We exist to make the world work better.

Annual Report and Accounts
For the year ended 31 July 2020

KIN+CARTA

We exist to make the world work better: Better for our clients, for their customers and for our people

Companies must constantly reinvent their business models to remain relevant in an increasingly digital world. Kin + Carta's aim is to make its clients' journey to becoming a digital business tangible, profitable and sustainable.

Our clients benefit from our Connective: three distinct, but tightly integrated digital transformation capabilities – Advise, Create and Connect. They need to build digital twins to replace existing analogue processes, to design and launch new digital products and services, and to unlock future innovation through modernisation initiatives. Kin + Carta seamlessly integrates the strategic consulting, software engineering, and marketing technology needed to help businesses achieve these critical goals.

Read more on [the Connective]

Read more about our story at [kinandcarta.com]

Investment Case

01

The digital transformation market is growing globally at double digit compound annual growth and impacting every sector

Read more on the Digital Imperative on pages 8 to 11

02

Kin + Carta's Connective proposition is holistically designed to enable clients to drive meaningful change in their businesses

Read more on Our Business Model on pages 14 to 19

03

Kin + Carta is committed to responsible business and making the world work better for all

Read more in our Responsible Business report on pages 56 to 79

Contents

Highlights

Financial Highlights

Continuing Operations[1]

Adjusted Net Revenue[2,3]	Adjusted Operating Profit[3]	Adjusted Profit Before Tax[3]
£137.8m +1%	£13.8m -30%	£10.5m -39%
Adjusted Basic Earnings Per Share[3]	**Statutory (Loss) Before Tax**	**Statutory Basic Loss Per Share**
5.2p -42%	(£33.8m)	(19.3p)

Continuing + Discontinued Operations

Adjusted Net Revenue[2,3]	Adjusted Operating Profit[3]	Adjusted Profit Before Tax[3]
£146.1m -1%	£14.9m -25%	£11.6m -34%
Adjusted Basic Earnings Per Share[3]	**Statutory (Loss) Before Tax**	**Statutory Basic Loss Per Share**
5.7p -38%	(£34.2m)	(19.7p)

- Adjusted Net revenue[2] from Continuing Operations[1] of £137.8 million; up 1% for the year including Spire Digital; down 7% on a like-for-like[4] basis
- Adjusted profit before tax from Continuing Operations[1] of £10.5 million (2019: £17.3 million), including second half adjusted profit before tax of £5.6 million which reflects business agility and resilience amidst the pandemic
- Statutory loss before tax from Continuing Operations[1] of £33.8 million (2019 profit: £2.1 million) resulting from the impairment of goodwill in a non-strategic Ventures business, acquisition related costs and restructuring
- Net debt £31.6 million (2019: £38.4 million), representing a net debt to Adjusted EBITDA ratio of 1.8×
- Concluded triennial pension agreement with new lower fixed cost contributions and variable component aligned with the Company's cash generation. The Scheme continues to have an accounting surplus, valued at £1.1 million at 31 July 2020
- Divested Pragma, a non-core Ventures business in August 2020 with another non-strategic divestment in process attracting several credible bidders

1. Continuing operations excludes the results of The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).
2. Net revenue is defined as gross revenue excluding all direct costs and third party expenses passed to clients. Adjusted net revenue excludes net revenue from Incite Singapore, following the decision to close the operation in the year.
3. Adjusted results exclude Adjusting Items to enhance understanding of the ongoing financial performance of the Group. Adjusting Items comprise redundancies; restructuring costs; gain or loss on disposal of properties; impairment or amortisation charges related to goodwill, tangible and intangible assets; contingent consideration required to be treated as remuneration; movements in deferred consideration; and costs related to the Company's Defined Benefits Pension Scheme (note 7).
4. Like-for-like net revenue is net revenue from continuing operations at constant currency and excluding acquisitions when comparing the current period to the prior period.

Operational Highlights

- Significant Global 2000 client wins secured with delivery started over the summer lockdown period
- Partnership channel growth of c.20% with 24 new clients added; Google and Microsoft accredited Kin + Carta as one of their top tier global partners for Cloud transformation
- Completed the final stages of transformation to an integrated consultancy with the launch of our brands Kin + Carta Advise, Kin + Carta Create and Kin + Carta Connect
  - The *new* Kin + Carta Advise launched mid year; earned £2 million of net revenue
  - The *core* Kin + Carta Create net revenue grew 8% to £89 million including the Spire Digital acquisition; organic net revenue declined 5% due to COVID-19; recovering quickly
  - The *restructured* Kin + Carta Connect net revenue declined 18% to £21 million due to COVID-19 and the completion of restructuring at the half year; stabilised and now growing
  - Appointed regional leadership for Americas and Europe to drive efficiencies and scale
- Acquired Spire Digital in November 2019. Successfully integrated, selling across our platform and growing
- Completed the restructuring of all underperforming businesses; the few non-strategic Ventures businesses that remain are under review

Chairman's Statement

John Kerr
Chairman

Introduction

COVID-19 has put our resilience to the test. We have passed the first test with the support of our people, our clients and our partners and are well prepared for the next.

When I assumed the Chairmanship in December, none of us foresaw how quickly or how significantly our world would change. The COVID-19 pandemic has tested the resilience of the Group and I am proud to report to you how well our people have responded to the challenges. I am also proud of the speed and clarity of the actions taken by our leadership team to adapt to these unprecedented events. Our strategy and our values were tested in extreme circumstances and both proved resilient to dramatic change.

Our goals from the beginning of the crisis were to continue to support our clients, to demonstrate our commitment to our people and their families and to protect value for our shareholders by minimising the adverse impact of the significant market discontinuities whilst at the same time retaining critical capabilities for the future. We have performed strongly against those goals.

While some clients had to postpone projects, our business remained remarkably resilient in the second half of the year and our financial performance improved in overall terms because of the rapid actions we took on costs. We called on the support of both the Coronavirus Job Retention Scheme in the UK and the Paycheck Protection Program in the US to preserve as many jobs as possible. We and our people are very grateful for the assistance provided, which helped us minimise the job losses that we sadly had to introduce.

As part of our plan to protect the business, the Group took a number of cash preservation measures. Our people accepted a 10% reduction in compensation, the executive management took a voluntary cut in base compensation of 20%, the Board took a similar reduction whilst our Chief Executive Officer took a voluntary reduction of 50%, all for three months. We took the decision to withdraw the planned interim dividend and not to pay a year-end dividend to shareholders. We will review the dividend policy when market conditions are less constrained by the virus.

Performance and focus

During the year, we have maintained focus on our core strategic directions. Despite the crisis, the Group has shown good progress on these:

1. Focus – under our Chief Executive Officer's leadership, we have migrated away from the marketing agency model and have developed an end-to-end consulting model, which can take our clients on the journey from strategy to action making use of our Advise, Create and Connect capabilities, deploying our deep Cloud and business technology knowledge and experience. We are investing to build market leading capabilities and planning to divest capabilities which don't fit with our chosen areas of focus.

2. Geographic expansion – the Group has presence in the UK, the Central Region of the US and Argentina. We plan to build market presence and extend our US footprint and did so in the past year by adding the Spire Digital business based in Denver, Colorado to the Group. That acquisition has enjoyed a strong performance and has integrated well into the Group.

3. Partnerships – the Group has leading edge capabilities in high growth Cloud transformation technologies offered by partners such as Google and Microsoft, where we are investing in deepening our go-to-market relationships and credentials.

The Group had a plan for growth over the year as our investment areas developed. The COVID crisis delayed a return on these investments and the subsequent market disruption has led to a year where we will show flat growth year-on-year including Spire Digital.

Given the continuing economic uncertainty and marketplace disruption, we focused on cash generation and debt reduction while securing more flexible banking covenants should they be needed. In addition, our Chief Executive Officer and his leadership team have put in place a plan for the business to be positioned to take advantage of the upturn in the market when it comes. The trend to digitalisation has continued and indeed accelerated during the crisis. There are early signs that the market is stabilising and the Group is well positioned to support our clients as market demand builds.

You will read elsewhere in this report about remarkable work performed by our teams around the world. We are delivering highly innovative solutions for our clients on Google and Microsoft's platforms. The power of these partnerships and quality of the transformational services we are delivering give me confidence in the future of the Group in a fast changing marketplace.

Our people and our responsibilities to society

People are not only important to the business of Kin + Carta, people are our business. What matters most are the skills and capabilities that each of our people brings to help solve our clients' business problems, irrespective of their gender, ethnicity, religion or sexual orientation. Diversity of thought created by those differences makes our offering to the market even richer.

The Group is therefore committed to promoting inclusivity and equality of opportunity for all employees and job applicants. The Black Lives Matter protests have emphasised to us that being 'not racist' is not enough and so we have committed to being an anti-racist Group, not just in words but in action. We are now implementing a strategy to improve Inclusion, Diversity, Equity and Awareness (IDEA) throughout the Group.

We aspire to meet the highest standards of social and environmental performance, public transparency and legal accountability to balance profit and purpose. Our Chief Executive Officer set us on the path for our companies to achieve B Corp certification by the end of 2021 and we remain committed to that. B Corp provides a framework and commitment to sustainable social change, particularly in the areas of inclusion and diversity and the initiatives we have taken in this area will be subject to audit as part of the B Corp process.

Governance and management

I succeeded Richard Stillwell in December. On behalf of the Board, I wanted to thank Richard for his 13 years on the Board (seven as Chairman), during which time the Group was completely transformed from its print legacy to the digital transformation business we now are. It has been a remarkable journey and we have much further to go.

The Board is committed to maintaining high standards of corporate governance. It comprises five Non-Executive Directors (including myself as Chairman) along with the Chief Executive Officer and Chief Financial Officer. We have implemented systems to ensure oversight of the business meets the standards expected by our shareholders. During the year, we conducted a review of the effectiveness of the Board and its committees and are implementing the learnings from that process.

"Our strategy and our values were tested in extreme circumstances and both proved resilient to dramatic change."

We are grateful for the support of our shareholders during the past year. Your support allowed us to complete the acquisition of Spire Digital, which helped expand our market footprint in North America.

A key part of our commitment to high standards of governance is active engagement with our shareholders. Given the COVID-19 pandemic, and so as to ensure the health and safety of our shareholders, employees and other stakeholders, the Board has decided that the AGM will be a closed meeting held in accordance with the provisions of the Corporate Insolvency and Governance Act 2020. We want to remain as accessible as possible and therefore encourage shareholders to ask any specific questions on the business of the AGM ahead of the meeting; details of how to submit questions are set out in the notice of AGM. We will also continue to post on the investors section of our website videos of our most recent investor presentations (investors.kinandcarta.com).

Looking forward

The Board will continue to hold the team accountable to the same strategic directions – focus, geographic expansion and partnerships – but with one addition: to continue to position our Group for outperformance once market conditions allow.

The past year was unexpectedly challenging for our people, for the leadership and for the Company as a whole. But we sense that the market is recovering. Our key partnerships are strengthening. The reshaping of the Group is close to completion. Our opportunity has not diminished, nor has our determination to build scale for the future.

John Kerr
Chairman

KIN+CARTA

Strategic Report

Contents

The Digital Imperative

The impact of COVID-19 on the digital transformation industry

For businesses across every industry and geography, the events of 2020 demonstrated that embracing digital was no longer a strategic choice, but a survival imperative. We have seen changes that previously took years to identify, plan and implement effected within months, weeks or even days as the COVID-19 crisis accelerated the demand for transformation of supply chains, sales channels and service delivery. In a 'socially-distanced' economy, every company's values and resilience were put to the test, and it was the digitally empowered businesses that thrived.

In 2019, the digital transformation market size was valued at USD 284 billion and was expected to expand at a compound annual growth rate (CAGR) of 18.1% by 2023.[1] 2020 accelerated the existing trend, increasing the expected CAGR to 22.5% from 2020 to 2027.[2]

Although COVID-19 created a short-term disruption to digital transformation investment, the mid to long-term impact of the pandemic is expected to accelerate spend, as organisations look to mitigate risk and utilise opportunities from changing consumer expectations, new channels to market, and other unforeseen disruptions to their businesses.

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The key needs of businesses in digital transformation

While COVID-19 has accelerated the digital imperative for business leaders across different industries, their fundamental needs have not changed: how can they remain relevant in an increasingly digital world where all companies are becoming technology companies at their core?

Businesses are at different stages on the path to technological maturity and as a result face different challenges. These typically require three types of tailored digital solutions.

The challenge	**To catch up** Eliminate internal and external friction within current initiatives.	**To get ahead** Innovate on the current offering to maintain or gain market share.	**To evolve the base** Overcome legacy constraints to accelerate company-wide innovation.
Organisational maturity	Beginner	Intermediate	Advanced
The opportunity	**Digital twins** Identify and digitise existing high-value but inefficient processes, products, and business models.	**Digital ventures** Design, build, and launch new digital products, services, and experiences using the latest technologies.	**Full stack modernisation** Overhaul legacy technologies, maximise the return on investment of current data and tech stack, and advance ways of working.

1. MarketsandMarkets (2019). Digital Transformation Market by Technology (Cloud Computing, Big Data & Analytics, Mobility/Social Media, Cybersecurity, Artificial Intelligence), Deployment type, Business Function, Vertical (Retail, Education), and Region – Global Forecast to 2023. https://www.marketsandmarkets.com/Market-Reports/digital-transformation-market-43010479.html
2. Grand View Research (2020), Digital Transformation Market Size, Share & Trends Analysis Report By Type (Solution, Service), By Deployment (Hosted, On-premise), By Enterprise Size, By End Use, By Region, And Segment Forecasts, 2020 – 2027. https://www.grandviewresearch.com/industry-analysis/digital-transformation-market

The Digital Imperative continued

Measured by CAGR 2020-2027

22.5%

($1.392bn)

Digital Transformation

Worldwide digital transformation market is estimated to reach $1.392 billion in 2027, representing a 22.5% CAGR.

Growing demand for...

Measured by CAGR 2020-2024

+31%

($7.6bn)

Enterprise IoT Platforms

Worldwide enterprise IoT platform spending reached $1.9 billion in 2019 and is estimated to reach $7.6 billion in 2024, representing a 31% CAGR.

