24 October 2023

Gattaca plc

("Gattaca" or the "Group")

Final results for the year ended 31 July 2023

"Execution of strategy"

Gattaca plc ("Gattaca" or the "Group"), the specialist staffing business, announces its audited financial results for the year ended 31 July 2023.

Financial Highlights

	2023	**2022** *(restated)*[3]
	£m	**£m**
Continuing operations		
Revenue	385.2	403.9
Net Fee Income (NFI)[1]	43.4	44.2
EBITDA	4.0	(2.4)
Profit / (Loss) before tax - reported	2.8	(4.7)
Profit / (Loss) before tax – underlying[2]	**2.6**	**0.3**
Profit / (Loss) after tax	1.8	(4.3)
Losses from discontinued operations after tax	*(0.5)*	*(0.4)*
Group reported profit / (loss) after tax	1.2	(4.6)
Basic earnings per share	3.8p	(14.3)p
Diluted earnings per share	3.8p	(14.3)p
Ordinary dividend per share	2.5p	0.0p
Special dividend per share	2.5p	0.0p
Net cash	21.6	12.3

- Group NFI of £43.4m, down 2% year-on-year ("YoY")
  - UK NFI of £41.2m flat YoY
  - Defence and Infrastructure sectors, representing 51% of Group NFI, delivered strong 8.8% NFI growth YoY
  - Gattaca Projects Statement of Work business achieved 59% YoY NFI growth
  - Contract vs Perm split 74% / 26% of Group NFI (FY22: 71% / 29%)
  - Contract NFI up 2% YoY, reflecting strategic priority to become more focused on contract business alongside shift in opportunities from employers
  - Permanent NFI down -11% YoY, following a tightening of the wider economy
- Group underlying profit before tax of £2.6m (2022 restated: £0.3m), reflecting ongoing focus on productivity improvements, exiting lower margin contracts and active cost management
- Group net cash up 76% at £21.6m as at 31 July 2023 (31 July 2022: £12.3m)
- Full year dividend totaling 5.0 pence per share (2022: nil); comprising a 2.5 pence per share ordinary dividend and 2.5 pence per share special dividend. The final dividend payment date will be 15 December 2023, to shareholders on the register as at close of business of 3 November 2023. The ex-dividend date will be 2 November 2023.

Operational Highlights

Continued emphasis on developing the four identified strategic priorities (External focus, Culture, Operational performance and Cost rebalancing) as the Group focus remains on building back to sustained growth:

- Launched our simplified Brand Architecture, with increased marketing investment
- People engagement rose to 8.1 for FY23, up from 7.6 in FY22, with reduced attrition of 33% at 31 July 2023, with improvement particularly in the retention of sales people within their first 12–24 month tenure in the Group
- Increased sales productivity by utilising enhanced Group-wide management information, growing average NFI per sales head +8%, and +4% per total head
- UK property footprint reduced from five to three, alongside other third-party cost savings
- Moved over 80% of our manual time sheeting contractors to online timesheet submission, reducing administrative burden and increasing accuracy

Outlook

We continue to remain mindful of the macro-economic headwinds, which have impacted demand and candidate sentiment across the recruitment sector and slowed our speed of recovery. We are seeing permanent recruitment remaining subdued and are increasing our focus on contractor growth, which takes longer to reflect in NFI, as such we expect profitability will be weighted to second half of the year.

Matthew Wragg, Chief Executive Officer of Gattaca, commented:

"I am pleased with the performance in the year, against a difficult market backdrop. A significant growth in underlying profitability reflects the Group's focus on productivity improvements and cost management, whilst a positive shift in culture is strengthening the business as whole. Whilst our sales progress has been impacted by the decline in the wider market, I am pleased that we were able to continue to simplify the business this year along with managing our cost base and continue to trade in line with expectations for FY24."

"The sectors in which we operate and the STEM skillsets that we provide have the right long-term fundamentals for success and we enter FY24 as a more efficient and productive business. We are well positioned to take advantage of the expected recovery in the market and will look to grow our sales headcount where we see the best opportunities for contract expansion, whilst we continue to focus on our strategic priorities enabling us to further strengthen our platform for growth."

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

1. *NFI is calculated as revenue less contractor payroll costs*

2. *Continuing underlying results exclude the NFI and (losses) before taxation of discontinued operations (2023: £(0.5)m, 2022: £(0.4)m), non-underlying items within administrative expenses relating to restructuring costs (2023: £(0.2)m, 2022: £(0.4)m), gains associated with exiting properties (2023: gain of £0.6m, 2022: cost of £(0.2)m) and other items (2023: £(0.2m), 2022: nil), amortisation of acquired intangibles (2023: £(0.1)m, 2022: £(0.4)m), impairment of acquired intangibles and ROU leased assets (2023: nil, 2022: £(4.6)m), and exchange gains from revaluation of foreign assets and liabilities (2023: £0.1m, 2022: £0.6m).*

3. *FY22 results have been restated for the correction of a revenue cut-off error, and the subsequent reassessment of the Group's accounting policy over how accrued revenue and accrued cost balances have been calculated at each period end. The aggregated impact of these items on FY22 reported results is £0.1m reduction to reported profit before tax. Further details are provided in the Group's FY23 Annual Report & Accounts.*

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.

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Chair’s Statement

Stability in a turbulent market

The last three years have been turbulent for us all, with the impact of the Covid-19 pandemic and the subsequent challenging macroeconomic conditions, further exacerbated by the changing geopolitical circumstances that we find ourselves operating in. In addition, we have had to weather the storm through the tightening of the UK tax legislation surrounding IR35. Despite all of those challenges, we find the core key STEM markets that we are operating in are recovering to their pre-pandemic levels with more of a balance between vacancies and candidate availability.

This year, we have also seen the return of higher levels of global inflation which has had an impact on all our clients, contractors and staff, leading to a “cost of living” challenge for many. We are starting to see early indications of these high levels of inflation abating, although the economic horizon continues to be a concern as we enter the period ahead of the next UK General Election.

Group Continuing NFI

The start of FY23 was strong for permanent placements, with contract soft. By Christmas the permanent market had stalled and whilst our contract business became stronger by the end of the year, it still has some way to go to return to our pre-pandemic volumes. Many companies have been reluctant to add permanent employees to their staff base from the turn of the year and whilst there has been a continuing demand for contract it is sector specific. Our focus on the quality of our clients and markets has been a significant plus during the year. We remain a sales-led business but we are also clear that we will not pursue sales which are barely profitable. Our aim is very much to focus our efforts on those clients who recognise that in a “talent short market” margins need to reflect the additional effort to find such talent.

Our net cash position at the end of the year was £21.6m, a significant increase on last year at £12.3m, as we made further progress on debtor days (due to exiting large low margin business) and completion in the previous year of our significant investment in software. As at July 2023 the Group had a working capital facility of £50m, reduced from £60m in the year.

Board Changes

Last year we accelerated the changes at Board level with the appointment of Matt Wragg as CEO and Oliver Whittaker as CFO. Both have settled well into their roles and are one of the main reasons we have returned to profitability. Our four key strategic priorities were around external focus, culture, operational performance and cost rebalancing. We talked about the need to operate with pace, agility and confidence. To that extent we feel that over the last 18 months the business has embraced these four priorities and we are further ahead in those respects than we anticipated. As a result, we feel that now is the right time to reshape the Board to reflect what is required for the next five to six years. I am therefore stepping down a year early to pass the baton to Richard Bradford who will become Chair immediately after the AGM in December. Richard has been a NED at Gattaca in the past and has had no involvement since he stepped down in December 2021 nor has he previously worked directly with the Executive Directors. As such the Board have concluded that Richard should be considered as an Independent Chair.

Equally important, George Materna, who is the founder and largest shareholder will step down from the Board at the AGM. George founded the business nearly 40 years ago and has made a major contribution to the Board. During my 8-year tenure on the Board, George has been both supportive and constructive and acted in the interest of all shareholders. Having watched Matt and Oliver re-establish the culture within the business and reposition ourselves as a sales organisation, George feels this is an ideal opportunity to step down. He will be missed by many but his legacy lives on.

As the number of non-independent members of the Board will reduce, we are further streamlining the Board and Ros Haith will also step down at the AGM. Ros has demonstrated her sales management experience and made a significant contribution to Board discussions. We wish her well in her future endeavours.

Dividend and Share Buyback

The Board's long stated objective has been to achieve a through-the-cycle dividend payout of approximately 50% of profits after tax. This year the Board is recommending a 2.5 pence per share final dividend in line with its policy and a further 2.5 pence per share special dividend, both of which will be paid in December 2023. The addition of a special dividend, alongside the two share repurchases, supports our intention to return value to shareholders through different means as we return to growth.

In April 2023 we announced our intention to make a series of share repurchases with a view to returning £0.5m to shareholders. This was completed on 9 May 2023 and resulted in 447,000 shares being purchased. In August 2023 we announced our intention to make a further series of share repurchases with a view to returning a further £0.5m to shareholders, of which £390,000 has been achieved to date.

Environmental, Social and Governance

We have had a particular focus this year on developing our approach to sustainable business and are due to publish our first external Sustainability Report with a clear ESG strategy for the years ahead. This has been led by our Head of Sustainability and the Sustainability Committee which includes three members from the Board. We are all hugely committed to doing what we believe is right for the environment and our communities and have started challenging our supply chain to encourage them to do more. We also see the green economy as a growth opportunity for us, particularly in areas such as renewable energy and mobility.

Whilst reshaping the Board as we have announced, from seven members to five, and particularly the loss of Ros we see gender Board representation drop to 20% from 29%. In small Boards such changes will occur, and we fully expect this will not be the general pattern throughout the business.

Diversity and Inclusion

Last year we appointed our first Head of Engagement, ED&I and Talent. As a Group we remain committed to becoming a more diverse organisation and as part of this, we continue to work towards our targets of achieving 40% gender balance in leadership and management roles by 2024 and 50% by 2026. We continue to promote diversity training throughout the business and have engaged externally with advisers to foster a better understanding across the business. We have also started working with our clients to help them further their understanding of how they can achieve their equality goals by embracing equity, diversity and inclusion.

Outlook

We are conscious that the focus on our four Strategic Priorities: External Focus, Culture, Operational Performance and Cost Rebalancing, has made us more resilient than we were 18 months ago, which has served us well during turbulent markets. In addition we have market-leading software which enables us to continue simplifying and streamlining our sales and administrative operations. However, our true strength going forward is our people and the Values that they live by: Trust, Professional, Ambition and Fun. We will continue to invest in their future and in turn that will reflect in our success. As we look to the next 12 months we are aware of the economic challenges that we face, alongside many other businesses who are focused on serving a diverse portfolio of clients. We believe our core focus of STEM skills in well defined markets should insulate us from any significant swings in demand.

Patrick Shanley

Non-Executive Chair

Chief Executive's Statement

Highlights

- Delivered underlying profit before tax of £2.6m, as a result of executing our planned strategic initiatives for FY23
- Achieved targeted improvements in our people engagement score and staff retention level
- Simplified our Group brand architecture in May 2023, enabling a clearer go-to-market sales message for the future

Overview

FY23 has been a period of significant change, as we've implemented our strategy to rebuild the business. In the last 18 months, we've stabilised and simplified the business, increased our focus on our customers and candidates, and designed and deployed our culture.

We've achieved a lot and have much more to do. This is partly about repetition, so our new way of working becomes routine and we rebuild our corporate memory. We have invested in the development of our leadership teams and I'm excited about what this team will achieve in the years to come, as we continue to raise our standards, expectations and capacity.

Performance

We've made a solid start to our rebuild and while challenging markets have slowed our sales progress, our self-help actions enabled us to achieve underlying profit before tax of £2.6m.

However, Gattaca is a sales business and despite tracking the market this year after years of lagging behind, we didn't grow our absolute NFI, which is key for long-term growth success within the Group. This was partly down to prioritising higher quality business, which saw us exit accounts with high NFI and low profitability. Another factor – and the biggest disappointment – is that we didn't grow our contractor base, which, representing 74% of our NFI, is critical to achieving sustainable growth. That's a key focus for us in FY24.

Strategy

In last year's Report, we set out four strategic priorities: External Focus, Culture, Operational Performance and Cost Rebalancing. These priorities are interlinked, so progress in one area supports progress in another.

I'm pleased to say that we've delivered against our planned actions for FY23, and have set new actions for FY24. You can find more detail below.

External Focus

Getting our branding right is key to going to market effectively. For example, our formidable Matchtech brand became diluted over the years because we had too many other STEM brands.

In May 2023, we launched a simplified brand architecture, giving us absolute clarity about what each brand is and what it does. We can now focus on making our brands well known to our customers, candidates and potential colleagues. We've started this process with activities such as sharing regular market insights, so customers trust us to help them make real-time decisions. We'll continue to build on this in the coming years.

Our external focus is also benefiting from our sales leadership bedding in. Twelve months ago, almost half of our sales leaders had new roles or responsibilities. A year on, they fully understand their remits and have complete accountability for achieving their business plans. As we increase our external focus, we're seeing positive results in our client and candidate feedback, with an average rating of 7.7 and 8.5 (out of 10) respectively.

Culture

Culture is an obsession for us. Together, our Purpose, Vision, Mission and Values make clear where we're going and why, and ensure everyone understands their role.

This year, we've brought our culture to life with the 12 principles that underpin our Values and a set of behaviours we either champion or challenge. We've integrated these behaviours into our leadership reward structure and our new quarterly performance reviews, which assess both achievements and behaviours. This allows us to identify and celebrate high performers and help everyone become superstars, whether through learning and development, mentorship or a role that better suits their talents.

