	-	-	13
At 31 January 2021	6,863	92	10	6,965
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
Additions	**110**	**30**	**-**	**140**
Lease payments	**(1,002)**	**(31)**	**(1)**	**(1,034)**
Interest expense on lease liabilities	**63**	**1**	**-**	**64**
Changes of lease consideration	**(20)**	**(18)**	**-**	**(38)**
Effect of movement in exchange rates	**5**	**-**	**-**	**5**
At 31 January 2022	**4,847**	**46**	**5**	**4,898**

11 Share Capital

Authorised share capital	6 months 31/01/22 *unaudited*	6 months 31/01/21 *unaudited*	12 months 31/07/21
	£'000	£'000	£'000
40,000,000 ordinary shares of £0.01 each	**400**	400	400

Allotted, called up, and fully paid	6 months 31/01/22 *unaudited*	6 months 31/01/21 *unaudited*	12 months 31/07/21
	£'000	£'000	£'000
Ordinary shares of £0.01 each	323	323	323

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

	'000
In issue at 1 August 2020	32,290
Exercise of share options	-
In issue at 31 January 2021	32,290
In issue at 1 August 2020	32,290
Exercise of share options	-
In issue at 31 July 2021	32,290
In issue at 1 August 2021	**32,290**
Exercise of share options	**-**
In issue at 31 January 2022	**32,290**

12 Discontinued Operations

2022

The assets and liabilities relating to South African recruitment operations have been sold at the end of November 2021. The net loss of £55,000 from the South African recruitment operation disposal has been recognised in non-underlying costs. The deferred consideration of £134,000 has been recognised in the other receivables. There were no further changes to discontinued operations during the period.

2021

On 30 July 2021, the Group announced the decision to close its Mexico operations. In addition, the Group also announced a management buy-out agreement of the South Africa recruitment operations which is expected to complete within one year of 31 July 2021. The Fulfilment, Solutions and Group Support functions of the South African 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.

	6 months to 31/01/22 *unaudited*	Restated 6 months [1] to 31/01/21 *unaudited*	12 months to 31/07/21
	Total	**Total**	**Total**
	£'000	**£'000**	**£'000**
Revenue	**-**	1,682	3,432
Cost of sales	**(10)**	(1,148)	(2,385)
Gross (loss)/profit	**(10)**	534	1,047
Administrative expenses [2]	**(718)**	(753)	(2,197)
Loss from operations	**(728)**	(219)	(1,150)
Finance income	**59**	64	39
Finance cost	**(7)**	(17)	(112)
Loss before taxation	**(676)**	(172)	(1,223)
Taxation	**33**	(22)	15
Loss after taxation from continuing operations	**(643)**	(194)	(1,208)
Exchange differences on translation of discontinued operations	**747**	48	48
Other comprehensive profit/(loss) from discontinued operations	**104**	(146)	(1,160)

Cash flows from discontinued operations

	6 months 31/01/22 *unaudited*	Restated 6 months [1] 31/01/21 *unaudited*	12 months 31/07/21
	£'000	**£'000**	**£'000**
Net cash used in operating activities	**(990)**	(1,396)	(1,348)
Net cash used in investing activities	**(45)**	-	(32)
Net cash used in financing activities	**(68)**	(67)	(139)
Effects of exchange rates on cash and cash equivalents	**(53)**	16	(15)
Net decrease in cash and cash equivalents from discontinued operations	**(1,156)**	(1,447)	(1,534)

[1] 6 months to January 2021 figures have been rested for the presentation of Mexican and South African discontinued operations as explained above.

[2] Included in administrative expenses are £127,000 (6 months to 31 January 2021: £132,000, 12 months to 31 July 2021: £693,000) of non-underlying items relating to employee costs, professional fees and administrative expenses relating to business closures. In addition, it includes net impairment reversals on trade receivables from discontinued operations of £40,000 (6 months to 31 January 2021 restated: impairment reversals of £82,000, 12 months to 31 July 2021: impairment losses of £80,000).

13 Net Debt

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

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

31 January 2022 ***unaudited***	1 August 2021 £'000	Net cash flows £'000	Non-cash movements £'000	31 January 2022 £'000
Cash and cash equivalents	**29,238**	**(15,507)**	**-**	**13,731**
Interest-bearing term loan	**-**	**-**	**-**	**-**
Working capital facilities	**(9,348)**	**458**	**-**	**(8,890)**
Lease liabilities	**(5,761)**	**1,034**	**(171)**	**(4,898)**
Total net cash/(debt)	**14,129**	**(14,015)**	**(171)**	**(57)**

Capitalised finance costs	**-**	**-**	**-**	**-**
Total net cash/(debt) after capitalised finance costs	**14,129**	**(14,015)**	**(171)**	**(57)**

31 January 2021 *unaudited*	**1 August 2020** **£'000**	**Net cash flows** **£'000**	**Non-cash movements** **£'000**	**31 January 2021** **£'000**
Cash and cash equivalents	34,796	(7,714)	-	27,082
Interest-bearing term loan	(7,500)	7,500	-	-
Working capital facilities	(151)	(4,187)	-	(4,338)
Lease liabilities	(7,736)	1,128	(357)	(6,965)
Total net cash	19,409	(3,273)	(357)	15,779
Capitalised finance costs	196	-	(196)	-
Total net cash/(debt) after capitalised finance costs	19,605	(3,273)	(553)	15,779

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31 July 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

14 Dividends

The Group declared a final dividend in respect of the year ended 31 July 2021 on 4 November 2021, which was paid on 10 December 2021.

	6 months 31/01/22 *unaudited* **£'000**	**6 months 31/01/21 *unaudited*** **£'000**	**12 months 31/07/21** **£'000**
Equity dividends paid at 1.5 pence per share (6 months to 31 January 2021: nil pence, 12 months to 31 July 2021: nil pence)	**484**	-	-

15 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in the 6 month period to 31 January 2022 have incurred £27,000 (6 months to 31 January 2021: £29,000, year to 31 July 2021: £29,000) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

16 Events after the Reporting Period End

In March 2022, the Group exercised the break clause relating to one of its UK property leases, shortening the lease term from March 2027 to September 2022. This has been disclosed as a non-adjusting post balance sheet event.

17 Statement of Directors' Responsibilities

The Directors' confirm that these condensed interim Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the interim management report includes a fair view of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.