+16.3%

($516.7bn)

Public Cloud Services

Worldwide public cloud services end-user spending reached $242.6 billion in 2019 and is estimated to reach $516.7 billion in 2024, representing a 16.3% CAGR.

GARTNER

“Forecast: Enterprise IoT Platforms, Worldwide, 2018-2024,”

Peter Middleton, et al, 18 March 2020

GARTNER

“Forecast: Public Cloud Services, Worldwide, 2018-2024, 2020 Update,”

Colleen Graham, et al, 13 July 2020

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+10.9%

($94.8bn)

Customer Experience Management (CRM)

Worldwide customer experience and relationship management (CRM) revenue in the enterprise application software market reached $56.5 billion in 2019 and is estimated to reach $94.8 billion in 2024, representing a 10.9% CAGR.

GARTNER

"Forecast: Enterprise Application Software, Worldwide, 2018-2024, 2020 Update,"

Neha Gupta, et al,
1 July 2020

+7.2%

($16.7bn)

Content Services

Worldwide content services revenue in the enterprise application software market reached $11.8 billion in 2019 and is estimated to reach $16.7 billion in 2024, representing a 7.2% CAGR.

GARTNER

"Forecast: Enterprise Application Software, Worldwide, 2018-2024, 2020 Update,"

Neha Gupta, et al,
1 July 2020

+5.1%

($255bn)

IT Consulting Services

Worldwide IT consulting end-user spending reached $199 billion in 2019 and is estimated to reach $255 billion in 2024, representing a 5.1% CAGR.

GARTNER

"Forecast: IT Services, Worldwide, 2018-2024, 2020 Update,"

Dean Blackmore, et al,
29 September 2020

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The Connective

We exist to make the world work better

Kin + Carta is a global digital transformation firm rebuilt for the 2020s. We make the journey to becoming a digital business tangible, sustainable, and profitable. Our clients benefit from our Connective: three distinct but tightly integrated digital transformation capabilities – Advise, Create, and Connect.

Our new integrated branding enables us to go to market as specialisms, as an end-to-end provider, and in strategic partnership with some of the world's largest software companies. The sharpening of our focus on these three distinct capabilities allows us to deliver a more integrated offer combining consulting, deployment and ongoing managed services. Clients benefit from our merged 'thinking and doing approach', built around tangible and measurable business outcomes and delivering value at speed.

Pillars

KIN+CARTA Advise Digitally – native management consultancy for our Chief Executive Officer buyer.	A digitally native management consulting firm. Our sector-focused consultants help the C-Suite better understand the evolution of their market and how their products and services need to evolve. For Advise, making the commercial case for change gives business leaders the confidence they need to invest for transformation and growth.
KIN+CARTA Create Modern Cloud engineering and emerging technology studio for our Chief Information Officer buyer.	A next-generation modern software engineering studio. Our 800+ software engineers and designers deploy emerging technologies to create new products and platforms for our Chief Technology Officer and Chief Information Officer clients. For Create, identifying, building and nurturing an ever-changing set of up-to-the-minute capabilities is central to their mission.
KIN+CARTA Connect Marketing technology implementation agency for our Chief Marketing Officer buyer.	A data-driven marketing technology agency. Our digital marketing experts help our Chief Marketing Officer clients amplify their digital investments by implementing and optimising modern marketing technology and data platforms. For Connect, real-time data-centric decision making lies at the heart of value proposition, leading to ongoing managed services relationships with clients.

These three capabilities were launched in 2020 to combine our strengths and form our Connective proposition, a holistic offering enabling our clients to drive meaningful change in their businesses. Advise is the go-to-market identity of our new digitally-native management consultancy. Solstice and TAB aligned into a single powerful global brand, Create; our new acquisition, Spire Digital, is on track to be integrated into Create within 12 months. AmazeRealise was restructured to form Connect.

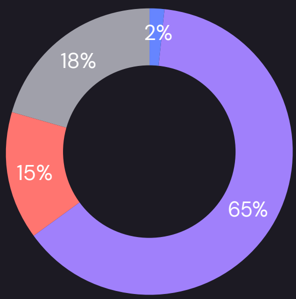
Ventures

Edit KIN+CARTA

incite KIN+CARTA

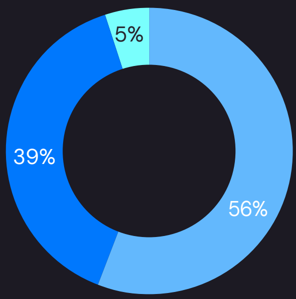
Our Ventures benefit from our shared services and other Group synergies, while deploying more independent growth strategies to exploit market-based opportunities. Hive, a discontinued operation, and Pragma, divested in August 2020, were also operated as ventures during the year.

Net revenue by capability



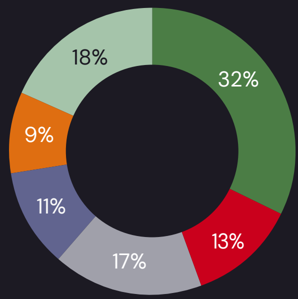
Key
- Advise
- Create
- Connect
- Ventures

Net revenue by region



Key
- US
- UK
- Rest of World

Net revenue by sector



Key
- Financial services
- Retail and distribution
- Industrials and agriculture
- Transportation
- Healthcare
- Non-strategic

Headquartered in London, Kin + Carta's global team consists of c.1,400 engineers, strategists and creatives. Kin + Carta operates across the United States, United Kingdom, and Argentina serving the healthcare, financial services, B2B, consumer, agriculture and transportation sectors.

Customer types

Kin + Carta's organisational structure was designed to respond to the interdisciplinary and complex nature of enterprise buying decisions. Different decision making roles buy in different ways and against specialist criteria. Our pillar structure reflects this and is optimised to meet the needs of different buyers. As we increasingly sell end-to-end solutions that require integrated capabilities, our Pillars work seamlessly together under one Kin + Carta brand to accelerate speed to value for multiple stakeholders involved in the digital transformation process.

	KIN+CARTA Advise	KIN+CARTA Create	KIN+CARTA Connect
Customer types	• Chief Executive Officers • Chairs • Directors	• Chief Information Officers • Chief Technology Officers	• Chief Digital Officers • Chief Marketing Officers
	We provide the oversight into all the initiatives and investments that they are undertaking into digital transformation. We help connect the long-term thinking in the boardroom with the short-term tactical operations.	We ensure that we are focused on building the right things – the right products for the right customers that simultaneously deliver business and customer value. We help to build capabilities in companies as we build products – we develop strategic knowledge and digital maturity in organisations.	We help them achieve their goals of utilising digital marketing to grow awareness and their customer base.

Our Business Model

The Carta

We have organised and enhanced our existing resources to formalise the 'Carta': a blueprint to develop our capabilities to optimise profitable growth and to create an exceptional employee experience. The Carta is founded on our Pillars, Ventures and platforms.

Our Pillars and Ventures, are our core organising principle that clusters, nurtures and evolves different capabilities in a way the traditional technology services market and talent base understands: management consultancy, software engineering studio, and digital marketing agency.

Read more about our
Pillars and Ventures

Our four platforms provide a collection of shared services, technologies, capabilities and propositions that our Pillars and Ventures can implement to accelerate growth and expand employee career paths.

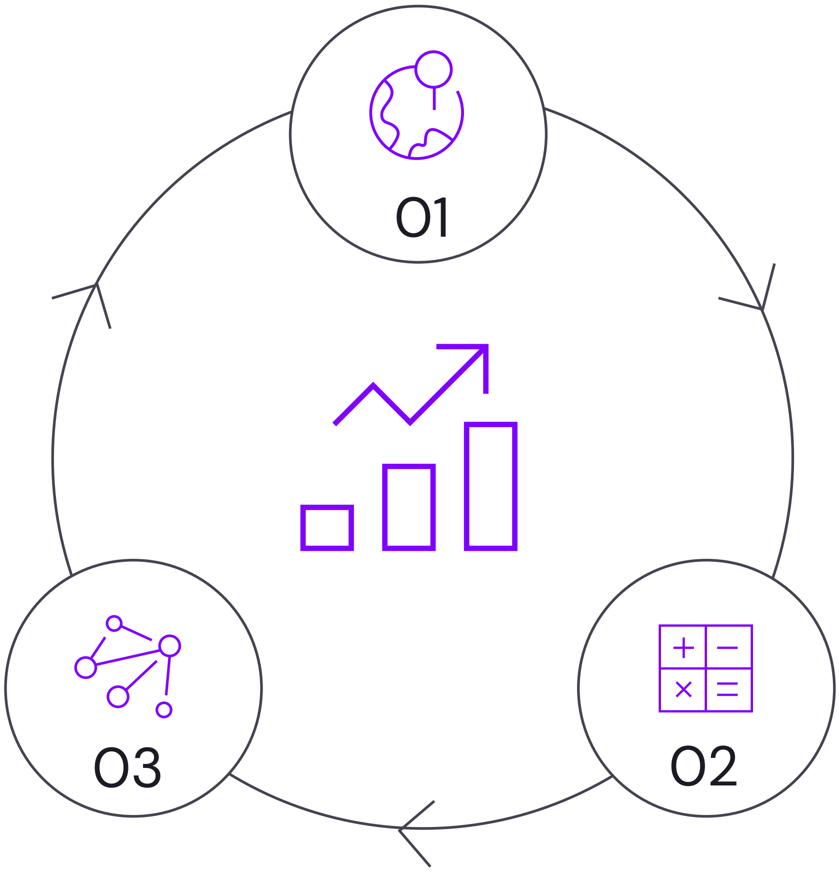
Our platforms	Value creation
Proposition Platform A cross-pillar construct that drives market-facing, benefits-led propositions involving fast changing technologies and domestic and nearshore delivery.	For clients: Applying emerging technology to solve today's hardest challenges efficiently. For shareholders: Increasing market differentiation and improving gross margins. For our people: Continued investment in capability development.
Growth Platform Our global marketing, demand generation and partnership function, driving Kin + Carta's market position and penetration among target client types and industries.	For shareholders: A systematic approach to driving organic net revenue growth.
Operations Platform An integrated approach to our shared service functions of finance, legal, HR, Connective Digital Services (IT), and risk management to streamline operations.	For all commercial partners: Increasing efficiency of business relations. For shareholders: Reducing risk and increasing operating margins.
Culture and Responsibility Platform Initiatives focused on creating an exceptional employee experience and positive impact for stakeholders, communities and wider society.	For our people: Increasing employee engagement and satisfaction. For communities: Supporting responsible business initiatives. For shareholders: Providing assurance that Kin + Carta is a sustainable investment opportunity.

	Advise / Create / Connect / Ventures
Proposition Platform	Global networks driving cross-pillar propositions
Growth Platform	Global Lead Generation, Growth Opportunities, Global Marketing, Global Partnerships
Operations Platform	Global Finance, Legal, HR, Digital Services, Risk
Culture and Responsibility Platform	Employee Experience, B Corp, IDEA

Our Business Model continued

Our growth strategy

The Carta, as well as a blueprint, is also a playbook to attract and integrate target acquisitions quickly and efficiently into Kin + Carta. The benefits of that integration – unlocking faster, more profitable growth – can in turn be invested in the ongoing evolution and development of the key elements of the Carta themselves. This is the Kin + Carta flywheel, which accelerates growth and amplifies the value the Carta creates for stakeholders, ultimately supporting the Connective's long-term sustainable success.



01 Launch and grow a location

Unlock a new geographic market of target clients through acquisition or planting a flag

02 Implement the Carta

Bring the Proposition, Growth, Operations and Culture and Responsibility Platforms to organically grow talent, revenues and margins in the location

03 Invest in our Kin and our Carta

Utilise the returns from the location to invest in our people by enhancing the Carta, bringing new propositions to market and targeting new locations

Across North America and Europe, clients often look for suppliers in their local region, for reasons of awareness, referral, and cultural fit. As a result, new acquisitions harmonised with the Carta will open up access to new clients and growth opportunities.

Our refreshed Connective strategy drives focus and prioritisation on key ongoing initiatives around the innovation of our proposition, our demand machine, shared services and the employee proposition. It provides a rationale for our development of near-shoring and a clear narrative for our acquisition targets. This in turn will build clarity and confidence for clients, employees and shareholders alike.

> "As we integrate Spire Digital into the broader Kin + Carta business, the Carta gives us a working model to think about our existing capabilities, our gaps and how we can deliver better work, more profitably to our existing client base and new prospects in the Mountain and West Coast regions."

Adam Hasemeyer
Chief Executive Officer, Spire Digital

Our Business Model continued

In summary:

How our model continues to benefit from emerging digital transformation trends.

Agility is a given in the software development industry. However, deploying a genuinely agile strategy requires a recognition that client needs and expectations continually evolve.

Our business model explicitly addresses this through continual capability development, adding and integrating new service lines and identifying emerging client types.

Trend	Kin + Carta's response
Fast-changing technologies Cloud, IoT, AI, machine-learning and blockchain require ongoing acquisition, development and nurturing of specialised capabilities.	Our Pillars are explicitly capability-based: they will continue to be a core organising and talent development structure and can deliver effectively against the digital skills gap that exists in many Tier 1 organisations.
Financial scrutiny Increasing scrutiny of return on investment on digital investments and rising operational expenditure associated with consolidation in the Cloud.	We have built and formalised Advise capabilities and will continue to embed them through the Proposition Platform. This is a forcing function to ensure qualified return on investment and commercial due diligence is a differentiated part of the offer.
Nearshore delivery Increasing use of nearshore delivery capabilities to reduce development costs generically and specifically for recurring revenue from managed services.	We have an explicit plan to develop our existing resources in Buenos Aires and diversify and supplement them. This facilitates better cost-effectiveness in the initial sale and a natural evolution to affordable ongoing managed services.
Integration Evolution of demand for integrated solutions: enterprise Cloud platforms, omnichannel customer experience, multi-source enterprise-wide data marketplaces.	Our Proposition Platform has been designed to drive cross-pillar service offerings that deliver an integrated design/build/manage offer that meets the emerging needs of mid-tier clients. Our single branding framework underlines the reality of a single Connective vision.
Bifurcation of buying clients Two significant buyers: Enterprise businesses with significant strategic capability who have an internal digital skills gap; mid-tier clients for whom transformation is an imperative but are less equipped to navigate the supplier market and find Big Four engagements too expensive.	Our pillar-led capability focus delivers against the needs of both mid-tier and enterprise client types effectively. While core outbound marketing can focus on new Advise-led propositions designed for tightly defined mid-tier clients in our strategic sectors, our broader capabilities will continue to attract inbound needs for specific project-based skill sets.