To help people feel truly connected to Gattaca, we've massively increased communication, including; weekly performance updates on our office screens and our intranet, increased in-person Town Hall and open Q&A sessions in all locations, plus a weekly video from the Senior Leadership Team. The latter typically explains what we've done well, what we're going to do and examples of good performance from around the business. We're also very vocal about holding ourselves accountable and acknowledging when we need to improve.

We're seeing our efforts reflected in lower attrition, which has reduced to 33% (FY22: 40%) and in our engagement score, which has increased to 8.1 (FY22: 7.6). We've also welcomed back alumni who've seen our positive cultural shift and want to be part of it.

Operational Performance

We want operational performance to be a fundamental cornerstone to our culture. Better data gives us improved visibility of Group and individual results and our improved communications and performance reviews mean we've put performance front and centre.

We're now reaping the benefits of our technology stack investments, which beyond giving consistent data, also allows us to plug in new technology to make iterative but important changes and efficiency enhancements. These improve the experience for our clients, candidates and colleagues, while simplifying how we work, increasing automation and reducing manual processes. Our new business improvement function is also working well, helping us implement change quickly and successfully.

Major efficiency initiatives this year include almost halving the number of contractor payroll runs each week through consolidation and completing a corporate restructure of our legal entities to enable us to start the project of moving from multiple billing arrangements to one for all clients. Looking ahead, we'll continue to digitalise where possible, leveraging our existing technology to further reduce manual processes and overheads.

Cost Rebalancing

Cost rebalancing supports our profitability goals and frees up funds for reinvestment. Operational improvements have a key role, with the single pay and future single bill arrangements, simpler legal processes and increased automation all enabling better cost control and reduced third-party spend. We've also right-sized our offices, so they're fit for purpose in our flexible working environment, at a lower cost.

The new performance management reviews are also making everybody accountable for their own performance and progression. Previously, it was taking significant investment and time before we knew if a new recruit was working out. Now we have a clear picture within three or four months, meaning we can identify those unsuited to recruitment earlier and we can invest in colleagues with potential.

We know there's always more to do, so we'll continue to review every area of spend and reinvest where needed, particularly in sales capability in sectors with significant long-term growth opportunities and good quality business.

Environmental, Social and Governance

Sustainability is part of our business from top to bottom and helps to bring our Purpose to life. At a personal level, doing the right thing by society and our colleagues is very important to me and I want Gattaca to be a company I'd be proud for my daughter to join in the future.

We've further matured our ESG approach this year, investing in a Head of Sustainability role and creating a Sustainability Committee, which reports to the Board. The Committee is led by our CFO and includes the Board's

Sustainability Sponsor, Ros Haith. We are expecting to publish our first external Sustainability Report shortly and have set out a clear ESG strategy for the years ahead.

As a service business, we strive to do everything we should to control our carbon emissions. The next phase will be to work with our supply chain to encourage them do more. The green economy is also a growth opportunity for us, meaning we can help protect the environment by investing in our sales headcount in areas such as renewable energy and sustainability.

Social mobility, diversity and inclusion are vitally important to ensuring the sustainability of the STEM skills market. We've made huge strides internally, with our first Head of Engagement, ED&I and Talent appointed at the end of FY22. Externally, we've created exciting partnerships with our chosen charities, to help make STEM opportunities accessible to anyone, and continue to look for relevant and impactful partnerships.

Gattaca is a well-run business, with great governance processes and a technology stack that gives us excellent visibility of our daily operations and performance. This helps us to stand out in a market with many smaller players. To be the STEM talent partner of choice, we have to be trusted by our stakeholders, and our strong governance underpins that trust.

Board Changes

With the business stabilised and vision clear, the Board changes come at the right time for my team and the wider Group.

I am sure succeeding into a CEO role is never simple, however Patrick has made this smooth, given us great support and counsel, allowing Oliver and I to find our feet and enabled the business to make solid progress. He has also navigated the Group through some hugely volatile market conditions and times over the years and we thank him for this guidance and stability throughout this.

The business had been too internally focused for a few years and Ros' appointment to the Board two years ago has helped to change that direction. Her challenge and support have helped us to bring back a sales culture. We thank her for her contribution and wish her well for the future.

It is obviously a significant moment for the Group with George stepping down. His role over the years has helped to make sure we have maintained a great culture at our very core. Over the past 18 months we've really managed to bring that back to life and I am pleased he now feels comfortable to step away from formal involvement. The business he founded has helped hundreds of thousands of clients and candidates, created amazing careers for everyone in the Group and some great alumni, we all have a lot to thank him for and we all wish him the very best.

Richard brings a solid understanding of the business, the staffing sector and the STEM markets we serve. As a former NED, he is someone who the business held in the highest regard, and I look forward to working closely with him when he becomes Chair.

Outlook

Macroeconomic headwinds mean the market remains challenging and the timing of any economic recovery is uncertain. At the same time, we are focused on the quality of the work we take on and growing sustainably.

In the meantime, we will continue to focus on our Strategic Priorities, so we are well placed to take advantage when the recovery arrives. This includes developing our contract business, which takes longer to be reflected in NFI but will deliver recurring revenues. We will also continue to invest in our people, in the knowledge that we are still a few years away from bringing through sales leaders who joined us under our new culture.

In summary, I'm confident about the future and that we are doing the right things to get the best results.

Matt Wragg
Chief Executive Officer

Chief Financial Officer’s Report

Highlights

- Continuing underlying profit before tax of £2.6m in FY23 (2022 restated: £0.3m)
- Net cash of £21.6m (2022: £12.3m)
- Ordinary dividend reintroduced of 2.5 pence per share and special dividend of 2.5 pence per share proposed
- Share buyback of £0.5m completed in the year
- Rationalisation of our UK property portfolio, from 5 offices down to 3

Financial Performance

On a continuing basis, revenue of £385.2m (2022 restated: £403.9m) generated NFI of £43.4m (2022 restated: £44.2m). We achieved contract and Statement of Work (SoW) and other NFI of £32.0m (2022 restated: £31.3m) at a margin of 8.5% (2022 restated: 8.0%), and permanent recruitment fees of £11.4m (2022 restated: £12.9m). SoW NFI, included within contract NFI, of £2.1m (2022: £1.3m) is all delivered though contract labour provision on long term projects. Contract NFI was up 2% against FY22 driven by the Group’s continued its focus on quality of earnings and margin, which saw the us exiting some low margin contracts. The greatest impact of the market conditions on NFI was seen in permanent recruitment, which was down 11% on the prior year, driven by industry-wide client and candidate challenges.

Underlying profit before tax from continuing operations was £2.6m (2022 restated: £0.3m). Statutory profit after tax for the total Group was £1.2m (2022 restated: loss after tax of £(4.6)m). Within underlying trading, net credits of £0.5m (2022: nil) were recorded as a result of releasing aged unclaimed contractor liabilities and customer overpayments in line with our accounting policies.

Net cash at 31 July 2023 was £21.6m (31 July 2022: £12.3m), an increase of £9.2m in net cash year-on-year. The optimisation of the Group’s working capital is a key focus and through the year the Group benefited from a significant improvement in DSO through improved collection performance and renegotiated trading terms.

Discontinued operations and non-underlying costs

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

£’000	Profit before tax
Continuing underlying profit before tax	**2,568**
Restructuring costs in continuing business	(249)
Net gains associated with exited properties	614
Other continuing non-underlying costs	(190)
Operating loss related to discontinued operations: Restructuring and closure costs	(186)
Amortisation of acquired intangibles	(68)
Net foreign exchange losses	(253)
Profit before tax for the total Group	**2,236**

Non-underlying restructuring costs in the year in continuing business were primarily related to employee rationalisation programmes in our North America, South Africa and European locations. We also enacted exit proceedings over the legacy UK headquarter office of the RSL Rail division; the right of use asset had been fully impaired in FY22, so the associated £0.7m gain realised on release of the lease liability has also been presented as non-underlying in FY23.

All costs associated with discontinued operations are presented as non-underlying, as these solely relate to ongoing closure costs of those operations treated as discontinued in prior periods, primarily Mexico, Malaysia, Singapore, Qatar and Russia. We will continue to incur costs associated with discontinuing legacy operations as the legal wind down of those operations is concluded.

During the year, amortisation of acquired intangible assets was £0.1m.

We continue to co-operate with the US Department of Justice and there have been no significant new matters in this regard during the year. Legal fees on this matter were £2,000 in the year (2022: £33,000). As shown in Note 27 to the financial statements, the Group is not currently in a position to know what the outcome of these enquiries may be and we are therefore unable to quantify the potential financial impact, if any.

Taxation

The Group's reported effective tax rate was 45.0% (2022 restated: 9.0%), driven by overseas losses not recognised as deferred tax assets, and non-deductible expenses arising from the corporate restructuring and streamlining of the Group. Further detail is set out in Note 9 of the consolidated financial statements. The continuing underlying effective tax rate was 42.7% (2022 restated: 51.4%).

Earnings per share

Basic earnings per share was 3.8 pence (2022 restated: (14.3) pence loss per share), and on a fully diluted basis was 3.8 pence (2022 restated: (14.3) pence diluted loss per share). Continuing underlying basic earnings per share was 4.6 pence (2022 restated: 0.5 pence).

Dividends

Our long-standing objective has been to achieve a through-the-cycle dividend payout of approximately 50% of profits after tax. The Board has proposed a final ordinary dividend of 2.5 pence per share (2022: nil pence), accompanied by a one-off special dividend of 2.5 pence per share, both of which will be paid in December 2023.

Given the Group's sustained high liquidity and acknowledging the reduced shareholder returns in previous years, the Board are now keen to return value to shareholders through various channels, such as special dividends and the two share buybacks undertaken this year.

Capital expenditure

The Group incurred capital expenditure in the period of £0.2m (2022: £0.4m), on leasehold improvements and replacement of office furniture and fittings.

Net assets and shares in issue at 31 July 2023

The Group had net assets of £30.8m (2022 restated: £30.5m) and had 31.9m (2022: 32.3m) fully paid ordinary shares in issue.

In April 2023 the Group announced the launch of a £0.5m share buyback programme. This share buyback concluded in May 2023 with a total of 447,000 shares bought back, and subsequently cancelled, returning £0.5m of surplus cash to shareholders. With this achieved, on 21 August 2023 the Board announced a further share buyback with a view to returning a further £0.5m to shareholders, of which £0.4m has been completed to date.

Group net cash at 31 July 2023 was £21.6m (31 July 2022: £12.3m), an increase of £9.2m year-on-year.

We saw a strong performance in the Group's days sales outstanding (DSO) at 31 July 2023 of 46.6 days, being a reduction of 8.0 days since 31 July 2022 (restated 54.6 days). This was driven by further improvements in cash collection and an improved payment terms mix, including the loss of certain clients with longer payment terms, which resulted in a £8.0m reduction in trade receivables and accrued income balances to £47.2m (31 July 2022 restated: £55.2m).

Net bank interest received/(paid) was £0.3m (2022: £(0.1)m) as a result of the positive net cash balance maintained throughout the year.

As at 31 July 2023, the Group had an invoice financing working capital facility of £50m, covering both recourse and non-recourse. Under the terms of the non-recourse facility, the trade receivables are assigned to, and owned by, HSBC and so have been derecognised from the Group's statement of financial position. In addition, the non-recourse working capital facility does not meet the definition of loans and borrowings under IFRS. At 31 July 2023, utilisation of the recourse facility was nil and utilisation of the non-recourse facility was £3.8m, with unutilised facility headroom after restrictions of £27.6m.

Critical accounting policies

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

Whilst reviewing the Group's revenue cut-off during the FY23 year-end, management identified a revenue cut-off error affecting the prior financial year. Identification of this led us to reassess our accounting policy on how accrued revenue and accrued cost balances are determined at each period end. The Group's upgraded ERP system, implemented during FY21, and development of our knowledge about how to use our data most effectively, has led management to conclude that it would have been appropriate to have extended the cut-off assessment period of the Group's revenue and contractor cost cut-off positions, to include a greater period of approved timesheets received late.

Changes have been applied retrospectively, as required by the accounting standards. Prior period financial information throughout the Annual Report and Accounts 2023 has been restated where applicable. Full details are provided in Note 1.24 to the consolidated Financial Statements.

Group financial risk management

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

Credit risk

The Group seeks to trade only with recognised, creditworthy third parties. We monitor receivable and unbilled balances on an ongoing basis and in 2023 have continued to take a conservative approach to receivables and unbilled risk in light of the challenges in the UK and overseas economies, tempered by an overall reduction in trade receivables and accrued income balances, resulting in a decrease to our loss allowance by £(0.6)m to £2.1m.

There are no significant concentrations of credit risk within the Group, with no single debtor accounting for more than 8% (2022: 8%) of total receivables balances at 31 July 2023.

Foreign currency risk

The Group generates 5% of its annualised NFI from continuing business in international markets. The Group does face risks to both its reported performance and cash position arising from the effects of exchange rate fluctuations. The Group manages these risks by matching sales and direct costs in the same currency and where appropriate entering into forward exchange contracts to effect the same where sales and costs are not in the same currency.