Our Culture

Culture and Responsibility is one of the four core platforms within the Carta, reflecting the value we place on our people and their significance to our success.

We strive to create a culture that our people can take pride in, to provide a stimulating environment for professional development, and for Kin + Carta to be a place where our people feel able to bring their authentic selves to work and have honest, productive conversations. With the Connective values at the centre of our culture and how we engage with our stakeholders, we are able to create best-in-practice products, platforms and experiences that have won worldwide recognition.

Our values:

Deeply connected

We don't measure success by the number of offices we have. We measure it by how deeply interconnected we all are. Because only when our thinking is truly interconnected can we pull together for the greater good: the good of our business, our clients, and our communities.

Always courageous

Nothing happens when we sit still, and the safest choice is often the riskiest option. That's why we question everything. Always seeking better ways to improve and grow. Because it's our job to plot a new path forward.

Instinctively compassionate

We put our egos to one side and do what's right, not what's easy. We're empathetic in all we do. We know when to talk and when to listen.

Deeply connected

Deep connections mattered more than ever this year due to COVID-19 and extended periods of remote working. With careful and creative thought, we have worked to maintain our connections with one another. We increased team meeting and business update frequency, sharing new business and delivery wins across the Connective, hosted Zoom book clubs, established remote running groups and organised fitness classes for our people.

Organising our first interactive digital summit, FWD20: The Age of Resilience, was a true test of our connectedness. The event had previously been organised as an in-person conference and with just 30 days to go we started our journey to create our first virtual summit. These summits typically take many months to prepare for, but we were looking for a catalyst to start more conversations with our stakeholders, to promote the great thought leadership that exists across the Connective, and to aid in our recovery to enable as many of our people to return to work from furlough as quickly as possible. We originally set a goal of attracting 500 registrants by producing 10 to 20 sessions of meaningful content. We agreed the only way we could make it a success was to work together, as a Connective, across the globe. Through the focus and commitment of 25 of our people across three continents, and support from the Connective as a whole, we hosted over 50 sessions for almost 2,000 external registrants, offering them a wealth of expert advice in overcoming the challenges many industries are facing in the new era we have entered. FWD20 is continued evidence of the strength of connection, support and agility at Kin + Carta.

Always courageous

Following the renewed outrage against racial injustice around the globe, in June 2020 our Chief Executive Officer, J Schwan, announced our commitment to develop, within 60 days, a strategic action plan to start dismantling systemic racism within our Company and our communities. The acknowledgement of the depth and breadth of the injustice and commitment to the considerable work required to drive meaningful change is a powerful demonstration of courage from the very top of Kin + Carta.

On this journey of education, decision and action, we introduced the 'Pass the Mic' initiative. Pass the Mic provides a platform to our people from diverse backgrounds to share their enriching perspectives, goals, lived experiences and learnings with the Connective and our wider community. These deeply personal insights demonstrate that the world doesn't work the same for everyone. For some it's a world of routine yet often overlooked forces of bias, judgement and oppression. For others it's a world of privilege, advantage, and opportunity. These narratives take great courage to share and reflect the first hand experiences of the ugly realities of western society. Our Pass the Mic narratives are available to view in the Insights section of our website (kinandcarta.com).

Read more about our Inclusion, Diversity, Equity and Awareness initiatives

Instinctively compassionate

The importance of being compassionate in everything we do has heightened in recent months with many of our employees and their families impacted directly or indirectly by COVID-19.

In response to the financial impacts of COVID-19, Kin + Carta facilitated the formation of the Kin Benevolence Fund (the 'Fund'). The Fund is overseen by the Community Impact Fund, a 501c(b) U.S. registered charity, and supported by Community Bridge who act as the independent grant-making organisation for the Fund. The purpose of the Fund is to assist individuals (employees and their family members, employees of clients, vendors or strategic partners of Kin + Carta) and the broader communities in which Kin + Carta operates who provide supporting evidence of financial distress. The Fund was initially seeded by a donation from our Chief Executive Officer, thereafter donations have been made by many other employees across Kin + Carta. The Fund has raised over £200,000 and distributed over £100,000 to families impacted by the pandemic.

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Our Culture continued

Our purpose:

We exist to make the world work better: better for our clients, for their customers and for our people

Aligning purpose, values, strategy and culture

To ensure our people understand our purpose and strategic priorities, and how our culture is integral to successfully fulfilling them, we introduced Connective-wide 'All Hands' meetings in September 2019. Our All Hands meetings have agendas focused on the strategic direction of our business and how we conduct ourselves to achieve our objectives, aiming to highlight the importance of our people to making it happen.

At our most recent All Hands, hosted in August 2020, we shared with our people:

- our new business strategy and proposition (see pages 14 to 19 for Our Business Model)
- exciting case studies of transformational and innovative projects we've delivered for our clients that reflect our courage in being industry leaders (see pages 32 to 43 for our case studies)
- updates on our responsible business initiatives, including B Corp certification progress and an introduction to our IDEA commitment and action plan, which are key to embedding and maintaining each of our Connective values (see pages 56 to 79 for our Responsible Business report)

Our Executive Directors and senior leadership team also provide Connective-wide video or written e-briefings on key topics at pertinent times to keep our people informed of significant strategic developments, how those developments support our purpose of making the world work better and how they reflect our values of connection, courage and compassion.

Monitoring culture

We monitor culture to understand behaviours and sentiment throughout the Connective and provide an opportunity to address any misalignment with the intended culture. Our mechanisms for monitoring culture include:

- undertaking half yearly employee engagement surveys that generate employee net promoter scores ('eNPS'), measure employee loyalty, engagement and how likely they are to recommend us as a great place to work. eNPS is one of our core key performance indicators, for more information see page 45
- sending pulse surveys to our teams at frequent intervals to ensure we are receiving regular feedback and provide opportunities to share ideas of how we can improve the working environment
- considering public feedback on social media and review platforms such as Glassdoor

Additionally, we take great pride in receiving company awards that showcase our successes in areas such as workplace and culture and technical areas such as product and service development.

Employee net promoter score

2020: +24

2019: +27

2020 Awards and recognition

Awarded
Campaign Tech Awards 2020:
Best Use of Tech in CRM alongside Spark44

Awarded
Episerver Web Awards:
Most Innovative Digital Solution

Awarded
PRCA Dare Awards:
Digital and Social Media Campaign of the Year

Judges choice winner
Timmy Awards: Best Tech Culture

Leadership recognised in
Crain's Chicago Business –
Most Notable Women in Technology

Ranked 67 on
Built In Chicago's 2020 Best Places to Work

Recognised as
VMware's System Integration Partner of the Year

Recognised among
Training Magazine's Top 125 Training Programs

Recognised in
Forrester's Now Tech:
Digital Transformation Services

Chief Executive Officer's Review

J Schwan

Chief Executive Officer

Progress amid a pandemic

Given the pandemic's outbreak in the second half of our financial year, it would be tempting to frame our performance only in terms of its impact and our response. However, the overarching story for Kin + Carta in FY20 is one of progress culminating in the creation of our integrated platform to better drive growth and profitability over the coming years. Our transformation from a portfolio of businesses into an integrated technology consultancy platform for the future is now complete.

Our response to the COVID-19 crisis demonstrated our people's resilience, agility, and empathy. Our teams pulled together to manage the business under exceptional circumstances whilst continuing to delight our clients by delivering cutting edge solutions. Our ability to serve our clients efficiently whilst working remotely served us well. Employees and senior management voluntarily reduced salaries, while also establishing an Employee Benevolence Fund that raised over £200,000 to help families impacted by the pandemic. We leveraged government relief programmes in the UK and the US, which combined with the other actions enabled us to retain our key staff and conserve our core capabilities. Our strong financial oversight, led by Chris Kutsor in his first full year as Chief Financial Officer, even allowed us to improve our net debt position, lowering our net debt by 20% from the start of the pandemic.

Our full-year net revenue from continuing operations grew 1% to £138 million. As reported in our half-year results announcement, our first half performance met expectations for moderate growth. With healthy bookings and strong pipelines at the start of our second half, we were poised for a return to double-digit growth. The pandemic directly impacted our second half performance as some of our clients responded instinctively by stopping or reducing projects and our pipeline of new business opportunities stalled. The full effects of the pandemic caused our revenue to decline more steeply in the latter part of our second half (May-July). This reduced level of revenue has continued into the beginning of our new financial year which commenced 1 August 2020. The continuing effects of the pandemic will cause net revenue in the first half of our new financial year to be lower than the second half of last year.

Despite reduced revenue levels, our second half profitability improved compared to our first half through assertive cost reductions and we expect to hold this level of profitability into the first half of our new financial year ending in 2021. Both revenue and pipeline are recovering. Although it takes time to restart large client projects and to convert pipeline into billing revenue, we are seeing an acceleration in new client wins and considerable strengthening of the pipeline. Whilst the impact of the pandemic has been significant, it has not affected our long-term growth ambitions.

Our leadership team has risen to the challenge with decisive and coordinated actions to mitigate short-term risks to the business. At the same time, we chose to accelerate our restructuring and position ourselves for recovery and growth. We have already seen even our hardest hit clients' budgets begin to return, some larger than before. The pandemic has served as a stark reminder that becoming a digital business is no longer a luxury, but an imperative.

During the year, we retained focus on our Strategic Plan which included the following milestones:

- The final integration of the business into Kin + Carta's three core brands of Advise, Create and Connect. This rebranding of our service offerings into a single platform has provided clear focus in our go-to-market positioning and is gaining traction with clients.
- The reorganisation of the operations of our business to serve two regions – the Americas and Europe, allowing us to align incentive models accordingly. This regional model is an important final step in our transformation and will facilitate scale.
- A strategic review and restructuring of the legacy brands that make up our Ventures businesses, including the divestment of our non-strategic business Pragma in August 2020 and the expected divestment of Hive soon. We are continuing to review the remaining Ventures businesses for either divestment or integration.
- Further investment in our partnership channel with a specific focus on Google and Microsoft. This channel has grown substantially and now accounts for over £30 million of the Company's net revenue, an increase of 20% over the previous year with the addition of 24 new clients. Both Google and Microsoft have accredited Kin + Carta as one of their top tier global partners for Cloud transformation.

Our acquisition of Spire Digital in November 2019 has been a success. In addition to utilising the Kin + Carta platforms for incremental growth and operational efficiency, Spire Digital also proved resilient through the pandemic. Spire Digital's senior team is finalising their full integration into Kin + Carta Americas and they are positioned to lead our westward expansion throughout the US.

In 2019, multiple industry reports estimated the digital transformation ("DX") market we serve to be valued at USD 284 billion and was expected to expand at a compound annual growth rate (CAGR) of 18% by 2023.[1] The events of 2020 have accelerated these estimates to a CAGR of 22.5% from 2020 to 2027.[2]

We are well positioned to capture this growth with the integrated consultancy platform and regional operating model we have created, the digital advisory and engineering capabilities we have proven in the market and the partnerships we have formed with the largest and fastest growing technology infrastructure providers in the world.

> **"The pandemic has served as a stark reminder that becoming a digital business is no longer a luxury, but an imperative."**

Operational update: transformation complete

Two years ago, when we started the transformation of the Group from the legacy of St Ives into the new Kin + Carta, we categorised our capabilities into the pillars of Strategy, Innovation and Communications which comprised all of the legacy agencies. We have since separated our non-DX focused agencies, Edit and Incite, into our Ventures arm, where they have been under strategic review. Hive has been classified as a discontinued operation since it is in an active sale process and several bids from credible buyers have been received.

We now have our client-facing capabilities integrated into the three pillars of Kin + Carta Advise, Kin + Carta Create and Kin + Carta Connect, which represent our service offerings to clients in a way that is easy for clients to understand and engage with. This integration was a key final step in forming the integrated consultancy under which we now operate.

1. MarketsandMarkets (2019). Digital Transformation Market by Technology (Cloud Computing, Big Data & Analytics, Mobility/Social Media, Cybersecurity, Artificial Intelligence), Deployment type, Business Function, Vertical (Retail, Education), and Region – Global Forecast to 2023. https://www.marketsandmarkets.com/Market-Reports/digital-transformation-market-43010479.html.
2. Grand View Research (2020), Digital Transformation Market Size, Share & Trends Analysis Report By Type (Solution, Service), By Deployment (Hosted, On-premise), By Enterprise Size, By End Use, By Region, And Segment Forecasts, 2020 – 2027. https://www.grandviewresearch.com/industry-analysis/digital-transformation-market

Chief Executive Officer's Review continued

Kin + Carta Advise (2% of net revenue)

Our Kin + Carta Advise brand is the go-to-market identity of our new digitally native management consultancy which was launched at the end of the first half by carving out and repurposing select parts of the former Strategy pillar. Advise provides capabilities in investment diligence, strategic planning, business innovation and operational automation. Advise is focused on spearheading new cross-pillar deals, several of which were delivered this year such as Brunswick and Magellan Midstream Partners in the US and Rab and JLA in the UK.

Our former Strategy pillar was made up of our core Kin + Carta Advise brand as well as Hive, Pragma, and Incite. Our market research consultancy, Incite, remains part of our Ventures arm while Pragma was recently divested and our healthcare communications business, Hive, is in an active divestment process.

Our priorities for Advise will be focused on establishing the capability in the US and growing the new proposition from the newly formed UK presence in Europe.

Kin + Carta Create (65% of net revenue)

Kin + Carta Create, formerly known as our Innovation pillar, was already building a formidable reputation for delivering clients new digital services and software development. Create was impacted by the pandemic in the second half, with net revenue falling organically by 5% for the year, but grew by 8% with the inclusion of the recently acquired Spire Digital revenue. The growth potential of this pillar has not changed, and we believe it will only accelerate as the need for our services increases with the need for businesses to operate digitally and virtually.

Create now accounts for 65% of the Group's net revenue, up from 60% a year ago. Create net revenue grew 8% from a year ago. Create revenue has grown at double-digit growth rates throughout our multi-year transformation; and although it was temporarily disrupted by the impacts of COVID-19, we expect the double-digit growth rate to resume in the new fiscal year.

Our investment in our Google partnership has proved extremely rewarding. Google helped us win 14 new clients this year by implementing its industry-leading AI and Cloud technologies. During the pandemic, Google has looked to us as its strategic partner for tech transformation and contactless customer solutions. For example, we are now driving contact centre AI implementations to help alleviate demand on customer call centres. Our joint partnership has led to several new strategic client relationships which will help accelerate our growth in the future.

Management priorities for this pillar include maintaining organic growth driven by the continued evolution of cutting-edge client offerings underpinned by our strong partnerships with Microsoft, Google and others and at the same time seeking additional inorganic growth via bolt-on acquisitions and geographic expansion.

Kin + Carta Connect (15% of net revenue)

Kin + Carta Connect, which was a part of our former Communications pillar, now operates in both our European and Americas markets, helping our Chief Marketing Officer ("CMO") clients to implement and manage e-commerce, digital experience, and marketing automation platforms. We have strategically partnered with software leaders Episerver, Sitecore and Microsoft to bring these solutions to our blue chip client base. Connect's first year in the Americas has been a success, securing five new clients, including Tractor Supply Co., Coyote Logistics, and Corteva Agriscience. Of all of Kin + Carta's individual business units, Connect's revenues were the most resilient throughout the pandemic, bolstered in part by managed services recurring revenue.

Our former Communications pillar was also made up of our Venture business, Edit, which has been restructured and right-sized to focus on their core capability of transformational CRM and intelligent customer data.

Kin + Carta Connect is focused on building out its US offering to existing and new clients, while adding implementation and managed services growth in the UK in partnership with Episerver, Sitecore and Microsoft.

"During the pandemic, Google has looked to us as its strategic partner for tech transformation and contactless customer solutions."

Our regions

As a part of the completion of our transformation, we are now managing our Advise, Create and Connect platform by two regional leadership teams. This enables our key locations to leverage our Pillars and for profitable growth, bringing the full force of our digital transformation capabilities to each and every client whilst facilitating expansion into new geographies. This fundamental shift in our operating model, including leadership team restructuring, employee capability and incentive realignment will underpin our future growth.

Chief Executive Officer's Review continued

Our US transformation was led by newly appointed Americas Group Chief Executive, Kelly Manthey (formerly Solstice CEO). Kelly is supported by her territory leaders in Chicago, New York, and Denver. This organisation has also assigned Americas leaders for Advise, Create, and Connect. This management team is working together to cross-sell Kin + Carta's capabilities across all of our Americas locations with a structure that also allows for the eventual expansion into new territories.

The Americas region net revenue was up 18% including Spire Digital, but flat year-on-year organically due to the impact of the pandemic in the second half. We are beginning to see the benefits of this restructure through cross-sell capabilities driving new growth opportunities.

In the UK, we have appointed David Tuck, former Managing Director of TAB, as our Europe Group Chief Executive, managing our London, Edinburgh and Amsterdam locations. David has built his leadership team in a similar model as the Americas to unlock cross-selling opportunities across the platform. European revenue for our three pillars decreased by 15% due to the impacts of the restructures and pandemic, but as previously mentioned, we are seeing this trend reverse now that the businesses are right-sized, focused and well-positioned to capitalise on the new digital imperative in the market.

Strategic progress: platform ready for expansion

During our transformation, we focused on our five strategic priorities of Growth, Proposition, People, Operations, and Expansion. With the completion of our transformation, we have evolved these priorities into what we now call "The Carta Platform". The Carta Platform is a collection of centralised shared services, technologies and capabilities that will drive our growth more efficiently while streamlining the integration of new acquisitions into our business.

During the year, in creating The Carta Platform, we made the following improvements to our centralised operating capabilities.

- In launching the Advise, Create and Connect platform, we appointed our new Global Chief Strategy Officer, Matthew Froggatt, and Global Chief Technology Officer, Stephen Wilson to manage and evolve our proposition to the DX market.
- We have further invested in our Growth strategic priority and capabilities, expanding global marketing, lead generation, partnership and sales operations functions.
- We centralised our Operations capabilities to provide global back-office services with its priority to accelerate efficiencies and improved profit margins across the business.
- Our Culture and Responsibility focus is organised around our B Corp ambitions which are outlined below.

This Carta Platform approach is the model that will facilitate efficient and effective expansion into new territories over time. It has already allowed Spire Digital to ease its transition into our business and accelerate its growth. Future acquisitions will also be able to leverage this Platform.

This powerful combination of our three pillar platform, the regional management structure and centralising our operating capabilities will allow us to more readily build scale, helping to fuel Kin + Carta's goal of being a billion-dollar net revenue company by our fiscal year 2027.

Future acquisitions will be focused on either enhancing the Platform capability or expanding the Platform reach. Future tuck-ins we are currently pursuing are focused on enterprise data transformation, robotic process automation, and next-gen emerging engineering capabilities. We are also pursuing nearshore, low cost engineering delivery capabilities for Europe to complement our low-cost delivery capabilities in Buenos Aires as well as geographic expansion in the western and southern United States and Canada.

Social responsibility: committed to making the world work better

Social responsibility continues to be an integral part of how we operate Kin + Carta, playing an important role for our people, our clients and our other business partners. Our focus in FY20 was on two areas: progressing with B Corp certification (an internationally recognised, independent responsible business framework) across all our regions and specialisms, and developing a new strategic plan for our Inclusion, Diversity, Equity and Awareness (IDEA) programme.

We are pleased to report significant progress in both of these areas, with the B Corp process on track to hit our target of certification of all regions and specialisms by the end of FY21. During FY20, we introduced a new Group-wide Code of Ethics, expanded our community involvement programmes, set new net zero carbon and zero waste to

landfill targets, and developed a set of non-financial KPIs to track and progress in the coming years.

Within IDEA, following the renewed outrage against racial injustice around the globe, Kin + Carta committed to developing a new framework, strategy and programme of action. The implementation of this programme started in August 2020 and it includes commitments on the diversity of our teams and our suppliers, the incorporation of IDEA into our employee experience policies and our client services, reviewing pay equity, and using our influence to increase diverse representation in the technology industry. We believe in using our platform and resources to break down structural inequality and will work in playing our part to achieve this. Please see the Social Responsibility section of our website for more detail on each of these initiatives (kinandcarta.com).

Read more about our Responsible Business initiatives

Outlook: Recovery on Track and Accelerating

The pandemic has emphasised that it is no longer optional for businesses to become digital, it is imperative, and we are well positioned to capture the opportunity with our transformation to a pure play DX consultancy now complete.

We are progressing towards a recovery with our current pipeline now valued at the highest level in over 12 months. There is a short time lag converting the pipeline to revenue and we expect our first half net revenue to be slightly below our second half FY20, with profitability in line with second half levels.

We have made significant investment in creating the powerful combination of our three-pillar platform, a regional management structure and centralised operating capabilities which combined, will allow us to build scale more readily. I remain confident in the future opportunity for Kin + Carta and believe the Company is in better shape than ever to deliver on it. I am optimistic of a return to growth in the second half of the current financial year, whilst cautious on the continued macro-uncertainty caused by the pandemic.

J Schwan

Chief Executive Officer

5 November 2020

Our Strategic Priorities

During our transformation, we focused on our five strategic priorities of Growth, Proposition, People, Operations and Expansion. With the completion of our transformation, we have evolved these priorities into what we now call the 'Carta'. The Carta is a collection of centralised shared services, technologies and capabilities that will drive our growth more efficiently while streamlining the integration of new acquisitions into our business.

This Carta approach is the model that will facilitate efficient and effective expansion into new territories over time. It has already allowed Spire Digital to ease its transition into our business and accelerate its growth. Future acquisitions will also be able to leverage this platform. During the year, in creating the Carta, we made the following improvements to our centralised operating capabilities, as outlined below.

Read more about the Carta and our growth strategy in Our Business Model on pages 14 to 19

Strategic priorities	Proposition Platform	Growth Platform	Operations Platform
Description	A cross-pillar construct that drives market-facing, benefits-led propositions involving fast changing technologies and domestic and nearshore delivery.	Our global marketing, demand generation and partnership functions, driving Kin + Carta's market position and penetration among target client types and industries.	An integrated approach to our shared service functions of finance, legal, HR, digital services (IT), and risk management to streamline operations.
2020 progress	In launching the Advise, Create and Connect platform, we appointed our new Global Chief Strategy Officer, Matthew Froggatt, and Global Chief Technology Officer, Stephen Wilson, to manage and evolve our proposition to the DX market.	We have further invested in our Growth strategic priority and capabilities, expanding global marketing, lead generation, partnership and sales operations functions.	We centralised our Operations capabilities to provide global back-office services with its priority to accelerate efficiencies and improved profit margins across the business.
2021 focus	We will create, test and roll out an expanded set of cross-pillar digital transformation offerings including a unique managed services offer and integrated partnership propositions.	Our Pillars and Ventures have defined growth initiatives, including investments in our partner channels and targeting sales and marketing activities on prioritised propositions, to progress towards our Connective growth ambition.	We will build and roll out an integrated strategic vision and plan for the Operations Platform.
Link to KPIs	1 2 3	1 2 3	2 3 5
Link to risks	4 5 6	1 3 4	4 5 9 11

KPIs

1. Net revenue growth
2. Adjusted operating profit margin
3. Cross-pillar deals
4. Employee net promoter score ('eNPS')
5. Geographic expansion

Read more about our KPIs on pages 44 and 45

Risks

1. COVID-19 and pandemic shocks
2. Economy and volatility
3. Growth
4. Scalability
5. Assimilation
6. Clients
7. Our people
8. Brand and culture perception
9. Finance
10. Pension scheme
11. Data security and GDPR

Read more about our Principal Risks and Uncertainties on pages 80 to 87

Culture and Responsibility Platform	Expansion
Initiatives focused on creating an exceptional employee experience and positive impact for stakeholders, communities and wider society.	Initiatives supporting inorganic growth and the subsequent integration of acquisitions: driving sales in new regions, acquiring new capabilities and unlocking nearshore delivery.
The focus of our Culture and Responsibility Platform was on two areas: progressing with B Corp certification across all our regions and specialisms, and developing a new strategic plan for our Inclusion, Diversity, Equity and Awareness (IDEA) programme. We made significant progress in both of these areas, with the B Corp process on track to hit our target of certification of all regions and specialisms by the end of 2021. Within IDEA, following the renewed outrage against racial injustice around the globe, Kin + Carta committed to developing a new framework, strategy and programme of action. The implementation of our IDEA strategic plan commenced in August 2020. **Read more about our B Corp and IDEA initiatives in our Responsible Business report on pages 68 and 69**	We completed the acquisition of Spire Digital in November 2019. Spire Digital's employees and their clients have proven resilient, and Spire Digital has continued to grow throughout the pandemic by leveraging the investments we have made in our global growth and partnership platforms. Spire Digital's senior leadership team is leading their integration into Kin + Carta Americas and they are positioned to own our westward expansion into the US.
We will develop, roll out and institutionalise our IDEA Strategic Action Plan.	Future acquisitions will be focused on either enhancing the Carta capability or expanding the Carta reach.
4	1 5
7 8	2 3 4 10

The Connective Expansion

Kin + Carta works hard to create modern digital products that aid our clients in moving swiftly into the future. This often involves combining several existing specialisations and the integrity and values of the companies we work with. We strive to ensure we are adding digital services that meet the client's and their customers' needs all at once.

Because we work hard to maintain trust with our client, they in turn keep the trust of their customers. When trust filters through in this manner, it leads to more referrals and expansion for our customers. Digital is no longer an option but a requirement, whether in a pandemic or after.

Case study

Evolution and improvement instead of ground-up

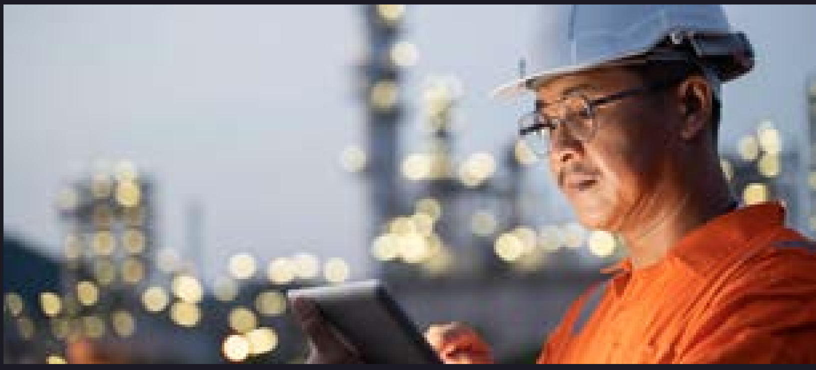
Full stack modernisation

Magellan Midstream is a pipeline company in the United States energy industry. Headquartered in Tulsa, Oklahoma, they provide transportation and storage services of crude oil and refined products for oil fields, refineries and convenience stores, as well as exportation to other countries.

Magellan reached out to Kin + Carta Spire Digital with the challenge of modernising their 20-year-old monolithic, desktop-based application called Atlas, as well as upskilling their teams in Agile ways of working to transform their software development process. Their commitment was set on improving their customers' experience while engaging with their services by creating an accessible and transparent modern user interface.

In the enterprise modernisation journey, the team at Magellan was revisiting their business model in search of customer needs. At this stage, Kin + Carta Advise was selected as a strategic partner to help craft Magellan's narrative to improve the user experience and provide input on a new pricing model in a heavily regulated industry. In anticipation of a large customer summit, Advise facilitated multiple remote strategy workshops, created a view on the new pricing strategy via rounds of targeted customer research, and synthesised disparate desires into a cohesive narrative.