Oliver Whittaker
Chief Financial Officer

Consolidated Income Statement

For the year ended 31 July 2023

	Note	2023 £'000	Restated[1] 2022 £'000
Continuing operations			
Revenue	2	385,174	403,873
Cost of sales		(341,773)	(359,672)
Gross profit	2	**43,401**	**44,201**
Administrative expenses		(40,967)	(49,244)
Profit/(loss) from continuing operations	4	**2,434**	**(5,043)**
Finance income	6	408	570
Finance cost	7	(87)	(253)
Profit/(loss) before taxation		**2,755**	**(4,726)**
Taxation	9	(1,004)	451
Profit/(loss) for the year after taxation from continuing operations		**1,751**	**(4,275)**
Discontinued operations			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	10	(522)	(346)
Profit/(loss) for the year		**1,229**	**(4,621)**

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

Total earnings per ordinary share	Note	2023 pence	Restated[1] 2022 pence
Basic earnings/(loss) per share	11	3.8	(14.3)
Diluted earnings/(loss) per share	11	3.8	(14.3)

Earnings per ordinary share from continuing operations	Note	2023 Pence	Restated[1] 2022 pence
Basic earnings/(loss) per share	11	5.4	(13.2)
Diluted earnings/(loss) per share	11	5.4	(13.2)

[1] FY22 results have been restated as explained further in Note 1.24.

Reconciliation to adjusted profit measure

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

	2023 £'000	Restated[1] 2022 £'000
Profit/(loss) from continuing operations	**2,434**	**(5,043)**
Add:		
Non-underlying items included within administrative expenses	(175)	558
Amortisation and impairment of goodwill and acquired intangibles and impairment of leased right-of-use assets	68	5,051
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	1,475	2,210
Underlying EBITDA	**3,802**	**2,776**
Less:		
Depreciation of property, plant and equipment, leased right-of-use assets and amortisation of software and software licences	(1,475)	(2,210)
Net finance income/(costs) excluding foreign exchange gains and losses	241	(249)
Underlying profit before taxation from continuing operations	**2,568**	**317**
Underlying taxation	(1,096)	(163)
Underlying profit after taxation from continuing operations	**1,472**	**154**

1 FY22 results have been restated as explained further in Note 1.24.

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2023

	2023 £'000	Restated[1] 2022 £'000
Profit/(loss) for the year	**1,229**	**(4,621)**
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(243)	72
Other comprehensive (loss)/income for the year	**(243)**	**72**
Total comprehensive income/(loss) for the year attributable to equity holders of the parent	**986**	**(4,549)**

	2023 £'000	Restated[1] 2022 £'000
Attributable to:		
Continuing operations	1,708	(3,972)
Discontinued operations	(722)	(577)
	986	**(4,549)**

1 FY22 results have been restated as explained further in Note 1.24

Consolidated and Company Statements of Financial Position

For the year ended 31 July 2023

		Group		Company	
	Note	31 July 2023 £'000	Restated[1] 31 July 2022 £'000	31 July 2023 £'000	31 July 2022 £'000
Non-current assets					
Goodwill and intangible assets	12	1,962	2,072	8	11
Property, plant and equipment	13	1,024	1,359	–	–
Right-of-use assets	21	1,873	3,065	–	–
Investments	14	–	–	38,550	38,608
Deferred tax assets	15	440	595	–	–
Total non-current assets		**5,299**	**7,091**	**38,558**	**38,619**
Current assets					
Trade and other receivables	16	52,168	58,245	1,357	2,757
Corporation tax receivables		534	1,263	145	238
Cash and cash equivalents		23,375	17,768	8	7
Total current assets		**76,077**	**77,276**	**1,510**	**3,002**
Total assets		**81,376**	**84,367**	**40,068**	**41,621**
Non-current liabilities					
Deferred tax liabilities	15	(101)	(25)	–	–
Provisions	17	(366)	(517)	–	–
Lease liabilities	21	(964)	(2,490)	–	–
Total non-current liabilities		**(1,431)**	**(3,032)**	**–**	**–**
Current liabilities					
Trade and other payables	18	(46,895)	(46,419)	(2,742)	(3,006)
Provisions	17	(1,046)	(1,187)	–	–
Current tax liabilities		(330)	(340)	–	–
Lease liabilities	21	(857)	(1,135)	–	–
Bank loans and borrowings	19	–	(1,801)	–	–
Total current liabilities		**(49,128)**	**(50,882)**	**(2,742)**	**(3,006)**
Total liabilities		**(50,559)**	**(53,914)**	**(2,742)**	**(3,006)**

Net assets		**30,817**	**30,453**	**37,326**	**38,615**
Equity					
Share capital	22	319	323	319	323
Share premium		8,706	8,706	8,706	8,706
Capital redemption reserve		4	–	4	–
Merger reserve		224	224	–	–
Share-based payment reserve		334	350	334	350
Translation reserve		696	1,137	–	–
Treasury shares reserve		(331)	(147)	(244)	(107)
Retained earnings		20,865	19,860	28,207	29,343
Total equity		**30,817**	**30,453**	**37,326**	**38,615**

[1] FY22 results have been restated as explained further in Note 1.24

The amount of loss generated by the Parent Company was £588,000 for the year ended 31 July 2023 (2022: profit of £296,000).

The financial statements were approved by the Board of Directors on 23 October 2023 and signed on its behalf by

Oliver Whittaker
Chief Financial Officer

Consolidated and Company Statements of Changes in Equity

For the year ended 31 July 2023

A) Consolidated

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Translation reserve £'000	Treasury shares reserve £'000	Restated[1] Retained earnings £'000	Restated[1] Total £'000
At 1 August 2021, as originally presented	**323**	**8,706**	**–**	**28,750**	**454**	**134**	**(37)**	**(3,223)**	**35,107**
Retrospective adjustments to revenue cut-off (Note 1.24)	–	–	–	–	–	–	–	404	404
Restated total equity at 1 August 2021	**323**	**8,706**	**–**	**28,750**	**454**	**134**	**(37)**	**(2,819)**	**35,511**
Loss for the year	–	–	–	–	–	–	–	(4,621)	(4,621)
Other comprehensive income	–	–	–	–	–	72	–	–	72
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**72**	**–**	**(4,621)**	**(4,549)**
Share-based payments charge (Note 22)	–	–	–	–	145	–	–	–	145
Share-based payments reserves transfer	–	–	–	–	(249)	–	–	249	–
Deferred tax movement in respect of share options	–	–	–	–	–	–	–	(60)	(60)
Purchase of treasury shares	–	–	–	–	–	–	(110)	–	(110)
Translation reserve movements on disposal of foreign operations[2]	–	–	–	–	–	931	–	(931)	–
Dividends paid in the year	–	–	–	–	–	–	–	(484)	(484)
Transfer of merger reserve	–	–	–	(28,526)	–	–	–	28,526	–
Transactions with owners	**–**	**–**	**–**	**(28,526)**	**(104)**	**931**	**(110)**	**27,300**	**(509)**
At 31 July 2022	**323**	**8,706**	**–**	**224**	**350**	**1,137**	**(147)**	**19,860**	**30,453**
At 1 August 2022	**323**	**8,706**	**–**	**224**	**350**	**1,137**	**(147)**	**19,860**	**30,453**
Profit for the year	–	–	–	–	–	–	–	1,229	1,229
Other comprehensive loss	–	–	–	–	–	(243)	–	–	(243)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(243)**	**–**	**1,229**	**986**
Share-based payments credit (Note 22)	–	–	–	–	(64)	–	–	-	(64)
Share-based payments reserves transfer	–	–	–	–	48	–	–	(48)	–

Deferred tax movement in respect of share options	–	–	–	–	-	–	–	126	126
Purchase of treasury shares	–	–	–	–	–	–	(184)	–	(184)
Purchase and cancellation of own shares (Note 22)[3]	(4)	–	4	–	–	–	–	(500)	(500)
Translation reserve movements on disposal of foreign operations[2]	–	–	–	–	–	(198)	–	198	–
Transactions with owners	**(4)**	**–**	**4**	**–**	**(16)**	**(198)**	**(184)**	**(224)**	**(622)**
At 31 July 2023	**319**	**8,706**	**4**	**224**	**334**	**696**	**(331)**	**20,865**	**30,817**

[1] FY22 results have been restated as explained further in Note 1.24

[2] The movement through the translation reserve in the year ended 31 July 2023 is in respect of the liquidation of MSB International GmbH and the realisation of previously unrealised foreign exchange gains. The movement through the translation reserve in the year ended 31 July 2022 is in respect of disposal of foreign operations relating to the sale of the South African recruitment operations in December 2021 and the realisation of previously unrealised foreign exchange losses.

[3] During the year ended 31 July 2023, Gattaca plc undertook a public share buyback and a capital redemption reserve was created as a result of the subsequent cancellation of these shares, as discussed in Note 22.

B) Company

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Treasury shares reserve £'000	Retained earnings £'000	Total £'000
At 1 August 2021	**323**	**8,706**	**-**	**28,526**	**454**	**(16)**	**756**	**38,749**
Profit and total comprehensive income for the year (Note 8)	**–**	**–**	**–**	**–**	**–**	**–**	**296**	**296**
Share-based payments charge (Note 22)	–	–	–	–	145	–	–	145
Share-based payments reserves transfer	–	–	–	–	(249)	–	249	–
Purchase of treasury shares	–	–	–	–	–	(91)	–	(91)
Dividends paid in the year	–	–	–	–	–	–	(484)	(484)
Transfer of merger reserve	–	–	–	(28,526)	–	–	28,526	–
Transactions with owners	**–**	**–**	**–**	**(28,526)**	**(104)**	**(91)**	**28,291**	**(430)**
At 31 July 2022	**323**	**8,706**	**–**	**–**	**350**	**(107)**	**29,343**	**38,615**
At 1 August 2022	**323**	**8,706**	**–**	**–**	**350**	**(107)**	**29,343**	**38,615**
Loss and total comprehensive loss for the year (Note 8)	**–**	**–**	**–**	**–**	**–**	**–**	**(588)**	**(588)**
Share-based payments credit (Note 22)	–	–	–	–	(64)	–	–	(64)

Share-based payments reserves transfer	–	–	–	–	48	–	(48)	–
Purchase of treasury shares	–	–	–	–	–	(137)	–	(137)
Purchase and cancellation of own shares (Note 22)[1]	(4)	–	4	–	–	–	(500)	(500)
Transactions with owners	**(4)**	**–**	**4**	**–**	**(16)**	**(137)**	**(548)**	**(701)**
At 31 July 2023	**319**	**8,706**	**4**	**–**	**334**	**(244)**	**28,207**	**37,326**

[1] During the year ended 31 July 2023, Gattaca plc undertook a public share buyback and a capital redemption reserve was created as a result of the subsequent cancellation of these shares, as discussed in Note 22.

Consolidated and Company Cash Flow Statements

For the year ended 31 July 2023

	Note	Group 2023 £'000	Group Restated[1] 2022 £'000	Company 2023 £'000	Company 2022 £'000
Cash flows from operating activities					
Profit/(loss) for the year		1,229	(4,621)	(588)	296
Adjustments for:					
Depreciation of property, plant and equipment and amortisation of intangible assets, software and software licences	4	591	1,078	2	2
Depreciation of leased right-of-use assets	4	952	1,552	–	–
Loss from sale of subsidiary, associate or investment		–	82	–	–
Loss on disposal of property, plant and equipment	4	17	33	–	–
Loss on disposal of software and software licences	4	8	12	–	–
Impairment of goodwill and acquired intangibles	4	–	3,780	–	–
Impairment of right-of-use assets	4	–	852	–	–
Profit on reassessment of lease term	21	(672)	(27)	–	–
Profit on reassessment of dilapidation asset	21	(58)	–	–	–
Interest income	6	(328)	(4)	(93)	(1)
Interest costs	7	87	253	–	–
Taxation expense/(credit) recognised in Income Statement	9	1,007	(458)	(145)	(235)
Decrease in trade and other receivables		6,243	8,841	1,400	582
Increase/(decrease) in trade and other payables		476	(12,249)	(531)	(67)
Decrease in provisions	17	(285)	(54)	–	–
Share-based payment (credit)/charge	22	(64)	145	–	–
Dividends received		–	–	–	(1,350)
Foreign exchange gains		37	30	–	–
Cash generated from/(used in) operations		**9,240**	**(755)**	**45**	**(773)**
Interest paid	7	(19)	(138)	–	–
Interest paid on lease liabilities	7	(68)	(115)	–	–
Interest received	6	328	4	93	1
Income taxes repaid/(paid)		61	(200)	–	–
Cash generated from/(used in) operating activities		**9,542**	**(1,204)**	**138**	**(772)**

Cash flows from investing activities						
Purchase of property, plant and equipment	13	(178)		(370)	–	–
Purchase of intangible assets	12	–		(29)	–	–
Sublease rent receipts		130		–	–	–
Dividends received		–		–	–	1,350
Cash (used in)/generated from investing activities			**(48)**	**(399)**	**–**	**1,350**
Cash flows from financing activities						
Lease liability principal repayments			(1,200)	(1,923)	–	–
Purchase of treasury shares			(184)	(110)	(137)	(91)
Purchase of own shares for cancellation	22	(500)		–	–	–
Working capital facility repaid			(1,801)	(7,547)	–	–
Dividends paid		–		(484)	–	(484)
Cash used in financing activities			**(3,685)**	**(10,064)**	**(137)**	**(575)**
Effects of exchange rates on cash and cash equivalents			(202)	197	–	–
Increase/(decrease) in cash and cash equivalents			5,607	(11,470)	1	3
Cash and cash equivalents at the beginning of the year			17,768	29,238	7	4
Cash and cash equivalents at end of year[2]		**26**	**23,375**	**17,768**	**8**	**7**

1 FY22 results have been restated as explained further in Note 1.24

2 Cash and cash equivalents as at 31 July 23 and 31 July 22 includes restricted cash balances, for further details please refer to Note 26.