Our engagement with Magellan has not only allowed the business to uncover, explore and develop new ways of marketing services, but also encouraged them to radically transform their approach to software development and the way their business functions while keeping part of their foundational infrastructure intact. In this sense, digital transformation did not mean starting over for Magellan: it meant evolving their base and transitioning to a framework based on continuous improvement.



Case study

Advancing marketing automation for 1,200 financial advisors

Digital venture

Commonwealth Financial Network is the largest privately held registered investment advisor-independent broker in the United States. As they identified an opportunity to better serve their advisors through the optimisation of their current marketing efforts, they approached Kin + Carta Spire Digital to help architect and implement a marketing automation platform that could be utilised by all of its 1,200 financial advisors to communicate with clients and grow their businesses.

User research was the first step towards success; we worked to get to know Commonwealth's financial advisors and to acquire insights into how they market their personalised businesses. With these findings, we set out to help drive more value from an advisor's marketing, help advisors stay top of mind with clients and prospects, and strengthen advisor-client relationships while increasing loyalty and, thus, referrals. We supported these goals with the development of marketing automation tools. Realising that personalised communication can strengthen and develop relationships, we created welcome and meeting emails, a dynamic advisor newsletter with content specific to the recipient, and a suite of events marketing materials, which led to above industry average open/read rate.

This successful project has led us to partner with Commonwealth on other innovative solutions. We are developing a marketing hub to help advisors simplify their marketing efforts as well as responding to their outsourced marketing requests through our marketing services team. The marketing hub platform connects advisors and staff members to various marketing implementation tools and helps educate users along the way.

The marketing hub project combines multiple capabilities across project teams within the Kin + Carta Connective. The Connect team is providing the overall executional strategy and design framework, while the Create team is implementing the custom build and integration with other Commonwealth systems, as well as helping lay a new Microsoft Azure foundation for this project and other Commonwealth digital initiatives.

Case study

Reimagining Southwire's connected digital estate

Full stack modernisation

Southwire is one of the leading manufacturers of wire and cable used in the transmission and distribution of electricity. Headquartered in Carrollton, Georgia, in the United States; they deliver power to millions of people around the world. Nearly one in two new homes built in the United States contains their wire, and Southwire provides more than half of the cable used to transmit and distribute electricity throughout the nation.

As Southwire grew following a series of acquisitions in their Tools, Components, and Assembled Solution business, they partnered with Loop Integration and Kin + Carta Connect to execute a brand assessment and design a digital roadmap that would enable them to leverage the current and future acquired brands and their products. Their top priorities involved streamlining their enterprise commerce solution, remaining competitive in the digital landscape, and improving their customer experience.

Loop's deep commerce expertise and strategic consulting matched with Connect's trajectory in digital marketing was the propeller behind Southwire's digital experience transformation. We leveraged internal and external data to advance the working practices and operating model of Southwire by establishing a roadmap aimed at expanding the company's digital footprint with enhancements in globalisation, brand standardisation and the B2B customer portal. Re-platforming and redesigning the new Southwire.com website was the first step in the agenda, as we continue to work on developing the Southwire brand, expanding their ONE Southwire connected digital estate to Canada, and making their Commerce platform transactional to consolidate a loop of continuous growth.

Our Google Partnership

Kin + Carta has been a Google partner since 2017, leading businesses through digital transformation with world-class technology, increased velocity and a seamless client experience. Today we are proud to be a Google Cloud Premier Partner, as our teams have been continuously able to maintain the highest standards of knowledge, support and ingenuity in working with Google Cloud products.

With over 12 joint clients and more than 50 certified Google Cloud Platform engineers, we've developed an integrated and collaborative approach to serving clients by helping them put long-term enterprise plans into practice and unlock exponential value through custom solutions.

Case study

Combining customer satisfaction with environmental keys

Digital ventures, full stack modernisation

More than 85 utilities around the globe, serving well over 100 million households and businesses, depend on Uplight digital solutions to accelerate the clean energy ecosystem. Uplight has the ambitious goal of reducing CO_2 emissions by more than 100 million metric tons and saving consumers more than $10 billion on their energy bills in the next five years.

Our team is Uplight's go-to digital product development partner, working hand in hand to modernise the elements of customer energy action management, including recommendation engines, demand response management platforms, smart home and energy efficiency marketplaces, and much more. In addition, Kin + Carta Spire Digital and Kin + Carta Create have become Google Cloud's go-to partner in architecting and implementing Uplight's GCP migration.

In partnership with Google, one of our most recent projects focuses on developing the digital infrastructure that enables Michigan's leading utility company, Consumers Energy, to run a large-scale demand response programme. As many as 100,000 Google Nest thermostats are being provided free of charge to residents who opt-in to the programme, which aims to reduce energy usage, particularly at peak times, and increase the resiliency of the grid. By allowing the utility to remotely adjust thermostat settings when demand is forecast to exceed capacity, participating households can save up to 15% on their monthly bill and reduce their carbon footprint. The programme, in turn, effectively facilitates the utility's pursuit of its own clean energy goals, which include eliminating coal and achieving net-zero carbon emissions by 2040.

Case study

Improving the voice ordering experience for a fast food giant

Digital twin

One of the most technologically advanced global fast food companies was looking to help its 7,000+ US franchise locations optimise the way customers submit orders over the telephone. They knew a traditional interactive voice response solution would not deliver the 'natural language' customer experience their customers demanded for often complex ordering interactions.

Kin + Carta partnered with Google to evolve a Dialogflow-based conversational experience and improve upon the industry-first innovation that would drive the client's desired outcome, conversion rate. We identified the four pain points identified as blockers for the success of the ordering experience by evaluating the present Dialogflow implementation, creating hypotheses on root of cause and testing them against the recognised metrics of success. The minimum viable product (MVP) leveraged Google Cloud's Speech-to-Text (STT) Phone Call enhanced model.

The outcome is a new solution that allows customers to place orders for multiple products in a single utterance. As a result of the new Dialogflow implementation and proficient conversational design, the word error rate was reduced from over 39% to 13%; increasing accuracy, expediting ordering and providing phone customers a more seamless voice ordering experience.

The Power of Nearshore Delivery

Nearshore delivery has become an integral part of our business model as it allows us to reduce development costs for our clients. Our teams in Chicago, London, New York and Denver have collaborated with our teams in Buenos Aires on several projects for better cost-effectiveness in the initial sale, a natural evolution to affordable ongoing managed services, and a specialised skillset assigned to each specific project.

Case study

Shaping innovation for the agriscience industry with Corteva

Digital ventures

Corteva, a global agriscience leader, has teamed up with Kin + Carta for over four years to build several products to disrupt and shape the agriscience industry by evolving its base through advanced innovation efforts.

Early in the season, agronomists often perform time-intensive stand assessments for their growers by physically walking and counting plants that have emerged from the ground. In collaboration with Corteva's R&D and IT teams, Kin + Carta's teams in Chicago and Buenos Aires developed an iPad application, Corteva Flight, that allows agronomists to draw a flight path and send it to a drone. The drone takes pictures and the app processes those pictures to determine the stand count (i.e. how many plants emerged from the ground) and spacing, reducing the time to do a stand assessment by 76%. The images set a new standard for the speed and agility with which growers can make real-time agronomic decisions. Over 12,000 flights were completed during the planting season in the US, and the app was just released in Buenos Aires for their planting season.

Last year, we highlighted the Pioneer Seeds app and the Yield Estimation feature, which utilises machine learning at the edge to allow users to take a picture of an ear of corn and receive a yield estimate. The app now has over 40,000 unique users, and the nearshore team is continuing to collaborate with the team in Chicago to build market-shaping technology to increase adoption and engagement. In June 2020, the team released the ThreatID feature, which allows users to take a picture of their crop and receive a pest, disease, or deficiency identification. Over 2,000 users have received over 9,300 successful threat identifications, and the app saw a 44% increase in usage the week the feature was released.

Case study

Equipping Security Benefit to service their next generation of customers

Digital venture

Security Benefit is a 120-year-old retirement investment manufacturer who provides annuities and financial products that service non-profit and teachers' retirement accounts through their network of agents. As their customer base is primarily composed of 60+ year-old clients, they were encouraged by Eldridge Group, the private equity company who owns them, to embrace a digital transformation journey in order to capture their next generation of customers. With this in mind, they were interested in developing a direct to consumer universal life insurance product that could be fully accessed digitally.

As the company is headquartered in Kansas, remote collaboration between Security Benefit and Kin + Carta was the imperative from the get-go. In order to achieve the desired velocity and meet the budget requirements for the project, the delivery team in Buenos Aires was brought onboard to collaborate with the team in Chicago.

A thorough competitive analysis, combined with user research that focused on different stakeholders, allowed us to develop a service blueprint that outlined every digital touchpoint along the universal life insurance journey from the customer's perspective, as well as to map the touchpoints back to the different technology systems, people and processes that could make that experience happen.

The service blueprint has given Security Benefit the knowledge and experience about how to bring a digital product to life and how to design a frictionless experience for their future customers. It has not only ignited a mindset shift for a 120-year-old company, but it will also keep their business relevant and protected in the rapidly shifting financial services landscape.

Case study

Streamlining the employee experience for COUNTRY Financial®

Digital twin

2020 marks the five-year anniversary of Kin + Carta working together with COUNTRY Financial, an insurance and financial services group based in Illinois with a client base that spans the Midwest, Northwest and Southeast United States. Having travelled a long way since our first engagement which focused on their mobile strategy, we collaborated with them on delivering a modern application for their sales force, as their current interface was labour-intensive, not streamlined and built on a legacy infrastructure.

The MVP was built and launched into production by a team based in Chicago and Buenos Aires. Over time and in accordance with COUNTRY Financial's feature requirements and cost savings we transitioned to an all Buenos Aires team except for the Delivery Lead which sustained the relationship with the client in Chicago. The team in Buenos Aires was also successfully able to accelerate the time frame by playing all the roles essential to the project.

The result was a rebranded leads and activities application founded on modern web technology that streamlined the insurance and financial services agents' daily experience. The product has increased accessibility through desktop and mobile devices, allowing agents to use on the go. It has also improved clarity of data and speed to value as agents are able to work in an automated and more streamlined interface.

The app improved overall experience for COUNTRY Financial agents with the intent to increase the number of households the company provides services for. It has set a standard to attract new talent in a highly competitive industry that can now offer its agents a highly dynamic and enjoyable work experience.

COVID-19 Catalysts

Healthcare and retail are some of the industries that faced the strongest pressure to embark on a journey to digitally transform as the contactless economy becomes the new mandate. Whether we were already working on projects that in turn required earlier release dates or were tasked on a new, immediate need, we were able to pivot to meet that demand, enabling our clients to provide self-service digital experiences that respond to the modern customer journey maps the pandemic has made mandatory.

Case study

Conserving integrity whilst expanding

Digital twin

Co-op is one of the world's largest consumer co-operatives, with more than 2,500 local, convenience and medium-sized stores in the UK. As the COVID-19 pandemic hit the UK, operations and customer communications for essential businesses like Co-op were put to the test. The company faced an unprecedented increase in demand on operations which made all forecasted trading plans and targets redundant, leading to significant consumer confusion and insecurity, the need for additional health and safety practicalities to safeguard customers and employees, as well as the shift to remote working for central roles.

Kin + Carta proposed a rapid response strategy to support Co-op and their customers. In just weeks we addressed the immediate business actions to maintain critical workstreams, and create an updated, consumer-centric reactive plan with a structured response for each possible eventuality that could shake the nation and the business.

Co-op was able to support communities with a focus on stock, personal protective equipment, colleague and customer wellbeing and raising funds for those in need while conserving its brand values and integrity. Planned reactiveness allowed Kin + Carta to deliver at pace and with provided flexibility, which allowed Co-op to be nimble in their communication throughout the pandemic but with a clear direction. Kin + Carta demonstrated a balance of true understanding of Co-op's operational pressure with the demands of their valued customers, increasing speed to value for the company at the time in which stakes were at their highest.

Case study

Meeting demand ahead of schedule

Digital twin

The primary Medicare and Medicaid provider for downstate New York reached out to Kin + Carta in an effort to develop a self-service experience that would service the health needs of their 1.2 million members. The custom-built application was planned to include features such as providing access to an insurance plan, finding a doctor, changing your primary care provider, looking up your benefits and accessing Teladoc, among others. The initial roadmap had the release of the application scheduled for July 2020.

As the COVID-19 pandemic hit in March, providing a digital self-service experience became the utmost priority for the insurer. In order to provide their members the resources and attention that they needed immediately, both the client and Kin + Carta were challenged to move their timeline forward and release the application in April. As the pandemic did not affect the product roadmap, which had already been designed to provide a 100% self-service experience, the focus was set on accelerating time to release.

After a shift to an iterative feature release plan, the application was launched to market in just three weeks, which rapidly allowed members to access necessary healthcare resources, like Teladoc, at the peak demand. The pandemic expedited the client's shift to an omni-channel, contactless business as Kin + Carta continues to support them on reimagining their approach to healthcare insurance through digital transformation.

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Case study

Redefining the used car industry with Cazoo's new digital proposition

Full stack modernisation

Over the past year, Kin + Carta have been working with Cazoo, Britain's fastest unicorn, to redefine the way consumers buy used cars. With the used-car market lacking transparency, convenience and customer satisfaction, Cazoo saw an opportunity to make buying a used car as easy as buying any other product online today.

Cazoo launched towards the end of 2019, and ran operationally for just a few months before the UK lockdown announcement in March. Fortunately, the work the Kin + Carta and Cazoo teams have done over the past year translated extremely well in helping Cazoo navigate the COVID-19 crisis. For example, the decision was made to run on an entirely serverless architecture, which enabled Cazoo to scale quickly and with significant flexibility. In addition, integrating with the relevant third parties ensured that everything from finance payments to insurance already took place online and cars were delivered directly to customers' houses. With the exception of a short pause in delivery to ensure new COVID-19 regulations were met, their technology platforms and business model was set up to evolve and thrive amidst the pandemic.

As the COVID-19 pandemic hit, providing a digital-first experience became the top priority overnight for most businesses. In this scenario, Cazoo was able to raise an additional £100 million in funding, at a time when most venture capitalists around the world were holding their breath. We continue our strong partnership with Cazoo to help them adapt to the changing environment whilst ensuring continued success.