Net decrease in cash and cash equivalents from discontinued operations was £281,000 (2022: decrease of £742,000).

Notes Forming Part of the Financial Statements

1 The Group and Company Significant Accounting Policies

1.1 The Business of the Group

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

1.2 Basis of preparation of the financial statements

The consolidated and company financial statements of Gattaca plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

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

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

1.3 Going concern

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

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

The Directors have prepared detailed cash flow forecasts, covering a period of at least 12 months from the date of approval of these financial statements. This base case is drawn up with appropriate regard for the current macroeconomic environment and the particular circumstances in which the Group operates. The base case assumes a steady growth in the Group's NFI year on year.

Improvements in quality of earnings and gross margin during FY23 have provided a platform for contract NFI growth, with increases in contractor numbers and average timesheet values being key focuses for FY24. Whilst we expect customer and candidate challenges in the permanent recruitment market to continue during FY24, strong contract pipelines in Defence and Mobility sectors, combined with increasing customer demand for Statement of Works contracts, underpin the Group's NFI growth expectations in FY24 and beyond.

A key assumption in preparing the cash flow forecasts is the continued availability of Group's invoice financing facility throughout the forecast period. At the year end, the unutilised facility headroom after restrictions was £27.6m. The current £50m facility has no contractual renewal date; the Directors remain confident that the facility will remain available.

The output of the base case forecasting process has been used to perform sensitivity analysis on the Group's cash flow to model the potential effects should principal risks actually occur either individually or in unison. The sensitivity analysis modelled scenarios with significantly lower NFI growth rates, significantly increased operating cost inflation and increased customer payment terms considered. The Group has modelled the impact of a severe but plausible scenario including nil growth in contract and permanent NFI across FY24 to FY26, operating cost inflation of 10% and an increase in DSO by five days.

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

1.4 New standards and interpretations

The following are new standards or improvements to existing standards that are mandatory for the first time in the Group's accounting period beginning on 1 August 2022 and no new standards have been early adopted. The Group's July 2023 consolidated financial statements have adopted these amendments to IFRS:

- Amendments to IAS 16 – Property, plant and equipment: proceeds before intended use
- Amendments to IAS 37 – Onerous contracts – cost of fulfilling a contract
- Amendments to IFRS 3 – Reference to the conceptual framework
- Amendments to IFRS Standards 2018-2022 – Annual improvements on IFRS 9, IFRS 16 and IFRS 1

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

New standards in issue, not yet adopted

The Group has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but which are effective for the Group accounting periods beginning on or after 1 August 2023. These new pronouncements are listed as follows:

- IFRS 17, "Insurance contracts" as amended in December 2021 (effective 1 January 2023)
- Amendments to IAS 1 – Classification of liabilities as current or non-current (effective 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Improve accounting policy disclosures (effective 1 January 2023)
- Amendments to IAS 8 – Clarify distinction between accounting policies and accounting estimates (effective 1 January 2023)
- Amendments to IAS 12 – Deferred tax relating to assets and liabilities arising from a single transaction (effective 1 January 2023)

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 2023 or later:

Standard	Effective date (annual period beginning on or after)	
IAS 1	Non-current liabilities with covenants: Clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability	1 January 2024
IFRS 16	Requirements for sale and leaseback transactions explaining how a seller-lessee accounts for a sale and leaseback after the date of the transaction	1 January 2024

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 results of all subsidiaries, including those with non-coterminous reporting dates, are consolidated in line with the Group's financial reporting period.

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

Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains 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 considered probable. In addition, a number of contractual rebate arrangements are in place in respect of volume and value of sales; these are accounted for as variable consideration reducing revenue and estimated in line with IFRS 15.

Revenue cut-off: temporary and permanent placements

Revenue from temporary and permanent placements is recognised in the financial year to which it relates, to the extent that the Group has, within two months of the year-end date, received confirmation that the contractual performance obligation has been satisfied; either through receipt of a client-approved timesheet, or confirmation of commencement of employment (for permanent placements). Late timesheets and placements approved after this period are recognised in the subsequent financial year; remaining timesheets or placements would not be expected to be material, with a low confidence level over any further estimate being highly probable not to reverse as a long submission delay is highly unusual.

Other

Other revenue streams are generated from the provision of engineering management services through Statement of Work packages and other fees.

Revenue from the provision of engineering management services is recognised either over a period of time (where the customer benefits from the services provided as the Group performs those services) or at a point in time upon receipt of client-approved timesheets. Where the Group determines revenue should be recognised over time an estimate is made of progress using an input method, by reference to the proportion of costs incurred to date compared to total expected costs for the contract. This is considered to best reflect the benefit the customer receives from the Group's performance.

Other fees mainly relate to account management fees for providing recruitment services. Revenue from other fees is recognised following client commitment to the agreement at either a point in time or over time in accordance with terms of each individual agreement.

1.7 Non-underlying items

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

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

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

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

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

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

1.8 Property, plant and equipment

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

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

Fixtures, fittings and equipment	12.5% to 33.3%	Straight line
Leasehold improvements	Over the period of the lease term	Straight line

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

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

1.9 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.

1.10 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.

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

Internally generated intangible assets

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

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

Other

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

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

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

1.11 Investments

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

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

1.12 Disposal of assets

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

1.13 Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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

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

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

1.17 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 holds unclaimed sales ledger credits on the balance sheet that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. Following a review of its credit control procedures, the Group has reinstated its policy of releasing any unclaimed sales ledger credits to the income statement after all reasonable steps have been taken to return funds to the customer and two years have elapsed since release of the funds.

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 ECLs have been modelled for UK customers in different industries, and customers in the Americas, Europe, Asia and Africa.
- Accrued income is in respect of temporary placements where a client-approved timesheet has been received or permanent placements where a candidate has commenced employment, but no invoice has been raised. Default rates have been determined 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 derecognised and any difference between the receivable value and amount received through non-recourse factoring is recognised as a finance cost.

1.18 Cash and cash equivalents

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

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

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

1.19 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 a general meeting prior to the reporting 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 Pounds Sterling (£GBP), which is the Group's presentation currency.

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

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

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

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

1.22 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, previously, to record the excess fair value above the nominal value of the share consideration on the acquisition of Networkers International plc, less any amounts realised and reclassified to distributable reserves. During the year to 31 July 2022, the realised merger reserve created in 2015 in Gattaca plc under section 612 of the Companies Act 2006, relating to the acquisition of Networkers plc, was transferred to retained earnings to present all distributable reserves in one place. The balance retained in the Group’s merger reserve relates to the merger of Matchtech Engineering and Matchmaker Personnel.
- “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

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

Key sources of estimation uncertainty

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

ECL provisions in respect of trade receivables

The Group’s policy for default risk over receivables is based on the ongoing evaluation of the credit risk of its trade receivables. Estimation is used in assessing the ultimate realisation of these receivables, including reviewing the potential likelihood of default, the past collection history of each 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 16.

Valuation of investments

The Parent Company’s investments in subsidiary undertakings are tested for impairment at the reporting date if events arise that indicate an impairment may be triggered. This requires an estimate to be made of the recoverable amount of the investments, including forecasting future cash flows of the asset and forming assumptions over the discount rate and long-term growth rate applied. More detail of the assumptions used can be found in Note 14.

1.24 Prior period restatement

Whilst reviewing the Group's revenue cut-off policy during the FY23 year-end, management identified a revenue cut-off error affecting the prior financial year. Data relating to late timesheet approvals and permanent placements was, due to human error, incorrectly extracted during the FY22 year end close process from the Group's ERP system. This resulted in an immaterial understatement in the FY22 Income Statement of Net Fee Income (NFI), the primary trading KPI for the Group, of £204,000. However, whilst the net impact of this error on the FY22 reported profits and net assets is considered immaterial to those accounts as a whole, this net understatement was comprised of a material understatement of FY22 reported revenue in the Income Statement, and accrued income in the Statement of Financial Position, of £1,668,000, and of an understatement of associated costs of sales in the Income Statement, and contractor wages liabilities in the Statement of Financial Position, of £1,464,000 for the same period. The Group's financial position at 31 July 2022, and the results and cash flows for the year then ended, have been restated for correction of this error. The Parent Company's results and financial position as reported are unaffected.

Identification of this error led management to reassess how accrued revenue and accrued cost balances have been calculated at each period end. The Group's upgraded ERP system, implemented during FY21 allowed for a more accurate assessment of the Group's revenue and contractor cost cut-off position. On this basis, management concluded that it would have been appropriate to have extended the cut-off period for late receipt of approved timesheets. This has resulted in an adjustment to FY22 opening reserves and FY22 revenue, cost of sales, accrued income and contractor wages payable as quantified below.

In line with the treatment prescribed in IAS 8 and IAS 1, this change has been applied retrospectively, restating the Group's opening reserves at 1 August 2021, its financial position as at 31 July 2022, and the results and cash flows of the Group for the year then ended. The impact of the change as at 1 August 2021 is to increase Group net assets and retained earnings by £404,000, increase accrued income (trade and other receivables) by £2,951,000 and increase contractor wages payable (trade and other payables) by £2,547,000.

The combined impact of these changes is detailed below:

Condensed Consolidated Income Statement

For the year ended 31 July 2022

	As previously reported £'000	Extension of cut-off assessment period £'000	Adjustment due to incorrect FY22 cut-off data £'000	As restated £'000
Revenue	403,346	(1,141)	1,668	403,873
Cost of sales	(359,206)	998	(1,464)	(359,672)
Gross profit	**44,140**	**(143)**	**204**	**44,201**
Loss before taxation from continuing operations	**(4,787)**	**(143)**	**204**	**(4,726)**
Taxation	460	22	(31)	451
Loss after taxation from continuing operations	**(4,327)**	**(121)**	**173**	**(4,275)**
Loss for the year	**(4,673)**	**(121)**	**173**	**(4,621)**

Condensed Consolidated Statement of Changes in Equity

	As previously reported £'000	Extension of cut-off assessment period £'000	Adjustment due to incorrect FY22 cut-off data £'000	As restated £'000
Total equity at 1 August 2021	35,107	404	–	35,511
Loss for the period	(4,673)	(121)	173	(4,621)
Balance at 31 July 2022	**29,997**	**283**	**173**	**30,453**

Condensed Consolidated Statement of Financial Position

	As previously reported as at 31 July 2022 £'000	Extension of cut-off assessment period £'000	Adjustment due to incorrect FY22 cut-off data £'000	As restated as at 31 July 2022 £'000
Non-current assets				
Deferred tax assets	604	22	(31)	595
Total non-current assets	**7,100**	**22**	**(31)**	**7,091**
Current assets				
Trade and other receivables	54,767	1,810	1,668	58,245
Total current assets	**73,798**	**1,810**	**1,668**	**77,276**
Total assets	**80,898**	**1,832**	**1,637**	**84,367**
Current liabilities				
Trade and other payables	(43,406)	(1,549)	(1,464)	(46,419)
Total current liabilities	**(47,869)**	**(1,549)**	**(1,464)**	**(50,882)**
Total liabilities	**(50,901)**	**(1,549)**	**(1,464)**	**(53,914)**
Net assets	**29,997**	**283**	**173**	**30,453**
Equity				
Retained earnings	19,404	283	173	19,860
Total equity	**29,997**	**283**	**173**	**30,453**

2 Segmental Information

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

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

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

Year ended 31 July 2023

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Gattaca Projects	International[2]	Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue	40,387	40,605	80,652	27,660	148,843	5,512	6,543	34,972	**385,174**	–	–	**385,174**
Gross profit	4,536	4,119	8,003	2,569	14,094	2,091	2,165	5,824	**43,401**	–	–	**43,401**

Operating contribution	2,227	2,624	4,768	580	5,776	1,364	(994)	1,580	**17,925**	–	–	**17,925**
Depreciation, impairment, and amortisation	(155)	(155)	(309)	(106)	(570)	(21)	(25)	(134)	**(1,475)**	(68)	–	**(1,543)**
Central overheads	(1,588)	(685)	(2,018)	(1,160)	(4,473)	(346)	(1,424)	(2,429)	**(14,123)**	175	(186)	**(14,134)**
Profit/(loss) from operations	484	1,784	2,441	(686)	733	997	(2,443)	(983)	**2,327**	107	(186)	**2,248**
Finance income/(costs), net									**241**	80	(333)	**(12)**
Profit/(loss) before tax									**2,568**	**187**	**(519)**	**2,236**

Year ended 31 July 2022 restated[1]

All amounts in £'000	Mobility	Energy	Defence	Technology, Media and Telecoms	Infrastructure	Restated[3] Gattaca Projects	International[2]	Restated[3] Other	Continuing underlying operations	Non-recurring items and amortisation of acquired intangibles	Discontinued	Total Group
Revenue	47,828	40,832	69,902	41,714	140,607	5,324	7,979	49,687	**403,873**	–	781	**404,654**
Gross profit	4,577	3,889	6,729	4,252	13,580	1,315	2,783	7,076	**44,201**	–	238	**44,439**
Operating contribution restated[4]	2,157	2,180	3,287	1,844	5,653	727	(577)	1,838	**17,109**	–	(440)	**16,669**
Depreciation, impairment, and amortisation restated[4]	(262)	(223)	(383)	(228)	(769)	(29)	(44)	(272)	**(2,210)**	(5,051)	(31)	**(7,292)**
Central overheads	(1,128)	(774)	(2,753)	(992)	(4,418)	(329)	(1,609)	(2,330)	**(14,333)**	(558)	(100)	**(14,991)**
Profit/(loss) from operations	767	1,183	151	624	466	369	(2,230)	(764)	**566**	(5,609)	(571)	**(5,614)**
Finance (costs)/income, net									**(249)**	566	218	**535**
Profit/(loss) before tax									**317**	**(5,043)**	**(353)**	**(5,079)**

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

1 FY22 results have been restated as explained further in Note 1.24.
2 International segment revenue and gross profit is generated from the location of the commission-earning sales consultant, as opposed to the domicile of the respective subsidiary by which they are employed.
3 The Gattaca Projects operating segment met the quantitative thresholds to be reported separately for the first time in the year ended 31 July 2023. In line with the requirements of IFRS 8, the comparative period has been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.
4 Operating contribution and depreciation, impairment and amortisation has been restated for the year ended 31 July 2022 to present depreciation of right-of-use assets in the depreciation line.

Geographical information

	Total Group revenue		Non-current assets	
All amounts in £'000	**2023**	**Restated[1] 2022**	**2023**	**Restated[1] 2022**
UK	375,436	391,359	5,173	6,717

Rest of Europe	775	691	2	1
Middle East and Africa	–	781	24	59
Americas	8,963	11,823	100	314
Total	**385,174**	**404,654**	**5,299**	**7,091**

1 FY22 results have been restated as explained further in Note 1.24.

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

3 Revenue from Contracts with Customers

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

Major service lines – continuing underlying operations

2023	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Gattaca Projects £'000	International £'000	Other £'000	Continuing underlying operations £'000
Temporary placements	38,426	40,155	77,916	26,660	146,584	2,572	5,353	31,896	369,562
Permanent placements	1,771	268	2,427	778	1,978	–	1,190	3,037	11,449
Other	190	182	309	222	281	2,940	–	39	4,163
Total	**40,387**	**40,605**	**80,652**	**27,660**	**148,843**	**5,512**	**6,543**	**34,972**	**385,174**

2022 restated[1]	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Restated[2] Gattaca Projects £'000	International £'000	Restated[2] Other £'000	Continuing underlying operations £'000
Temporary placements	46,302	40,657	67,729	40,539	138,184	2,821	5,871	45,969	388,072
Permanent placements	1,492	166	1,923	1,123	2,391	–	2,108	3,662	12,865
Other	34	9	250	52	32	2,503	–	56	2,936
Total	**47,828**	**40,832**	**69,902**	**41,714**	**140,607**	**5,324**	**7,979**	**49,687**	**403,873**

1 FY22 results have been restated as explained further in Note 1.24.

2 The Gattaca Projects operating segment met the quantitative thresholds to be reported separately for the first time in the year ended 31 July 2023. In line with the requirements of IFRS 8, the comparative period has been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

Timing of revenue recognition – continuing operations

2023	Mobility £'000	Energy £'000	Defence £'000	Technology, Media and Telecoms £'000	Infrastructure £'000	Gattaca Projects £'000	International £'000	Other £'000	Continuing underlying operations £'000

Point in time	40,387	40,605	80,652	27,660	148,843	2,572	6,543	34,972	382,234
Over time	–	–	–	–	–	2,940	–	–	2,940
Total	**40,387**	**40,605**	**80,652**	**27,660**	**148,843**	**5,512**	**6,543**	**34,972**	**385,174**

2022 restated[1]	**Mobility £'000**	**Energy £'000**	**Defence £'000**	**Technology, Media and Telecoms £'000**	**Infrastructure £'000**	**Restated[2] Gattaca Projects £'000**	**International £'000**	**Restated[2] Other £'000**	**Continuing underlying operations £'000**
Point in time	47,828	40,832	69,902	41,714	140,607	2,821	7,979	49,687	401,370
Over time	–	–	–	–	–	2,503	–	–	2,503
Total	**47,828**	**40,832**	**69,902**	**41,714**	**140,607**	**5,324**	**7,979**	**49,687**	**403,873**

No single customer contributed more than 10% of the Group's revenues (2022: none). Revenue recognised over time is recognised based on costs incurred to date as a proportion of total forecast costs.

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

	31 July 2023 £'000	**Restated[1] 31 July 2022 £'000**
Trade receivables (Note 16)	31,905	36,367
Accrued income (Note 16)	15,309	18,805
Deferred income	(129)	(330)

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 FY22 results have been restated as explained further in Note 1.24.

2 The Gattaca Projects operating segment met the quantitative thresholds to be reported separately for the first time in the year ended 31 July 2023. In line with the requirements of IFRS 8, the comparative period has been restated to present the Gattaca Projects segment separately from the "Other" segment in which it had previously been presented.

4 Profit from Total Operations

	2023 £'000	**2022 £'000**
Profit from total operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment (Note 13)	489	570
Depreciation of right-of-use leased assets (Note 21)	952	1,552
Amortisation of acquired intangibles (Note 12)	68	420

Amortisation of software and software licences (Note 12)	34	88
Impairment of goodwill and acquired intangibles (Note 12)	–	3,780
Impairment of right-of-use leased assets (Note 21)	–	852
Release of sales ledger credits[1]	(538)	(6)
Gain on reassessment of lease term[2]	(672)	–
Net impairment release on trade receivables and accrued income (Note 16)	(334)	(295)
Loss on disposal of property, plant and equipment	17	33
Loss on disposal of software and software licences	8	12
Plant and machinery rental expenses for leases out-of-scope of IFRS 16	59	17
Non-recourse working capital facility bank charges	515	323
Share-based payment (credits)/charges[3] (Note 22)	(64)	114

1 The Group holds unclaimed aged sales ledger credits on the balance sheet that arise in the course of normal trading operations due to the high volume of timesheet invoices and customer receipts. Releases of unclaimed sales ledger credits to the Income Statement are made in accordance with the Group's accounting policy, discussed further in Note 1.17.

2 The profit on reassessment of lease term resulted from the exercise of a break clause on a property that was fully impaired in the prior year, as discussed further in Note 21, and is presented in non-underlying items.

3 The share-based payment credit in the current year arises from the reversal of charges accrued in prior years as a result of a change in expectation of vesting outcomes of LTIP share options.

The aggregate auditors' remuneration was as follows:

	2023 £'000	**2022 £'000**
Fees payable for the audit of the Parent Company financial statements	12	11
Fees payable for the audit of the Group's financial statements	367	345
Total auditors' remuneration	**379**	**356**

The auditors do not provide any non-audit services.

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

Continuing operations	**2023 £'000**	**2022 £'000**
Restructuring costs[1]	249	405
Net (income)/costs associated with exiting properties[2]	(614)	153
Write down of acquired working capital balances[3]	190	–
Impairment of goodwill, acquired intangibles and right-of-use leased assets[4]	–	4,632
Non-underlying items included in profit from continuing operations	**(175)**	**5,190**

Discontinued operations	2023 £'000	2022 £'000
Advisory fees[5]	2	33
Costs relating to discontinuation of group undertakings[6]	184	5
Costs associated with properties previously exited	–	57
Non-underlying items included in loss from discontinued operations	**186**	**95**
Total non-underlying items	**11**	**5,285**

1 Restructuring costs of £249,000 (2022: £405,000) were recognised in 2023 as a result of personnel re-organisations and changes in the Board and Senior Leadership Team.
2 Net gains of £614,000 (2022: net costs of £153,000) have been recognised in relation to the exit of a number of UK office buildings that are no longer in use by the business. The gain in 2023 includes a £672,000 credit associated with the exercise of a break clause for an office that was fully impaired in the prior year, as discussed in more detail in Note 21.
3 Write down of unsupportable and uncollectable working capital balances in subsidiaries acquired during previous years' business combinations.
4 Impairment losses were recognised in 2022 with respect to the "Infrastructure - RSL Rail" CGU, as discussed in further detail in Note 12.
5 Legal fees incurred relating to the Group's co-operation with certain voluntary enquiries from the US Department of Justice, as discussed in further detail in Note 27.
6 Ongoing costs relating to closure of entities affected by the cessation of the contract Telecoms Infrastructure business in 2018 as well as the ongoing closure costs of the Group's operations in Russia, Mexico and Germany, including the write off of certain working capital balances.

5 Particulars of Employees

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

Total operations	2023 No.	2022 No.
Sales	347	381
Administration	148	146
Directors	7	7
Total	**502**	**534**

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

The aggregate payroll costs of the above were:

Total operations	2023 £'000	2022 £'000
Wages and salaries	24,877	26,215
Social security costs	2,978	3,166
Other pension costs	915	911

Share-based payments (Note 22)[1]	(64)	114
Total	**28,706**	**30,406**

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

Amounts due to defined contribution pension providers at 31 July 2023 were £158,000 (2022: £149,000).

The Group's key management personnel are defined as the Board and Senior Leadership Team. Disclosure of the remuneration of Group's key management personnel, as required by IAS 24, is detailed below:

Key management personnel remuneration	2023 £'000	2022 £'000
Short-term employee benefits	1,739	2,009
Contributions to defined contribution pension schemes	77	133
Share-based payments	(5)	34
Total	**1,811**	**2,176**

6 Finance Income

Continuing operations	2023 £'000	2022 £'000
Interest income	328	4
Net gains on foreign currency translation	80	566
Total	**408**	**570**

7 Finance Costs

Continuing operations	2023 £'000	2022 £'000
Bank interest expense	19	138
Interest expense on lease liabilities	68	115
Total	**87**	**253**

8 Parent Company (Loss)/Profit

	2023 £'000	2022 £'000
The amount of (loss)/profit generated by the Parent Company was:	(588)	296

9 Taxation

Analysis of charge in the year	Continuing 2023 £'000	Discontinued 2023 £'000	Restated[1] Continuing 2022 £'000	Discontinued 2022 £'000
Current tax:				
UK corporation tax	641	–	(654)	(33)
Overseas corporation tax	(1)	3	26	26
Adjustments in respect of prior years	5	–	(138)	–
	645	**3**	**(766)**	**(7)**
Deferred tax (Note 15):				
Origination and reversal of temporary differences	421	–	454	–
Adjustments in respect of prior years	(46)	–	(56)	–
Changes in tax rate	(16)	–	(83)	–
	359	**–**	**315**	**–**
Income tax charge/(credit) for the year	**1,004**	**3**	**(451)**	**(7)**

UK corporation tax has been charged at 21% (2022: 19%).

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

	Continuing 2023 £'000	Discontinued 2023 £'000	Restated[1] Continuing 2022 £'000	Discontinued 2022 £'000
Profit/(loss) before tax	**2,755**	**(519)**	**(4,726)**	**(353)**
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 21% (2022: 19%)	579	(109)	(898)	(67)
Expenses not deductible for tax purposes	145	112	15	(11)
Income not taxable	(182)	–	–	–
Effect of goodwill impairment loss	–	–	502	–
Effect of share-based payments	(1)	–	60	–
Irrecoverable withholding tax	2	–	3	–
Overseas losses not recognised as deferred tax assets	563	–	152	47
Difference between UK and overseas tax rates	(45)	–	(8)	24
Adjustment to tax charge in respect of prior years	(41)	–	(194)	–
Changes in tax rate	(16)	–	(83)	–
Total taxation charge/(credit) for the year	**1,004**	**3**	**(451)**	**(7)**

Tax charge recognised in equity:

	2023 £’000	2022 £’000
Deferred tax (credit)/charge recognised directly in equity	(126)	60
Total tax (credit)/charge recognised directly in equity	**(126)**	**60**

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

	2023 £’000	Restated[1] 2022 £’000
Income tax expense	1,004	(451)
Impairment and amortisation of goodwill, acquired intangibles and leased right-of-use assets	–	517
Non-underlying items	75	106
Foreign currency exchanges differences	17	(9)
Underlying income tax expense	**1,096**	**163**

1 FY22 results have been restated as explained further in Note 1.24.

Future tax rate changes

The main UK corporation tax rate of 19% increased to 25% from 1 April 2023. Deferred tax has been valued based on the substantively enacted rates at each balance sheet date at which the deferred tax is expected to reverse.

10 Discontinued Operations

Losses from discontinued operations during the current and prior year include closure costs in connection with the closed operations in Germany, Malaysia, Singapore, Qatar, Mexico and South Africa. In addition, discontinued operations in 2022 also included trading results from the Group’s South African recruitment operations up until its sale as part of a management buy-out in December 2021 and the net loss on disposal of the business.

Financial performance and cash flow information

	2023 £’000	2022 £’000
Revenue	–	781
Cost of sales	–	(543)
Gross profit	**–**	**238**
Administrative expenses[1]	(186)	(809)
Loss from operations	**(186)**	**(571)**
Finance income	–	–
Finance costs	–	–
Exchange (loss)/gain	(333)	218

Loss before taxation	**(519)**	**(353)**
Taxation	(3)	7
Loss for the year after taxation from discontinued operations	**(522)**	**(346)**
Exchange differences on translation of discontinued operations	(200)	(231)
Total comprehensive loss from discontinued operations	**(722)**	**(577)**

	2023 £'000	2022 £'000
Net cash outflow from operating activities	(281)	(650)
Net cash outflow from investing activities	–	–
Net cash outflow from financing activities	–	(92)
Effect of exchange rates on cash and cash equivalents	–	–
Net cash used by discontinued operations	**(281)**	**(742)**

[1] Included in administrative expenses are £186,000 (2022: £95,000) of non-underlying items, as detailed in Note 4.