Key Performance Indicators

01 Adjusted Net revenue growth[1]

Definition:

Organic Adjusted net revenue growth indicates the increase of Adjusted net revenue compared to the previous period achieved using internal resources (excluding any acquisition during the current period and at currency constant rate of exchange).

Constant currency Adjusted net revenue growth identifies the revenue growth trend. Organic constant currency Adjusted net revenue growth excludes Spire Digital revenue providing Kin + Carta standalone results excluding the acquisition made during the current period. Organic Adjusted net revenue is presented at a constant currency rate of exchange in order to neutralise any fluctuations generated by FX movement during the year.

Performance commentary:

2020: Adjusted net revenue decline on a like-for-like basis at constant currency was -7.4%

2019: Adjusted net revenue growth on a like-for-like basis at constant currency was 1.4%

The Adjusted net revenue decline was mainly due to COVID-19 across all the Pillars, together with the completion of the restructure of the Kin + Carta Connect pillar and the Edit venture.

Link to strategic priorities:

02 Adjusted operating profit margin[1]

Definition:

Percentage of Adjusted operating profit over Adjusted net revenue.

Adjusted operating profit margin is the measure used by the executive team to evaluate Pillars' performances and allocate resources.

Performance commentary:

2020: 10.0%

2019: 14.4%

The reduction in Adjusted operating profit margin for the year reflects the impact of COVID-19 on the Group, resulting in a significant reduction of Adjusted net revenue for the last four months of the year, as well as the effects of investments made in Proposition, Growth and Operations Platforms on operating expenses.

Link to strategic priorities:

03 Cross-pillar deals[1]

Definition:

Number of cross-pillar deals across the Connective.

The cross-pillar proposition is a fundamental element of Kin + Carta's growth plan, with a strategic priority to create, test and roll out an expanded set of cross-pillar digital transformation offerings, including a unique managed services offering and 'co-branded' partnership propositions.

Performance commentary:

2020: 47 cross-pillar deals were signed in 2020.

2019: 40 cross-pillar deals were signed in 2019.

We are now managing our Advise, Create and Connect Pillars by two regional leadership teams. This enables our key locations to leverage our Pillars and for profitable growth to each and every client whilst facilitating expansion into new geographies.

Link to strategic priorities:

1. Continuing operations only. Continuing operations excludes the results of The Health Hive (US) LLC, The Health Hive Group Limited and subsidiaries, and Pragma Consulting Limited (note 8).

04 Employee net promoter score ('eNPS')

Definition:

eNPS based on employees' likelihood to recommend Kin + Carta as an employer.

We believe employee engagement is an indirect measurement of both employee happiness and business performance. Measuring engagement allows us to ensure that as the firm scales globally and new businesses are introduced into the Connective, we have a consistent way to track the overall wellbeing and collective feeling of our employees.

Performance commentary:

2020: +24

2019: +27

Our eNPS score has remained stable during a period of significant change and we are encouraged by this demonstration of our ability to keep our people engaged during challenging times. Through engaging with our workforce, we have identified drivers for eNPS growth, which include better connecting our purpose to the work undertaken by our people and providing employees with more clarity regarding structure, responsibilities, expectation and accountabilities.

Link to strategic priorities:

05 Geographic expansion

Definition:

Strategic expansion into new regions domestically and internationally.

Clients often look to buy services from suppliers in their local region, for reasons of awareness, referral and culture. As a result, new acquisitions combined with the Carta – our blueprint to build, enhance and organise differing capabilities – opens up access to new clients and growth opportunities.

Our aim for 2020 was to establish our acquisition strategy and integration framework and to identify acquisition opportunities in western and southern regions of the US.

Performance commentary:

2020: We developed our Carta, which is described in Our Business Model on pages 14 to 19, achieving our 2020 target of establishing our acquisition strategy and integration framework. In addition, during the year we acquired Spire Digital, delivering a strategic foothold in the western United States with a best-in-class software design and engineering capability that adds to our fast growing Create pillar.

2019: We launched a new Create office in Edinburgh, a new Connect office in Chicago and new Advise offices in New York and London.

Link to strategic priorities:

Our 2021 focus

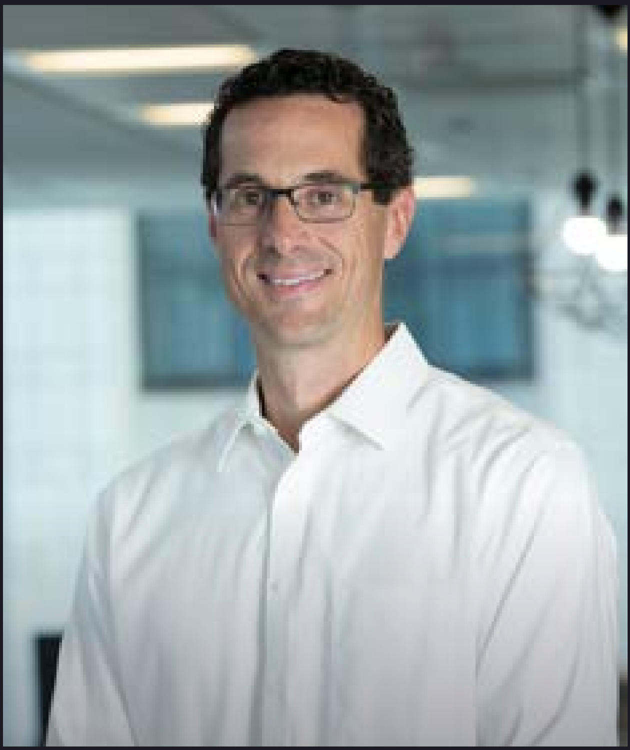
Following our transformation from a portfolio of businesses into an integrated technology consulting platform in 2020, we will introduce new key performance indicators in 2021, which are aligned to our strategic priorities. These key performance indicators include measures of our partnership channel, managed service offering, nearshore centres and inclusion, diversity, equity and awareness initiatives.

Strategic Priorities

- Proposition Platform
- Growth Platform
- Operations Platform
- Culture and Responsibility Platform
- Expansion

Read more about Our Strategic Priorities on pages 30 and 31

Financial Review



Chris Kutsor
Chief Financial Officer

Overview

COVID-19 has been a reminder that we are operating in a robust, growing and business critical market. Despite an encouraging first half, COVID-19 and the associated lockdowns significantly impacted the second half of our fiscal year. These impacts included large client projects being stopped, reduced or put on hold and near-term pipeline opportunities significantly reduced. We aggressively reduced costs and focused on stabilising the business whilst the effects of the pandemic played out. Whilst it took a few months for the full effects to emerge, organic revenue declined by approximately 20% in the latter part of our second half, although this was better than we initially expected.

These challenging effects of COVID-19 continued in the new 2021 fiscal year as anticipated, so whilst we are seeing our pipeline and revenue begin to recover, it takes time to restart large client projects and convert new pipeline into billing revenue. Thus, organic net revenue in the first half of our new 2021 fiscal year is expected to be down double digits compared to the prior year, but growing sequentially in Q1 compared to Q4 of fiscal year 2020.

Despite the pandemic's impact, we improved our net debt position during our second half and over the year. Net debt declined from £38.4 million to £31.6 million, including the acquisition of Spire Digital in November 2019.

These results have been achieved against a background of the continued reshaping of our business which has culminated in our launch of our Advise, Create and Connect proposition, refocusing our management teams on our two main regions of the Americas and Europe and realigning a number of our operational functions to deliver efficiencies across the Company. These initiatives were not without cost, but I am confident that the future performance of our Company will benefit significantly from these investments.

We have demonstrated our ability to operate with agility and execute in the most difficult of times. I am impressed with the manner in which our teams across the business have reacted with such flexibility and resilience. Recent events have not diminished our future ambitions.

Key financials

	Year to 31 July 2020	362 Days to 31 July 2019
Adjusted Operating Profit Continuing Operations (£m)	**13.8**	19.6
Adjusted Operating Profit Discontinued Operations (£m)	**1.1**	0.3
Total (£m)	**14.9**	19.9

Continuing Operations

	Year to 31 July 2020	362 Days to 31 July 2019	% Change	Like-for-like
Revenue (£m)[4]	**158.4**	160.1	-1.1%	-8.0%
Adjusted net revenue (£m)[2,4]	**137.8**	136.8	0.7%	-7.4%
Adjusted operating Profit (£m)[4]	**13.8**	19.6	-29.6%	-45.8%
Adjusted profit before tax (£m)[4]	**10.5**	17.3	-39.2%	-57.5%
Adjusted basic earnings per share (p)[3,4]	**5.2**	9.0	-42.1%	–%
Statutory (loss)/profit before tax (£m)	**(33.8)**	2.1	–%	–%
Statutory basic (loss)/earnings per share (p)	**(19.3)**	0.9	–%	–%
Full year dividend (p)	**–**	1.95	–%	–%
			% Change	
Net debt (£m)	**31.6**	38.4	(6.8)	

1. Like-for-like is defined as the results from continuing operations at constant currency and excluding acquisitions when comparing the current period to the prior period.
2. Net revenue is defined as gross revenue excluding all direct costs and third party expenses passed to clients. Adjusted net revenue excludes net revenue from Incite Singapore, following the decision to close the operation in the year.
3. Further details are provided within Alternative Performance Measures section.
4. Adjusted results exclude Adjusting Items to enhance understanding of the ongoing financial performance of the Group. Adjusting Items comprise redundancies, restructuring costs; gain or loss on disposal of properties; impairment or amortisation charges related to goodwill, tangible and intangible assets; contingent consideration required to be treated as remuneration; movements in deferred consideration and costs related to the Company's Defined Benefits Pension Scheme (note 7).

Continuing and Discontinued Operations

Following a strategic review we announced in March 2020, the Group made a disposal of a non-core business just after the end of the year, and is in the process of divesting another. On 31 August 2020, the Group completed the sale of its airport and retail property consulting business, Pragma. Our healthcare communications consultancy, Hive, was reclassified as a discontinued operation in 2020 since the business is currently being marketed for sale. Both businesses are classified as held for sale at 31 July 2020.

All other businesses are classified as continuing operations throughout the financial statements.

Adjusted Net revenue (£m)

	Year to 31 July 2020	362 Days to 31 July 2019
Continuing Operations	**137.8**	136.8
Discontinued Operations	**8.3**	11.2
Total	**146.1**	148.0

Financial Review continued

Adjusted Operating Profit (£m)

	Year to 31 July 2020	362 Days to 31 July 2019
Continuing Operations	**13.8**	19.6
Discontinued Operations	**1.1**	0.3
Total	**14.9**	19.9

The Group's results for continuing operations are set out below:

	Year to 31 July 2020	Like-for-like to 31 July 2020[1]	362 Days to 31 July 2019
Revenue (£m)	**158.4**	**147.3**	160.1
Adjusted net revenue (£m)[2]	**137.8**	**126.7**	137.1
Adjusted operating profit (£m)	**13.8**	**10.7**	19.6
Statutory (loss)/profit before interest and tax (£m)	**(30.7)**	**(33.8)**	4.6
Statutory (loss)/profit before tax (£m)	**(33.8)**	**(36.9)**	2.1
Basic (loss)/profit per share (p)	**(19.3)**	**N/A**	0.9

1. Like-for-like is defined as the results from continuing operations at constant currency and excluding acquisitions when comparing the current period to the prior period.
2. Adjusted net revenue excludes net revenue from Incite Singapore, following the decision to close the operation in the year.

The Group's statutory loss before tax of £33.8 million (2019: profit of £2.1 million) includes Adjusting Items of £44.4 million (2019: £15.2 million). Adjusting Items related to current and prior year acquisitions, include Edit goodwill impairment charges of £17.5 million associated with restructuring, impairment of trademarks of £1.3 million following the rebranding exercise, the amortisation of acquired intangibles of £10.6 million, and contingent consideration treated as remuneration of £6.2 million.

Other Adjusting Items include costs of £1.7 million, mostly administrative, related to the St Ives Defined Benefits Scheme (the "Scheme"), £3.8 million of restructuring charges incurred in the course of changing the Group's proposition into Advise, Create and Connect capabilities, and property costs of £1.3 million associated with empty leased properties.

The Group prepares Adjusted results which, in management's view, reflect how the business is managed and show the performance in a manner consistent with the previous year. Adjusted results exclude items such as costs related to restructuring activities, acquisitions made in current and prior periods, impairment charges and the DB Pension Scheme charges. Further details are provided in the Alternative Performance Measures section on pages 52 to 55.

Adjusted Net Revenue and Adjusted Operating Profit

Adjusted Net revenue from continuing operations in 2020 was £137.8 million (2019: £136.8 million) and £126.7 million on a like-for-like basis which excludes the impact of the Spire Digital acquisition in November 2019 (£10.3 million) and favourable currency effects of £0.8 million. Net Revenue from our fastest growing Create pillar now makes up 65% of Group net revenue, and our Platform DX Pillars of Advise, Create and Connect now comprise 82% of Group net revenue. Our Ventures arm, which remains under strategic review, makes up the remaining 18%. Net revenue from customers located in the US increased from £64.6 million to £77.0 million, predominantly due to the US Spire Digital acquisition, and now represents 56% of Group net revenue compared to 47% in the prior year.

Adjusted operating profit from continuing operations was £13.8 million (2019: £19.6 million). On a like-for-like basis, Adjusted operating profit was £10.7 million, and 10% of Adjusted net revenue compared to 14% in the prior year. The decrease compared to 2019 is due to higher investment levels in our growth and proposition platforms as well as lower trading levels in the second half due to COVID-19.

Central costs were £6.4 million (2019: £5.7 million). The Group has separately identified these central costs that cannot be directly attributed to the individual trading entities of the Group. Central administration costs represent 5.0% of Group net revenue and comprise the costs of running a public company and certain Group and shared operational functions.

Acquisitions

On 26 November 2019, the Group acquired 100% of the issued stock of Spire Digital, a digital transformation consulting and software engineering services business. The total cash outflow in the year was £17.3 million which comprised the initial consideration of £11.0 million and the first tranche of deferred consideration of £6.3 million which was determined by the EBITDA achieved by Spire Digital for the calendar year 2019. The initial consideration was funded by a share placement which raised £13.1 million net of costs.