11 Earnings Per Share

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

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

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

The earnings per share information has been calculated as follows:

	2023 £'000	Restated[1] 2022 £'000

Total profit/(loss) attributable to ordinary shareholders	1,229	(4,621)

Number of shares	2023 ’000	2022 ’000
Basic weighted average number of ordinary shares in issue	32,196	32,290
Dilutive potential ordinary shares	487	210
Diluted weighted average number of shares	**32,683**	**32,500**

Total earnings per share		2023 pence	Restated[1] 2022 pence
Earnings/(loss) per ordinary share	Basic	3.8	(14.3)
	Diluted	3.8	(14.3)

Earnings from continuing operations	2023 £’000	Restated[1] 2022 £’000
Total profit/(loss) for the year	1,751	(4,275)

Total earnings per share for continuing operations		2023 pence	Restated[1] 2022 pence
Earnings/(loss) per ordinary share from continuing operations	Basic	5.4	(13.2)
	Diluted	5.4	(13.2)

Earnings from discontinued operations	2023 £’000	2022 £’000
Total loss for the year	(522)	(346)

Total earnings per share for discontinued operations		2023 pence	2022 pence
Loss per ordinary share from discontinuing operations	Basic	(1.6)	(1.1)
	Diluted	(1.6)	(1.1)

Earnings from continuing underlying operations	2023 £’000	Restated[1] 2022 £’000

Total profit for the year	1,472	154

Total earnings per share from continuing underlying operations		2023 pence	Restated[1] 2022 pence
Earnings per ordinary share from continuing underlying operations	Basic	4.6	0.5
	Diluted	4.5	0.5

1 FY22 results have been restated as explained further in Note 1.24

12 Goodwill and Intangible Assets

		Goodwill £'000	Customer relationships £'000	Trade names £'000	Software and software licences £'000	Other £'000	Total £'000
Cost	At 1 August 2021	28,739	22,245	5,346	2,602	3,809	62,741
	Additions	–	–	–	29	–	29
	Disposals	–	–	–	(70)	–	(70)
	At 31 July 2022	**28,739**	**22,245**	**5,346**	**2,561**	**3,809**	**62,700**
	Disposals[1]	**–**	**–**	**–**	**(1,956)**	**–**	**(1,956)**
	At 31 July 2023	**28,739**	**22,245**	**5,346**	**605**	**3,809**	**60,744**
Amortisation and impairment	At 1 August 2021	24,382	20,862	5,102	2,354	3,698	56,398
	Amortisation for the period	–	269	43	88	108	508
	Impairment	2,645	946	189	–	–	3,780
	Released on disposal	–	–	–	(58)	–	(58)
	At 31 July 2022	**27,027**	**22,077**	**5,334**	**2,384**	**3,806**	**60,628**
	Amortisation for the period	**–**	**62**	**3**	**34**	**3**	**102**
	Released on disposal[1]	**–**	**–**	**–**	**(1,948)**	**–**	**(1,948)**
	At 31 July 2023	**27,027**	**22,139**	**5,337**	**470**	**3,809**	**58,782**
Net book value	At 31 July 2022	1,712	168	12	177	3	2,072
	At 31 July 2023	**1,712**	**106**	**9**	**135**	**–**	**1,962**

1 Assets in relation to legacy systems no longer in use with a cost of £1,956,000 and net book value of £nil were disposed in the year.

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

	2023 £'000	2022 £'000

Energy	1,712	1,712
Total	**1,712**	**1,712**

Goodwill and acquired intangibles within the Energy CGU relate to the Networkers acquisition.

Impairment testing

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

If any indication of impairment exists, then the recoverable amount of the CGU, including goodwill, intangible assets and right-of-use assets, is determined as the higher of its value in use or fair value less costs to sell.

As a result of the impairment testing completed, no impairments have been recorded in either 2023 or 2022 in relation to the Energy CGU. In 2022, impairment charges of £3,780,000 were recorded to fully impair the goodwill, acquired intangibles and right-of-use assets associated with the "Infrastructure - RSL Rail" CGU due to the ongoing challenges of the UK rail industry combined with the sustained post-pandemic loss of a substantial number of legacy temporary workers with some of the UK rail industry's core customers, management undertook a substantial review of the long-term expectations of the sector and reduced the long-term growth forecasts further in FY22 resulting in a material reduction to the VIU terminal value which could not sustain the CGU's asset base.

Amounts recognised in the Income Statement with respect to impairment of acquired intangible assets:

Impairment expenses	Goodwill 2023 £'000	Intangible assets 2023 £'000	Total 2023 £'000	Goodwill 2022 £'000	Intangible assets 2022 £'000	Total 2022 £'000
Infrastructure – RSL Rail	–	–	–	2,645	1,135	3,780
Total	**–**	**–**	**–**	**2,645**	**1,135**	**3,780**

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

Cash flows from operations

Discounted cash flows from operations have been prepared based on the Group's Board-approved three-year business plan, starting with the FY24 budget and applying overarching NFI and cost growth rates in FY27 and FY28. The Group prepares cash flow forecasts adjusted for allocations of group overhead costs, and extrapolates cash flows into perpetuity based on long-term growth rates. The Group's working capital requirement, assessed at 2.2% of revenue for FY23, is expected to increase proportionally with revenue growth.

Discount rates

The pre-tax rate used to discount the forecast cash flows was 18.7% (2022: a range from 13.9% to 14.4%) reflecting the Group's weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. The nominal discount rate is based on the weighted average cost of capital (WACC). The risk-free rate, based on UK Government bond rates, 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 14.1% (2022: 13.8%) for all 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% (2022: 2.0%), using a weighted average of operating country real growth expectations.

13 Property, Plant and Equipment

Group		Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost	At 1 August 2021	3,001	4,948	7,949
	Additions	–	370	370
	Disposals	(41)	(586)	(627)
	Effects of movements in exchange rates	26	10	36
	At 31 July 2022	**2,986**	**4,742**	**7,728**
	Additions	**61**	**117**	**178**
	Disposals	**(800)**	**(3,790)**	**(4,590)**
	Effects of movements in exchange rates	**(7)**	**(16)**	**(23)**
	At 31 July 2023	**2,240**	**1,053**	**3,293**
Depreciation and impairment	At 1 August 2021	1,879	4,492	6,371
	Charge for the year	–	570	570
	Released on disposal	(41)	(553)	(594)
	Effects of movements in exchange rates	18	4	22
	At 31 July 2022	**1,856**	**4,513**	**6,369**
	Recategorisation of accumulated depreciation	**207**	**(207)**	**-**
	Charge for the year	**290**	**199**	**489**
	Released on disposal	**(800)**	**(3,773)**	**(4,573)**
	Effects of movements in exchange rates	**(6)**	**(10)**	**(16)**
	At 31 July 2023	**1,547**	**722**	**2,269**
Net book value	At 31 July 2022	1,130	229	1,359
	At 31 July 2023	**693**	**331**	**1,024**

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

There were no capital commitments as at 31 July 2023 or 31 July 2022.

14 Investments in Subsidiary Undertakings

	Company	
Cost and carrying value:	**2023 £'000**	**2022 £'000**
Balance at 1 August	38,608	38,463
Capital contributions to subsidiaries/(reversal of capital contributions)	(58)	145
Balance at 31 July	**38,550**	**38,608**

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

Impairment testing

The Directors have assessed that the carrying amount of investments exceeding the Group's market capitalisation at the year-end, and the Group's financial performance, in terms of NFI, falling below its budget for the year ended 31 July 2023, to be indicators of impairment of the Parent Company's investments in subsidiary undertakings and as a result have performed an impairment review in accordance with IAS 36.

The recoverable amount of investments in subsidiaries has been determined based on value-in-use calculations, which require the use of estimates. Discounted cash flows from operations have been prepared based on the Group's Board-approved 3 year business plan, starting with the FY24 budget and applying over-arching NFI and cost growth rates in FY27 and FY28. A pre-tax discount rate of 18.7% has been used, reflecting the Group's post-tax weighted average cost of capital, adjusted for specific risks associated with the asset's estimated cash flows. Medium-term growth rates modelled are based on management forecasts, reflecting past experience and the economic environment. Long-term growth rates, based on external sources of information, are an average estimated growth rate of 2.0%. The Group's working capital requirement, assessed at 2.2% of revenue for FY23, is expected to increase proportionately with revenue growth.

At 31 July 2023, the recoverable amount of investments was £46,233,000, an excess of £7,683,000 above the carrying amount. The Directors have therefore concluded that the Parent Company's investment in subsidiary undertakings is not impaired.

The Directors have considered and assessed reasonably possible changes in the key assumptions and have performed sensitivity analysis on the estimates of recoverable amount. The following changes, when considered individually or in aggregate, do not result in a material impairment of the Parent Company's investments in subsidiary undertakings:

- 100 basis points increase in the pre-tax discount rate;
- 200 basis points increase in the Group's working capital requirement, from 2.2% to 4.2% of revenue;
- 30% reduction in medium-term (FY27 to FY28) NFI growth rates, with no corresponding costs reduction.

The Directors do not consider that these changes would have a consequential effect on other key assumptions.

Details of the Group's subsidiary undertakings are provided in Note 30.

15 Deferred Tax

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

2022 restated[1] Group	Asset £'000	Liability £'000	Net £'000	Credited/ (charged) to profit £'000	Credited to equity £'000	Disposal of subsidiaries £'000	Foreign exchange £'000
Share-based payments	43	–	43	(41)	(60)	–	–
Accelerated capital allowances	22	(4)	18	53	–	–	–
Internally generated intangibles	–	–	–	(1,050)	–	–	–
Acquired intangibles	–	(18)	(18)	351	–	–	–
Tax losses	418	–	418	418	–	–	–
Other temporary and deductible differences	109	–	109	(46)	–	(16)	(5)
Gross deferred tax assets/(liabilities)	**592**	**(22)**	**570**	**(315)**	**(60)**	**(16)**	**(5)**
Amounts available for offset	3	(3)	–				
Net deferred tax assets/(liabilities)	**595**	**(25)**	**570**				

The movement on the net deferred tax is shown below:

	Group	
	2023 £'000	**Restated[1] 2022 £'000**
At 1 August	570	957
Recognised in income (Note 9)	(359)	(315)
Recognised in equity	126	(60)
Disposal of subsidiaries	–	(16)

Foreign exchange	2	(5)
Reclassification to assets held for sale	–	9
At end of year	**339**	**570**

	2023 £'000	Restated[1] 2022 £'000
Deferred tax assets reversing within 1 year	188	463
Deferred tax liabilities reversing within 1 year	(90)	(18)
At end of year	**98**	**445**

	2023 £'000	2022 £'000
Deferred tax assets reversing after 1 year	252	132
Deferred tax liabilities reversing after 1 year	(11)	(7)
At end of year	**241**	**125**

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

1 FY22 results have been restated as explained further in Note 1.24

Unrecognised deferred tax assets

	Group	
	2023 £'000	Restated[1] 2022 £'000
Tax losses carried forward against profits of future years	2,347	2,396
Net deferred tax assets	2,347	2,396

Of the unused tax losses £5,465,000 (2022 restated: £5,595,000) can be carried forward indefinitely, £887,000 (2022: £1,257,000) expires within 10 years and £3,763,000 (2022: £3,649,000) expires within 20 years. £139,000 (2022 restated: £133,000) of the unused tax losses carried forward indefinitely relate to unrecognised capital losses which may be offset against future chargeable (capital) gains only.

No deferred tax is recognised on unremitted earnings of overseas subsidiaries as the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in the foreseeable future. The temporary differences associated with the investments in subsidiaries for which a deferred tax liability has not been recognised aggregate to £902,000 (2022: £2,345,000). If the earnings were remitted, tax of £nil (2022: £2,000) would be payable.

1 FY22 results have been restated as explained further in Note 1.24

16 Trade and Other Receivables

	Group		Company	
	2023 £'000	Restated[1] 2022 £'000	2023 £'000	2022 £'000
Trade receivables from contracts with customers, net of loss allowance	31,905	36,367	–	–
Amounts owed by group undertakings	–	–	1,357	2,757
Other receivables[2]	3,809	1,701	–	–
Prepayments	1,145	1,372	–	–
Accrued income	15,309	18,805	–	–
Total	**52,168**	**58,245**	**1,357**	**2,757**

1 FY22 results have been restated as explained further in Note 1.24

2 Other receivables includes retentions of £2,838,000 (2022: £1,181,000) on trade receivable balances assigned to HSBC under the non-recourse invoice factoring facility, discussed further in Note 19.

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

Amounts owed to the Company by group undertakings includes an intercompany loan receivable totalling £1,350,000, upon which interest is charged at a variable rate of 3-month GBP LIBOR plus 2.5%. Amounts owed by group undertakings are unsecured, repayable on demand and accrue no interest, with the exception of the loan receivable noted above, and are considered to approximate fair value.

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

Impairment of trade receivables from contracts with customers

	Group	
	2023 £'000	2022 £'000
Trade receivables from contracts with customers, gross amounts	33,538	38,444
Loss allowance	(1,633)	(2,077)
Trade receivables from contracts with customers, net of loss allowance	**31,905**	**36,367**

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 ageing issues.

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

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

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

The loss allowance for trade receivables can be analysed as:

31 July 2023	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	3.6%	3.7%	15.4%	69.5%	
Gross carrying amount – trade receivables (£'000)	31,973	903	13	649	33,538
Loss allowance (£'000)	1,147	33	2	451	1,633

31 July 2022	Current	More than 30 days past	More than 60 days past	More than 90 days past	Total
Weighted expected loss rate (%)	4.0%	8.0%	15.9%	48.0%	
Gross carrying amount – trade receivables (£'000)	35,817	1,241	327	1,059	38,444
Loss allowance (£'000)	1,418	99	52	508	2,077

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

	Group	
	2023 £'000	2022 £'000
Opening loss allowance at 1 August	2,077	3,449
(Decrease)/increase in loss allowance recognised in the year	(156)	136
Receivables written off during the year as uncollectable	(288)	(1,508)
Closing loss allowance at 31 July	**1,633**	**2,077**

Impairment of accrued income

	Group

	2023 £'000	Restated[1] 2022 £'000
Gross accrued income	15,813	19,487
Loss allowance	(504)	(682)
Accrued income, net of loss allowance	**15,309**	**18,805**

The loss allowance for accrued income can be analysed as:

31 July 2023	**Current**	**More than 30 days past**	**More than 60 days past**	**More than 90 days past**	**Total**
Weighted expected loss rate (%)	2.3%	2.8%	18.3%	98.5%	
Gross carrying amount – accrued income (£'000)	15,476	143	60	134	15,813
Loss allowance (£'000)	357	4	11	132	504

31 July 2022 restated[1]	**Current**	**More than 30 days past**	**More than 60 days past**	**More than 90 days past**	**Total**
Weighted expected loss rate (%)	2.0%	2.5%	2.5%	30.6%	
Gross carrying amount – accrued income (£'000)	16,747	1,090	649	1,001	19,487
Loss allowance (£'000)	333	27	16	306	682

[1] FY22 results have been restated as explained further in Note 1.24

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

	Group	
	2023 £'000	**2022 £'000**
Opening loss allowance at 1 August	682	1,065
Decrease in loss allowance recognised in profit and loss during the year	(178)	(383)
Closing loss allowance at 31 July	**504**	**682**

17 Provisions

	2023			**2022**		
Group	**Dilapidations £'000**	**Other provisions £'000**	**Total £'000**	**Dilapidations £'000**	**Other provisions £'000**	**Total £'000**
Balance at 1 August	880	824	1,704	1,680	53	1,733

Provisions made in the year	187	194	381	18	824	842
Provisions utilised	(353)	(79)	(432)	(145)	(40)	(185)
Provisions released	(35)	(199)	(234)	(698)	(13)	(711)
Effect of movements in exchange rates	(2)	(5)	(7)	25	–	25
Balance at 31 July	**677**	**735**	**1,412**	**880**	**824**	**1,704**

	2023			2022		
Group	**Dilapidations £'000**	**Other provisions £'000**	**Total £'000**	**Dilapidations £'000**	**Other provisions £'000**	**Total £'000**
Non-current	347	19	366	517	–	517
Current	330	716	1,046	363	824	1,187
Total	**677**	**735**	**1,412**	**880**	**824**	**1,704**

Dilapidation provisions are held in respect of the Group's office properties where lease obligations include contractual obligations to return the property to its original condition at the end of the lease term, ranging between one and five years. During the year the Group agreed dilapidation settlements for two office properties which were both exited in the prior year. Remaining dilapidation provisions have been reassessed reflecting new information available, including the cost of settlements in the year.

Other provisions held at 31 July 2023 are primarily in relation to claims for legal and tax matters, relating to both UK and operations and certain discontinued operations.

No provisions are held by the Parent Company (2022: £nil).

18 Trade and Other Payables

	Group		Company	
	2023 £'000	**Restated[1] 2022 £'000**	**2023 £'000**	**2022 £'000**
Trade payables	5,048	3,753	–	–
Amounts owed to group undertakings	–	–	2,742	3,006
Taxation and social security	7,139	6,672	–	–
Contractor wages payable	27,146	28,854	–	–
Accruals and deferred income	4,256	3,828	–	–
Other payables	3,306	3,312	–	–
Total	**46,895**	**46,419**	**2,742**	**3,006**

1 FY22 results have been restated as explained further in Note 1.24

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

19 Loans and Borrowings

	Group	
	2023 £’000	2022 £’000
Recourse working capital facility	–	1,801
Total bank loans and borrowings	**–**	**1,801**

The Group holds both recourse and non-recourse working capital facilities. Under the terms of the non-recourse facility, the trade receivables assigned to the facility are owned by HSBC and so have been 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 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 the reporting period that had not been transferred to HSBC, is presented as restricted cash included within the Group’s cash balance. At 31 July 2023, the Group had agreed invoice financing working capital facilities with HSBC totalling £50m (31 July 2022: £60m) (covering both recourse and non-recourse).

The Group’s working capital facilities are secured by way of an all assets debenture, which contains fixed and floating charges over the assets of the Group. This facility allows certain companies within the Group to borrow up to 90% of invoiced or accrued income up to a maximum of £50m (31 July 2022: £60m). Interest is charged on the recourse borrowings at a rate of 1.90% (31 July 2022: 1.90%) over the Bank of England base rate of 5.00% (2022: 1.25%).

The Company did not have any loans or borrowings during 2023 or 2022.

20 Financial Assets and Liabilities Statement of Financial Position Clarification

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

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

	Group		Company	
	2023 £’000	Restated[1] 2022 £’000	2023 £’000	2022 £’000
Trade and other receivables (Note 16)				
– Financial assets recorded at amortised cost	51,023	56,873	1,357	2,757
Cash and cash equivalents				
– Financial assets recorded at amortised cost	23,375	17,768	8	7
Total	**74,398**	**74,641**	**1,365**	**2,764**

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

	Group		Company	
	2023 £’000	Restated[1] 2022 £’000	2023 £’000	2022 £’000
Borrowings (Note 19)				
– Financial liabilities recorded at amortised cost	–	1,801	–	–

Leases (Note 21)				
– Financial liabilities recorded at amortised cost	1,821	3,625	–	–
Trade and other payables (Note 18)				
– Financial liabilities recorded at amortised cost	39,756	39,747	2,742	3,006
Total	**41,577**	**45,173**	**2,742**	**3,006**

[1] FY22 results have been restated as explained further in Note 1.24

21 Leases

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

Right-of-use assets		**Buildings £'000**	**Vehicles £'000**	**Other £'000**	**Total £'000**
Cost	At 1 August 2021	10,245	348	8	10,601
	Additions	183	44	–	227
	Effect of reassessment of dilapidation assets	(412)	–	–	(412)
	Effect of reassessment of lease terms	(965)	–	–	(965)
	Effect of change in lease consideration	440	–	–	440
	Effect of movement in exchange rates	64	–	–	64
	At 31 July 2022	**9,555**	**392**	**8**	**9,955**
	At 1 August 2022	**9,555**	**392**	**8**	**9,955**
	Additions	**–**	**20**	**–**	**20**
	Disposals	**(1,905)**	**(352)**	**–**	**(2,257)**
	Effect of reassessment of dilapidation assets	**161**	**–**	**–**	**161**
	Derecognition of assets sub-let to third parties[1]	**(740)**	**–**	**–**	**(740)**
	Effect of movement in exchange rates	**(34)**	**–**	**–**	**(34)**
	At 31 July 2023	**7,037**	**60**	**8**	**7,105**
Accumulated depreciation and impairment	At 1 August 2021	4,629	295	3	4,927
	Depreciation charge	1,491	59	2	1,552
	Impairment[2]	827	25	–	852
	Effect of reassessment of dilapidation assets	(481)	–	–	(481)
	Effect of movement in exchange rates	40	–	–	40
	At 31 July 2022	**6,506**	**379**	**5**	**6,890**
	At 1 August 2022	**6,506**	**379**	**5**	**6,890**
	Depreciation charge	**937**	**13**	**2**	**952**

Right-of-use assets		Buildings £'000	Vehicles £'000	Other £'000	Total £'000
	Disposals	**(1,904)**	**(352)**	**–**	**(2,256)**
	Effect of reassessment of dilapidation assets	**103**	**–**	**–**	**103**
	Derecognition of assets sub-let to third parties[1]	**(444)**	**–**	**–**	**(444)**
	Effect of movement in exchange rates	**(13)**	**–**	**–**	**(13)**
	At 31 July 2023	**5,185**	**40**	**7**	**5,232**
Net book value	At 1 August 2022	3,049	13	3	3,065
	At 31 July 2023	**1,852**	**20**	**1**	**1,873**

[1] During the year the Group entered into sublease agreements with third parties to sublet a portion of the office space within the London and Toronto offices. The right-of-use assets corresponding to the sublet portion of the offices have been derecognised in line with the requirements of IFRS 16. Finance lease receivables of £275,000 were recognised in other receivables.

[2] An impairment was recognised in 2022 in relation to right-of-use assets belonging to the "Infrastructure – RSL Rail" CGU, as discussed in more detail in Note 12.

At 31 July 2023, included within property right-of-use assets is costs of £677,000 (2022: £854,000) and net book value of £198,000 (2022: £248,000) relating to dilapidation assets.

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

Lease liabilities

	2023				2022			
	Buildings £'000	Vehicles £'000	Other £'000	Total £'000	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
Current	840	15	2	857	1,112	21	2	1,135
Non-current	945	18	1	964	2,470	17	3	2,490
Total	**1,785**	**33**	**3**	**1,821**	**3,582**	**38**	**5**	**3,625**

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

The discount rates used to measure the lease liabilities at 31 July 2023 range between 2.0% to 6.15% for properties (2022: 2.0% to 7.5%), 4.7% to 6.0% for vehicles (2022: 4.7%) and 10.1% for other leases (2022: 10.1%).

Reconciliation of lease liabilities movement in the year

	Buildings £'000	Vehicles £'000	Other £'000	Total £'000
At 1 August 2021	5,691	64	6	5,761
Additions	165	40	–	205
Lease payments	(1,968)	(68)	(2)	(2,038)

Interest expense of lease liabilities	112	2	1	115
Effect of changes in lease consideration	440	–	–	440
Effect of reassessment of lease terms	(892)	–	–	(892)
Effect of movement in exchange rates	34	–	–	34
At 31 July 2022	**3,582**	**38**	**5**	**3,625**
At 1 August 2022	**3,582**	**38**	**5**	**3,625**
Additions	**–**	**20**	**–**	**20**
Lease payments	**(1,171)**	**(27)**	**(2)**	**(1,200)**
Interest expense of lease liabilities	**66**	**2**	**–**	**68**
Effect of reassessment of lease terms	**(672)**	**–**	**–**	**(672)**
Effect of movement in exchange rates	**(20)**	**–**	**–**	**(20)**
At 31 July 2023	**1,785**	**33**	**3**	**1,821**

Amounts in respect of leases recognised in the Income Statement

	2023 £'000	2022 £'000
Depreciation expense of right-of-use assets	952	1,552
Impairment of right-of-use assets	–	852
Interest expense on lease liabilities	68	115
Expense relating to leases of low-value assets and short-term leases (included in administrative expenses)	59	17

22 Share Capital

Authorised share capital:

	2023 £'000	2022 £'000
40,000,000 (2022: 40,000,000) ordinary shares of £0.01 each	400	400

Allotted, called up and fully paid:

	2023 £'000	2022 £'000
31,856,612 (2022: 32,290,400) ordinary shares of £0.01 each	319	323

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

	2023 '000	2022 '000
In issue at 1 August	32,290	32,290
Exercise of LTIP share options	14	–

Shares cancelled	(447)	–
In issue at 31 July	**31,857**	**32,290**

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

Share buyback and cancellation

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

Share Options

Share option arrangements exist over the Company's shares, awarded under the Long-Term Incentive Plan ("LTIP") to maximise the Group's medium- and long-term performance and therefore drive higher returns for shareholders.

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

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

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

The movement in share options is shown below:

	2023			2022		
	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)	Number '000	Weighted average exercise price (pence)	Weighted average share price (pence)
Outstanding at 1 August	1,103	1.0		1,456	1.2	
Granted	864	1.0		1,026	1.0	
Forfeited/lapsed	(230)	1.0		(1,379)	1.3	
Exercised	(13)	1.0	73.5	–	–	–
Expired	(7)	1.0		–	–	
Outstanding at 31 July	**1,717**	**1.0**		**1,103**	**1.0**	
Exercisable at 31 July	**102**	**1.0**		**171**	**1.0**	

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

Exercisable from	2023	2022

	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)	Weighted average remaining contract life (months)	Number '000	Weighted average exercise price (pence)
20 January 2023	–	–	–	6	162	1.0
1 December 2023	4	160	1.0	16	160	1.0
16 December 2024	17	461	1.0	29	480	1.0
9 May 2025	22	130	1.0	33	130	1.0
6 December 2025	29	864	1.0	–	–	–
Outstanding at 31 July		1,615			932	

Fair value of options granted

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

- Fair values of EPS, PBT and people attrition awards are determined with reference to the share price at grant date, discounted to exclude any expected dividends.
- Fair value of TSR awards is determined using a Monte Carlo simulation model that takes into account the probability of achieving the performance conditions, based on the expected volatility of the Company and the comparator companies.