The second tranche of deferred consideration is payable in February 2021 and is based on the level of EBITDA achieved by Spire Digital for the calendar year 2020. The amount payable in February is capped at £3.7 million, with up to 50% settled in ordinary shares of Kin and Carta plc, at the Group's discretion. The final tranche is payable in February 2023 and is capped at £5.7 million of which up to 50% may be settled in Kin and Carta plc shares.

Cash outflows in the period for businesses acquired in prior periods were £2.0 million in relation to the final tranche of TAB's deferred consideration.

Balance Sheet

The net assets of the Group have decreased from £88.0 million to £59.7 million, primarily due to the net loss after tax of £32.3 million, a net actuarial loss of £5.6 million related to the St Ives Defined Benefits Pension Scheme and dividend payments of £2.0 million related to the prior year, partially offset by an issue of new equity that raised £13.1 million net of costs. Total assets have decreased from £194.5 million to £179.3 million and total liabilities have increased from £106.5 million to £119.6 million. Non-current assets consist largely of goodwill and intangible assets of £90.0 million (2019: £111.2 million).

Financial Review continued

IFRS 16

The adoption of IFRS 16, effective from 1 August 2019, has resulted in the Group recognising a right-of-use asset and related liability in connection with most former property operating leases. The new standard has been applied using the "modified retrospective" transition approach.

The impact on the financial results as at 31 July 2020 is an increase in assets by £14.0 million and an increase in liabilities by £19.8 million.

The reported Adjusted EBITDA from continuing operations has increased by £4.1 million as a result of IFRS 16, with offsetting adjustments in depreciation (£3.1m expense increase) and finance costs (£1.1 million expense increase) resulting in an overall reduction in profit before tax of £0.1 million.

Pensions

The Group closed the Scheme to new members in 2002 and ceased future accruals within the Scheme in 2008. The Group accounts for post-retirement benefits in accordance with IAS 19 Employee Benefits. The Consolidated Balance Sheet reflects the net surplus on the Scheme at 31 July 2020 based on the market value of the assets at that date and the valuation of liabilities using a discount rate based on AA non-gilt bond yields.

On an IAS 19 basis, the net surplus on the Scheme at 31 July 2020 was £1.1 million (2019: surplus of £6.7 million) before the related deferred tax liability. The value of the plan assets increased to £396.6 million (2019: £385.9 million) due to the strength of investment returns and the significant degree of hedging of interest and inflation risk on scheme liabilities. Plan liabilities increased to £395.5 million (2019: £379.2 million) due primarily to the decrease in the discount rate used for valuation. Approximately 65% of the plan assets are invested in return-seeking assets providing a higher level of return over the longer period. Derivative instruments are in place to protect against significant falls in asset values and changes in interest rates.

The Scheme's triennial technical valuation determines the cash deficit repair contributions payable by the Group and the valuation as of April 2019 was completed in September 2020, resulting in a technical deficit of £28.4 million as of that date, reduced from £42.8 million at April 2016, with the technical funding level increased to 94%. The Group paid deficit repair contributions of £1.7 million in FY20, and will pay fixed contributions of £1 million in FY21 and £2 million in FY22, as well as 15% and 7.5% of free cash flow, adjusted for certain pension items, in excess of those amounts in FY21 and FY22 respectively. Contributions payable in 2023 and beyond will be determined at the end of FY22 and the deficit is projected to be eliminated by 2027.

The charge for the Group's defined contribution schemes was £1.8 million (2019: £2.3 million) in the period.

Tax

The total tax credit for continuing operations was £2.2 million (2019: £0.8 million charge). A number of Adjusting Items do not have an associated tax credit. Further details are provided in the Alternative Performance Measures section on pages 52 to 55.

The Group's effective tax rate on the Adjusted profit before tax was 19.0% (2019: 20.4%) compared to the standard rate of UK corporation tax of 19% (2019: 19%), US federal corporation tax rate of 21% (2019: 21%) and US state level income tax at rates varying from 0% to 8%. The Adjusted tax charge was £2.0 million (2019: £3.5 million). We expect the Group's FY21 effective tax rate to be 21%.

Corporate income tax of £1.6 million (2019: £0.3 million) was paid in the current period.

Dividend

Given the macroeconomic shocks and related business uncertainties related to the COVID-19 pandemic, the Group suspended the interim and final dividend for the year ended 31 July 2020. The total dividend for the year is nil per share (2019: 1.95p).

Cash Flow

Cash generated from operations before interest and tax was £22.8 million (2019: £9.0 million). The increase compared to the prior year was primarily due to a reduction in working capital in the current period and the impact of IFRS 16, with £4.8m of lease payments in 2020 shown as financing cash flows. In the prior period, comparable cash flows were included within operating cash flows. Investing cash flows included £19.3 million outflows for acquisitions made in the current and prior periods (2019: £19.9 million). Net financing cash inflows include £13.2 million of net proceeds from a share placement (2019: £nil) undertaken for the Spire Digital acquisition and dividends of £2.0 million were paid compared to £3.0 million in 2019.

Net Debt

During the period, as a precautionary measure, the Group obtained agreement from its lender banks to increase the ceiling on its quarterly leverage covenant to a level of up to 5.0 times EBITDA (previous 2.5 times) for four quarters commencing with the quarter ended 31 July 2020. This position provides significant headroom to the Group's base case forecasts and underpins the Group's confidence in its ability to trade through a further downturn if required. The Group's leverage ratio for bank covenant purposes was 1.47 times at 31 July 2020.

The Company's revolving credit facility remains unchanged at £85 million and is committed until November 2022. Net debt decreased during the year from £38.4 million to £31.6 million primarily due to operating cash flow generation and a reduction in working capital, partially offset by acquisition-related net outflows and dividend payments. At 31 July 2020, Kin + Carta had drawn £49.3 million on its revolving credit facility, leaving an unutilised commitment of £35.7 million. The Group had cash and cash equivalents of £24.4 million at that date.

In addition, the Group received £6.7 million in unsecured loans under the Paycheck Protection Program ("PPP") provided by the US government. The loans remained outstanding at 31 July 2020 and, having applied the funds to payroll costs in line with the program rules, the Group expects c.£4.5 million to be forgiven, as permitted under the PPP. It expects to receive confirmation of forgiveness from the US government in the course of the new financial year and the balance of the loans of c.£2.2 million, with an interest rate of 1% per annum, will be repaid in May 2022. The US PPP funds were utilised, as intended, to protect jobs and retain staff that otherwise would not have been possible due to the effects of the pandemic. These retained jobs were invested into securing ongoing and new client projects with discounted pricing which will impact FY21 underlying results in the first half of the year. This investment of PPP funds into discounted client work has resulted in winning multiple large, long-term client contracts which will benefit our FY21 and longer term as well.

The Group has also utilised the UK Coronavirus Job Retention Scheme, receiving payroll subsidies of £0.7m which have been credited against Adjusted cost of sales, Adjusted selling costs and Adjusted administrative costs. The UK Coronavirus Job Retention Scheme funds have also helped to save jobs of UK staff with furloughed staff returning to work after the end of the financial year with new client wins.

At 31 July 2020, the ratio of net debt to Adjusted EBITDA was 1.8 times (2019: 1.7 times) on a pre IFRS 16 basis. The ratio of net debt to Adjusted EBITDA for bank covenant purposes was 1.47 times (2019: 1.7 times). The banks exclude the £6.7 million of PPP loans from the debt calculation.

Going Concern

A significant portion of The Group's funding is provided by a revolving credit facility agreement of £85m which expires in November 2022. There was significant headroom on the lender banks' leverage and interest cover covenants throughout FY20.

In order to assess the Group's ability to continue to trade as a going concern and to be viable over the medium term, detailed business and cash flow forecasts covering a three year period from 1 August 2020 have been prepared by the Directors based on 'bottom up' inputs from the individual business units. The resulting projected debt levels, debt leverage and interest cover ratios have been compared to the current covenant limits prevailing under the revolving credit facility in order to ensure that the Group has sufficient liquidity and will be able to operate within the covenants so as to continue as a going concern for a period of at least 12 months from the date of these financial statements.

The base case model prepared by the Directors is based on management's best estimates of future trading at the time of the assessment. In addition to the base case forecast, a number of stress scenarios have also been modelled to assess the Group's ability to cope with potential downsides without breaching covenant ratios or debt volume limits. These have been combined to create a severe but plausible downside scenario for the purpose of the going concern assessment.

The Group projects that it will continue to operate within covenant limits and has sufficient liquidity in both the base case forecast and in the severe but plausible downside scenario.

Chris Kutsor

Chief Financial Officer

5 November 2020

Alternative Performance Measures ('APMs')

The Annual Report includes both statutory and Adjusted results. In the management's view, the Adjusted results reflect the ongoing performance of the business, how the business is managed on a day-to-day basis and allow for a consistent and meaningful comparison.

The APMs and KPIs are aligned to our strategy and are used to measure the performance of our business and are the basis for remuneration.

The Adjusted results exclude the items listed below, as their inclusion could distort the understanding of the performance for the year and the comparison with prior years.

Key adjustments for Adjusted operating profit, profit before tax and EPS

Adjusted operating profit is calculated by adding back costs relating to restructuring activities, impairment charges, acquisition costs, movements in deferred consideration and St Ives Defined Benefits Pension Scheme. The tax effects of these adjustments are reflected in the Adjusted tax charge. The adjustments are detailed below:

1. Restructuring costs – these items are excluded in order to reflect the performance of the business in a consistent manner and how the performance of the business is managed on a day-to-day basis. They are not considered to be part of the core activities of the business. They have arisen as a result of initiatives to reduce the cost base and improve the efficiency and collaboration across the Group. The initiatives reflect a significant change in the organisational structure of a business area and are assessed on an individual basis and excluded from the Adjusted results.
2. Amortisation of acquired intangibles and impairments – the amortisation and impairments of assets acquired through business combinations are excluded from Adjusted results. These costs are acquisition related and are not part of the ongoing trading performance of the business. The amortisation of computer software is included within the Adjusted results as it is part of the ongoing trading performance.
3. Acquisition costs consisting of contingent consideration required to be treated as remuneration, and increases in deferred consideration – our acquisitions, where deferred consideration arises, are structured such that the consideration is contingent on continued employment within the Group. Under IFRS 3 this is treated as an expense and therefore part of the statutory result. Where the purchase price has been determined and there is a subsequent increase or decrease arising from the payment of deferred consideration under IFRS 3 this is required to be expensed. We do not consider this to be part of the underlying trading performance.
4. Administrative expenses related to St Ives Defined Benefits Pension Scheme – the Scheme was closed to new members in 2002 and ceased future accrual in 2008. There are now three employees who are members of the Scheme and still employed by the Group. The costs of the Scheme including administration costs, levies, past service costs related to Guaranteed Minimum Pension ('GMP') and the pension finance charge/(credit) are not considered to be part of the ongoing performance of the Group and they are excluded from the performance measures. As such they are treated as Adjusting Items.

The analysis of Adjusting Items from continuing operations is set out below:

Adjusting items description	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Loss/(profit) on disposal of property, plant and equipment	46	(1,771)
Amortisation of acquired intangibles	10,563	6,674
Expenses related to restructuring items	6,555	2,071
Impairment of goodwill and other assets	18,850	–
Contingent consideration required to be treated as remuneration	6,186	2,375
Acquisition costs	669	–
Administrative expenses related to St Ives Defined Benefits Pension Scheme	1,675	5,707
Total Adjusting Items added back to the statutory operating profit	**44,544**	15,056
Bank amortisation fees	–	189
Net pension finance income	(161)	(30)
Total Adjusting Items added back to the statutory profit before tax	**44,383**	15,215
Tax related to Adjusting Items	(4,168)	(2,772)
Total Adjusting Items added back to the statutory profit after tax	**40,215**	12,443

The key APMs frequently used by the Group for continuing operations are:

Adjusted net revenue: The measure is defined as revenue less project-related costs as shown on the consolidated income statement. Project-related costs comprise primarily of third-party pass-through expenses and direct costs attributable to a project.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted revenue	158,239	159,344
Project-related costs	(20,460)	(22,523)
Adjusted net revenue	**137,779**	136,821

Like-for-like Adjusted net revenue at constant currency: The measure is defined as the Adjusted net organic revenue from continuing operations when comparing the current period to the prior period at constant currency rate of exchange.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted net revenue	137,779	136,821
Impact of acquisition in current period	(10,340)	
Effect of constant currency	(754)	–
Like-for-like Adjusted net revenue	**126,685**	136,821
Like-for-like Adjusted net revenue decline %	**-7.4%**	

Adjusted operating profit: This measure is defined as the operating profit or loss less Adjusting Items.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Statutory operating (loss)/profit	**(30,716)**	4,593
Add back total Adjusting Items excluding pension finance charge and tax	44,544	15,056
Adjusted operating profit	**13,829**	19,649

Alternative Performance Measures ('APMs') continued

Like-for-like Adjusted operating profit at constant currency: The measure is defined as the Adjusted organic operating profit from continuing operations when comparing the current period to the prior period at constant currency rate of exchange.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted operating profit	**13,829**	19,649
Impact of acquisition in current period	**(3,028)**	–
Effect of constant currency	**(141)**	–
Like-for-like Adjusted operating profit	**10,660**	19,649
Like-for-like Adjusted operating profit %	**-45.8%**	

Adjusted profit before tax: This measure is defined as the Group net profit or loss before tax less Adjusting Items.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Statutory (loss)/profit before tax	**(33,848)**	2,105
Add back total Adjusting Items excluding tax	**44,383**	15,215
Adjusted profit before tax	**10,535**	17,320

Adjusted profit after tax: This measure is defined as the Group profit or loss after tax before Adjusting Items:

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Statutory (loss)/profit after tax	**(31,681)**	1,347
Add back total Adjusting Items	**40,215**	12,443
Adjusted profit after tax	**8,534**	13,790

Adjusted basic earnings per share from continuing operations: This measure is defined as basic earnings per share after Adjusting Items.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted profit after tax	**8,534**	13,790
Weighted number of shares ('000)	**163,871**	153,307
Adjusted basic earnings per share (pence)	**5.21**	9.00

Adjusted operating margin: This measure is defined as the percentage of Adjusted operating profit over net revenue.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted net revenue	**137,779**	136,821
Adjusted operating profit	**13,828**	19,649
Adjusted operating margin	**10.0%**	14.4%

Adjusted EBITDA: This measure is calculated using the preceding 12 months results and is defined as the Adjusted operating profit or loss before depreciation, amortisation, finance expense and taxation, as adjusted for the effect of acquisitions, disposals and IFRS 16. The covenant adjustment includes an adjustment to present on a 'frozen GAAP' pre-IFRS 16 basis, the inclusion of pro forma EBITDA related to the pre-acquisition period from 1 August 2019 to 26 November 2019 for Spire Digital, and the inclusion of EBITDA from discontinued operations.