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

	2023		2022			
	EPS, PBT and people attrition	TSR	EPS and PBT (Dec)	TSR (Dec)	EPS and PBT (May)	TSR (May)
Exercise price (£)	0.01	0.01	0.01	0.01	0.01	0.01
Grant date	06/12/2022	06/12/2022	16/12/2021	16/12/2021	11/05/2022	11/05/2022
Expiry date	06/12/2032	06/12/2032	16/12/2031	16/12/2031	11/05/2032	11/05/2032
Share price at grant date (£)	0.74	0.74	1.29	1.29	0.66	0.66
Expected volatility of the Company's shares[1]	66.06%	60.41%	59.20%	62.39%	66.94%	67.60%
Expected dividend yield	6.00%	6.00%	3.00%	3.00%	2.83%	2.83%
Risk-free rate	3.22%	3.22%	0.51%	0.51%	1.36%	1.38%
Fair value per option at grant date (£)	0.61	0.44	1.18	0.63	0.60	0.37

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

At 31 July 2023, liabilities arising from share-based payment transactions total £33,000 (31 July 2022: £nil). This relates to a provision for employer's National Insurance contributions that would be payable on exercise of LTIP share options.

Other share-based payment arrangements

In addition to the share option schemes the Group operated a Share Incentive Plan ("SIP"), which is a HMRC approved plan available to all employees enabling them to purchase shares out of pre-tax salary. For each share purchased the Company grants an additional share at no cost to the employee which vests after a three-year period of employment. During the year the Company purchased 75,809 shares (2022: 25,711) under this scheme.

The Group's Share Incentive Plan is held by an Employee Benefit Trust ("the SIP EBT") for tax purposes. The SIP EBT buys Company shares at market value with funds from the Group and employees, and shares held by the SIP EBT are distributed to employees once vesting conditions are satisfied. The Group has control over the SIP EBT and therefore it has been consolidated at 31 July 2023 and 31 July 2022.

A second EBT ('the Apex EBT') exists as a branch of Gattaca plc to purchase Company shares to be used to settle LTIP share-based payment arrangements that are due to vest in the future. Apex Financial Services Limited is appointed as the Trustee and the administrator to this EBT.

As at 31 July 2023, excess funds of £13,000 (2022: £27,000) were held by the SIP EBT and the Apex EBT, which has been included in cash and cash equivalents.

Expenses arising from equity-settled share-based payment transactions

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

	2023 £'000	2022 £'000
Long-term Incentive Plan options	(81)	106
Share Incentive Plan	17	39
Total	**(64)**	**145**

23 Transactions with Directors and Related Parties

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

During the year Matchtech Group (UK) Limited charged the Company £607,000 (2022: £1,028,000) for provision of management services.

At the reporting date the Company had advanced a loan of £1,350,000 to Matchtech Group (UK) Limited (2022: £1,350,000), upon which interest has accrued at a rate of 3-month GBP LIBOR plus 2.5%.

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

24 Financial Instruments

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

Maturity of financial liabilities

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

Group	0 to < 1 years £'000	1 to < 2 years £'000	2 to < 5 years £'000	5 years and over £'000	Contractual cash flows £'000
2023					
Invoice financing working capital facility	–	–	–	–	–

Lease liabilities	1,002	444	611	–	2,057
Trade and other payables	35,500	–	–	–	35,500
Total	**36,502**	**444**	**611**	**–**	**37,557**

Group restated[1]	**0 to < 1 years £'000**	**1 to < 2 years £'000**	**2 to < 5 years £'000**	**5 years and over £'000**	**Contractual cash flows £'000**
2022					
Invoice financing working capital facility	1,801	–	–	–	1,801
Lease liabilities	1,271	1,093	1,616	48	4,028
Trade and other payables	35,919	–	–	–	35,919
Total	**38,991**	**1,093**	**1,616**	**48**	**41,748**

1 FY22 results have been restated as explained further in Note 1.24

Company

The Company had no financial liabilities at the reporting date (2022: £nil) other than amounts due to group undertakings, which are unsecured and repayable on demand.

Interest rate sensitivity

The Group's exposure to fluctuations in interest rates on borrowing is limited to its recourse working capital facility, as explained in Note 19. The Directors have considered the potential increase in finance costs and reduction in pre-tax profits due to increases in the Bank of England's base rate over a range of possible scenarios. Having performed sensitivity analysis, based upon the actual utilisation of the facility during the year ended 31 July 2023, the effect of a 100 basis point increase in interest rates would be an increase to the 2023 net interest expense of £1,000 (2022: £68,000).

Borrowing facilities

The Group makes use of working capital facilities, details of which can be found in Note 19. The undrawn working capital facilities available at year end in respect of which all conditions precedent had been met was as follows:

	Group	
	2023 £'000	**2022 £'000**
Undrawn working capital facility	27,565	33,051

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group has a robust approach to forecasting both net cash/debt and trading results on a monthly basis, looking forward to at least the next 12 months. At 31 July 2023, the Group had agreed banking facilities with HSBC totalling £50m (2022: £60m) comprised solely of a £50m invoice financing working capital facility (2022: £60m invoice financing working capital facility). The Directors consider that the available financing facilities in place are sufficient to meet the Group's forecast cash flows.

Foreign currency risk

The Group's principal foreign currency risk is the short-term risk associated with the trade receivables denominated in US Dollars and Euros relating to the UK operations whose functional currency is Sterling. The risk arises on the difference between exchange rates at the time the invoice is raised to when the invoice is settled by the client. For sales denominated in foreign currency, the Group ensures that direct costs associated with the sale are also denominated in the same currency. Further foreign exchange risk arises where there is a gap in the amount of assets and liabilities of the Group denominated in foreign currencies that are required to be translated into Sterling at the year end rates of exchange. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank. No such contracts existed at 31 July 2023.

Net foreign currency monetary assets are shown below:

	Group	
	2023 £'000	2022 £'000
US Dollar	4,968	5,696
Euro	1,142	2,119

The Directors have considered the effect of a change in the Sterling exchange rate with the US Dollar and Euro on the balances of cash, aged receivables and aged payables held at the reporting date, assuming no other variables have changed. The effect of a 10% (2022: 10%) strengthening and weakening of Sterling against the US Dollar and Euro is set out below. The Group's exposure to other foreign currencies is not material.

	Group	
	2023 £'000	2022 £'000
USD / EUR exchange rate – increase 10% (2022: 10%)	527	704
USD / EUR exchange rate – decrease 10% (2022: 10%)	(449)	(596)

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

25 Capital Management Policies and Procedures

Gattaca plc's capital management objectives are:

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

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

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

	Group	
	2023 £'000	**Restated[1] 2022 £'000**
Total equity	30,817	30,453
Cash and cash equivalents	(23,375)	(17,768)
Capital	**7,442**	**12,685**
Total equity	30,817	30,453
Borrowings	–	1,801
Lease liabilities	1,821	3,625
Overall financing	**32,638**	**35,879**
Capital to overall financing ratio	**23%**	**35%**

1 FY22 results have been restated as explained further in Note 1.24

26 Net Cash

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

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

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

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

Restricted cash

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

	2023 £'000	2022 £'000
Balances arising from the Group's non-recourse working capital arrangements	253	615
Cash on deposit in accounts controlled by the Group but not available for immediate drawdown	1,101	1,662
Total restricted cash	**1,354**	**2,277**

Included within restricted cash is £391,000 (2022: £698,000) held on deposit in a Russian bank account, to which the Group currently has no access. Following legal consultation, the Directors have implemented a plan to regain access to this account with a view to repatriating the cash to the UK at the earliest opportunity.

27 Contingent Liabilities

We continue our cooperation with the United States Department of Justice and in the year ended 31 July 2023 have incurred £2,000 (2022: £33,000) in advisory fees on this matter. The Group is not currently in a position to know what the outcome of these enquiries may be and therefore we are unable to quantify the likely outcome for the Group.

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

28 Dividends

	2023 £'000	2022 £'000
Equity dividends proposed after the year end (not recognised as a liability) at 5.0 pence per share (2022: nil pence per share)	1,580	–

On 16 August 2023, the Board announced its intentions to recommend a full year dividend in line with its policy of 2.5 pence per share, accompanied by a one-off special dividend of 2.5 pence per share, both of which are expected to be paid in December 2023.

29 Events After the Reporting Date

During August and September 2023, the Company made market purchases and subsequently cancelled 313,941 of its own ordinary shares as part of another public share buyback. The buyback and cancellation was approved by shareholders at the Annual General Meeting held in December 2022. The shares were acquired at an average price per share of £1.11, with prices ranging from £0.94 to £1.16. The total cost of the share buyback, financed from the Group's cash reserves, was £390,000.

On 22 September 2023 the Company issued and allotted 82,844 ordinary shares upon the exercise of LTIP share options.

On 3 October 2023, Matchtech Group (Holdings) Limited purchased 1 ordinary share of Matchtech Group (UK) Limited, being the entire minority interest in the subsidiary, from George Materna, a director of Gattaca plc. The share purchase was made at market value.

The Group has not identified any subsequent events in addition to those detailed above.

30 Subsidiary Undertakings

The subsidiary undertakings at the year end are as follows:

	Registered Office Note	Country of Incorporation	Share Class	% Held 2023	% Held 2022	Main Activities
Alderwood Education Ltd [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Barclay Meade Ltd [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Cappo Group Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Holding
Cappo International Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
CommsResources Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Connectus Technology Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Elite Computer Staff Ltd [5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Projects Limited [1]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Recruitment Limited [5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Gattaca Solutions Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Matchtech Engineering Limited [5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Matchtech Group (Holdings) Limited [1]	1	United Kingdom	Ordinary	100%	99.7%	Holding
Matchtech Group (UK) Limited [1,7]	1	United Kingdom	Ordinary	99.998%	99.998%	Provision of recruitment consultancy
Matchtech Group Management Company Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Non-trading
MSB Consulting Services Limited [2,5]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Networkers International (UK) Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Holding
Networkers International Trustees Limited [3]	1	United Kingdom	Ordinary	0%	100%	Non-trading
Networkers Recruitment Services Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Non-trading
Resourcing Solutions Limited [1]	1	United Kingdom	Ordinary	100%	100%	Provision of recruitment consultancy
The Comms Group Limited [1,6]	1	United Kingdom	Ordinary	100%	100%	Holding
Gattaca BV	1	Netherlands	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca GmbH	2	Germany	Ordinary	100%	100%	Provision of recruitment consultancy
MSB International GmbH [3]	3	Germany	Ordinary	0%	100%	Non-trading (dissolved)
Gattaca Information Technology Services SLU	4	Spain	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Recruitment ETT, SLU [3]	4	Spain	Ordinary	0%	100%	Non-trading (dissolved)

	Registered Office Note	Country of Incorporation	Share Class	% Held 2023	% Held 2022	Main Activities
Cappo Inc.	5	United States	Ordinary	100%	100%	Non-trading
Networkers Inc.	5	United States	Ordinary	100%	100%	Provision of recruitment consultancy
Networkers International LLC	6	United States	Ordinary	100%	100%	Non-trading
Networkers International (Canada) Inc.	7	Canada	Ordinary	100%	100%	Provision of recruitment consultancy
Gattaca Mexico Services, S.A. de C.V	8	Mexico	Ordinary	100%	100%	Non-trading
NWI Mexico, S. de R.L. de C.V.	8	Mexico	Ordinary	100%	100%	Non-trading
Gattaca Services South Africa Pty Limited	9	South Africa	Ordinary	100%	100%	Provision of support services
Networkers International (China) Co. Limited	10	China	Ordinary	100%	100%	Non-trading
CommsResources Sdn Bhd	11	Malaysia	Ordinary	100%	100%	Non-trading
Networkers International (Malaysia) Sdn Bhd	11	Malaysia	Ordinary	100%	100%	Non-trading
Cappo Qatar LLC [4]	12	Qatar	Ordinary	49%	49%	Non-trading
Networkers Consultancy (Singapore) PTE. Limited	13	Singapore	Ordinary	100%	100%	Non-trading

1 For the year ended 31 July 2023, Gattaca plc has provided a legal guarantee dated 23 October 2023 under s479a-s479c of the Companies Act 2006 to these subsidiaries for audit exemption.
2 These dormant companies are exempt from preparing audited individual financial statements by virtue of s480 of Companies Act 2006.
3 These companies were disposed of or liquidated in the year, with the shareholding remaining the same as per the year ended 31 July 2022 up to the date of disposal or liquidation.
4 Gattaca plc controls 95% of the beneficial interest in Cappo Qatar LLC and consolidates the entity as a subsidiary in line with IFRS 10.
5 These entities were liquidated post year-end on 19 August 2023, with the exception of MSB Consulting Services Limited which was liquidated on 5 September 2023. The shareholding remained the same as per the year ended 31 July 2023 up to the date of liquidation.
6 The trade and assets of these subsidiaries were transferred to Matchtech Group (UK) Limited on 31 July 2023 as part of the legal entity rationalisation project, discussed further below.
7 The minority interest of this subsidiary was purchased by Matchtech Group (Holdings) Limited on 3 October 2023, see Note 29 for more details.

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

Networkers International (UK) Limited had a branch in Russia, which is consolidated into the Group's result. The branch ceased trading in FY20 and was deregistered by the Federal Tax Services of Russia in December 2022.

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

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

During the year, the Group began a legal entity rationalisation project with the aim to simplify the group structure. On 31 July 2023, as part of the rationalisation project, the trade and assets of a number of UK subsidiaries were transferred to the largest UK trading subsidiary, Matchtech Group (UK) Limited, with the intention that the transferring entities become non-trading from 1 August 2023, to enable liquidation or strike off processes to commence once all required regulatory filings are complete. There is no income statement, balance sheet or cash flow impact to the Group or Company as a result of the rationalisation steps undertaken during the financial year.

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