The Adjusted EBITDA for 2020 has been determined on the basis of continuing and discontinued operations solely for the purpose of calculating the ratio of net debt to Adjusted EBITDA.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted operating profit	**13,828**	19,649
Add: Depreciation and amortisation	**16,206**	9,279
Less: Amortisation of intangibles classified as Adjusting Items	**(10,563)**	(6,674)
Covenant adjustment	**(2,185)**	428
Adjusted EBITDA for covenant purposes	**17,286**	22,682

Net debt: This measure is calculated as the total of loans and other borrowings excluding finance leases, less cash and cash equivalents.

	2020 £'000	2019 £'000
Loans – non-current liabilities	**56,007**	60,416
Cash and cash equivalents	**(24,408)**	(22,017)
Net Debt	**31,599**	38,399

For the measurement of the bank covenants, cash, cash equivalents and borrowings denominated in currencies other than Pound Sterling are translated at an average rate rather than at the period end spot rate used in the Consolidated Balance Sheet. Borrowings drawn under the US Paycheck Protection Program are excluded from the calculation. The reconciliation is as follows:

	2020 £'000	2019 £'000
Net Debt	**31,599**	38,399
Foreign exchange difference between spot rate and average rate	**487**	(272)
Deduct Paycheck Protection Program loan	**(6,721)**	–
Net Debt for covenant purposes	**25,365**	38,127

Net debt to Adjusted EBITDA: This measure is calculated by dividing Net Debt by Adjusted EBITDA on a pre-IFRS 16 basis. The Adjusted EBITDA is based on the total of continuing and discontinued operations.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted EBITDA	**17,286**	22,682
Net Debt	**31,599**	38,127
Net debt to Adjusted EBITDA	**1.83**	1.68

Net debt to Adjusted EBITDA for bank covenant purposes: This measure is calculated by dividing Net Debt by Adjusted EBITDA. The Adjusted EBITDA is based on the total of continuing and discontinued operations.

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Adjusted EBITDA	**17,286**	22,682
Net Debt for covenant purposes	**25,365**	38,127
Net debt to Adjusted EBITDA for covenant purposes	**1.47**	1.68

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Responsible Business

Bringing our purpose to life

At Kin + Carta, we exist to make the world work better for all of our stakeholders, whether that be our clients, our people, our communities, our suppliers, our strategic partners, or our shareholders. Our commitment to working in a socially responsible way is underpinned by our Culture and Responsibility Platform. We are driven to ensure that corporate social responsibility (which we refer to as 'responsible business') is reflected in our business practices, products, services, and policies so we can make a positive impact on the environment in which we live and work for each of the Connective's stakeholders.

In this report, we outline how Kin + Carta's additional focus on responsible business in 2020 has enhanced the good practices that were already embedded in our culture and conduct. We describe our progress toward measuring our responsible business performance, identifying new Culture and Responsibility Platform key performance indicators to be introduced from 2021.

"For many of us, our purpose is very much aligned to being able to provide a better life for our children: more education, better career choices, more financial freedom. But if we hand them a world where the air is harder to breathe, or where equal opportunity doesn't exist, what's the point of those other things? We must make it our individual and corporate responsibility to hand our children a world that is in a better state than when it was handed to us. Otherwise, nothing else matters."

J Schwan
Chief Executive Officer, Kin + Carta

Our Triple Bottom Line Initiative: giving consideration to people, planet and profit

Our aims and focuses

In the first full year of implementing our triple bottom line initiative we have made significant progress towards our goals. With direction from our Board, our Head of Responsible Business (appointed in 2019) has led the focus and execution of our responsible business initiatives, engaging with people across the Connective to collectively support our ambition to make a positive impact on the environment in which we live and work.

Our key responsible business goal remains the certification of each of our regions and Ventures through B Corporation ('B Corp'): an internationally recognised, independent certification that we are using as a tool and framework to guide our efforts. We are on track to achieve this by the end of 2021. Following the changes to the Connective model during the year, we are now pursuing certification on a regional basis. Kin + Carta Americas (comprising our Advise, Create and Connect Pillars in the US, as well as our Buenos Aires delivery centre) is well progressed and we are on track for it to receive our first B Corp certification by the end of November 2020.

2020 Progress

During 2020, we have been using the B Corp framework to identify and make changes across the Connective in the key responsible business areas of governance, our people, our communities, the environment and the positive impact (or otherwise) of our work with clients. This has resulted in significant progress, including:

- the development of a new, comprehensive inclusion, diversity, equity and awareness (IDEA) strategy, following the completion of the Connective's first survey on diversity and inclusion during the year
- the announcement of the mean gender pay gap for the Connective as a whole and for each region
- the development and introduction of additional responsible business policies, including a new Code of Ethics, a Supplier Code of Conduct, and an Ethical and Sustainable Procurement Policy, each designed to provide clarity and governance on how we conduct our business responsibly
- the amendment of the constitutional documents of four of our operating companies to codify our triple bottom line principles
- the establishment of new net zero carbon and zero waste to landfill goals, along with the commencement of regional planning to achieve these targets by the end of 2022
- the identification of new Culture and Responsibility Platform key performance indicators and targets, to be measured from 2021 onwards

As a result of these key initiatives, and many other supporting ones, described in this report, we are proud of the significant responsible business progress made and actions undertaken during the year. We look forward to building on this progress in the coming years to achieve our ultimate triple bottom line goal and make the world work better for all.

Responsible Business continued

Measuring our responsible business performance

Our current Culture and Responsibility Platform key performance indicator is our employee net promoter score ('eNPS'). Our 2020 eNPS performance is outlined in our key performance indicators on pages 44 and 45.

In 2020, we established measurement processes and identified our baseline performance for several of our new Culture and Responsibility Platform key performance indicators. For example, we undertook our first Connective-wide gender pay gap analysis during the year. Through this analysis, we identified that male employees were paid on average 14% more than females throughout the Connective. Currently subject to more detailed analysis, this pay gap may be driven by having fewer women in senior roles, having more women in traditionally lower paid roles (such as office management and marketing), and having more men in higher paid roles (such as technology engineering). Having identified our current mean gender pay gap, we are now establishing a target for 2021 to reduce our gender pay gap and are identifying the actions required to achieve this. Our longer-term goal is to reach parity in gender pay.

As we progress in our journey to become a triple bottom line business, we have identified additional Culture and Responsibility Platform key performance indicators to be introduced in 2021. They are aligned to our core focus areas and include:

- **Community**: equivalent percentage of net profit raised for charity
- **Customer**: total revenue from positive impact projects
- **Economy**: net number of jobs added in the last 12 months
- **Environment**: percentage of carbon emissions offset
- **Our people**: mean gender pay gap, percentage of employees promoted per annum and percentage of team who identify as Asian, Black, Latinx or other non-white

Case study

Responsible Business in Action

A mission to build inclusivity into everything Unilever does.

At Kin + Carta we talk about making the world work better, and when we work with Unilever we can really make a difference across the planet.

This year we have been helping Unilever in their mission to build Inclusive Design into everything they do. That means ensuring their digital platforms are open to all including the one in five people with disabilities who feel excluded from experiences the rest of us take for granted. This wasn't just about doing something to make their business more successful, it was also the right thing to do.

When trying to change a culture as large as Unilever's you need to begin with the human beings who work there and their end consumers. We gathered invaluable insight from stakeholders, suppliers and users to understand what Inclusive Design looks like and why it goes beyond simply meeting accessibility guidelines. Our user study zoned in on six particular groups (Audio, Motor, Speech, Cognitive, Visual and the Under-represented), understanding lived experiences along with their interactions both in a physical or digital Unilever environment. We saw people struggling with something as simple as ordering a bottle of shampoo or how they may use that physical product. We heard from people who felt excluded by the wrong choice of words or use of imagery, it confirmed that exclusion often results from micro design or technical choices, instead of thinking about the macro end-to-end customer experience, personal user journeys and the technologies that individuals use. This study enabled us to begin solution mapping to existing or new experiences, understanding the intersects and opportunity for improvement.

This is only the start of the journey. We'll be working with Unliever for the foreseeable future to make Inclusive Design a reality across the business long-term. And that means a better reality for millions around the globe.

Responsible Business continued

Section 172 statement

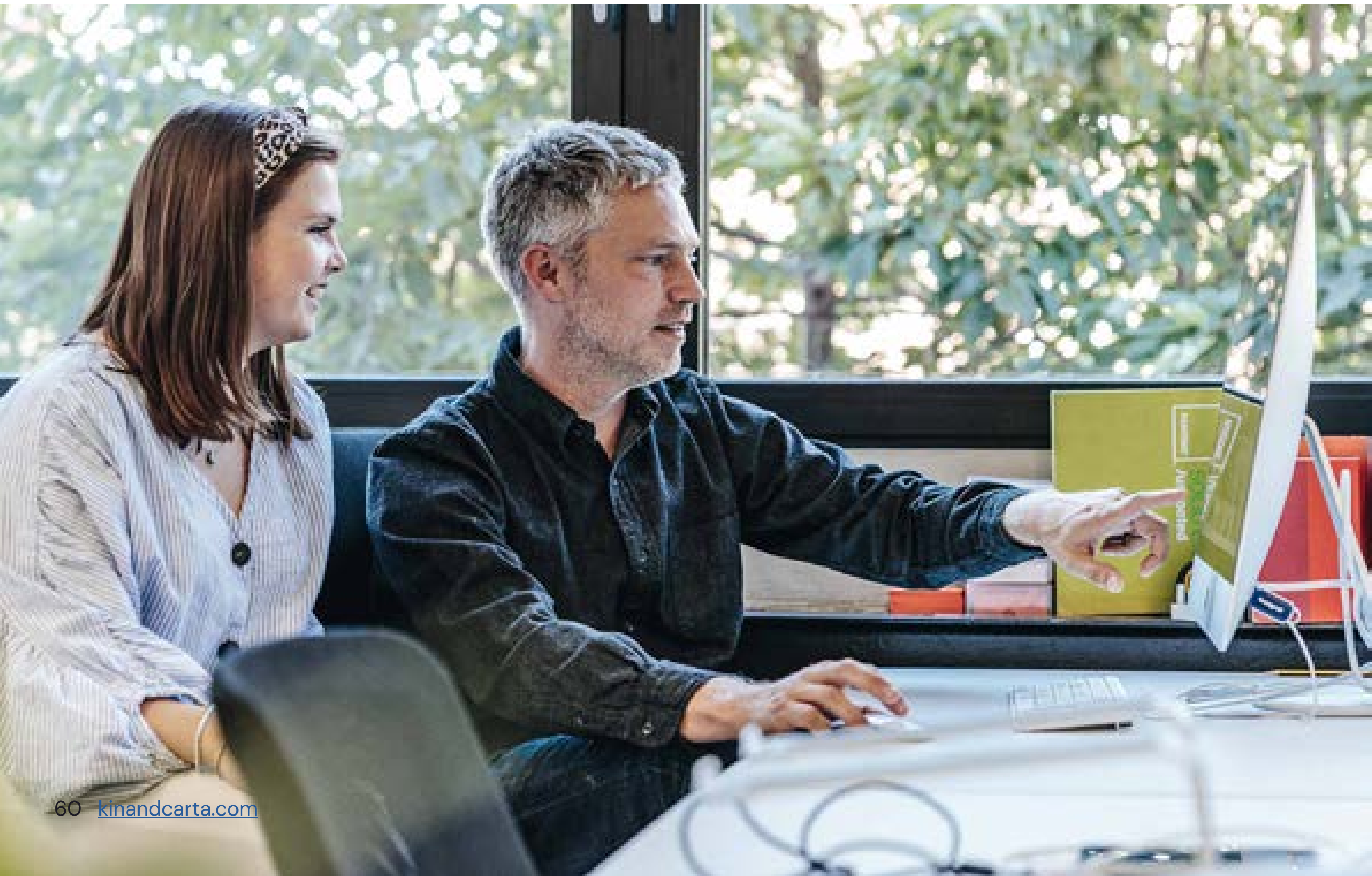
Our Directors must perform their duties under the Companies Act. A key purpose of this report is to demonstrate the manner in which these duties have been discharged, with particular focus on the duty to promote the success of the Company for the benefit of its members as a whole, taking into account the range of factors and stakeholders identified in section 172 of the Companies Act, which will have an impact on the long-term success of the Company.

Our approach

At Kin + Carta, we exist to make the world work better: Better for our clients, for their customers and for our people. We are driven to be deeply connected, recognising that it is only when our thinking is truly interconnected that we can pull together for the greater good: the good of our business, our clients, and our communities.

We are instinctively compassionate and recognise the importance of being empathetic in all we do, knowing when to talk and when to listen. These Connective values reflect the importance our Board places on considering our stakeholders in key business decisions and how they are fundamental to our ability to drive value creation over the longer term, allowing us to be courageous and seek better ways to improve and grow.

In the following Supporting our stakeholders section, we provide an overview of how we live our Connective values for each of our key stakeholder groups: our clients, our people, our community, our suppliers, our strategic partners and our shareholders. We set out the interests of each stakeholder group, our tailored approach to engaging with them and how this engagement has shaped Board decision making and discussions, along with an overview of how we have promoted responsible business with each stakeholder.



Supporting our stakeholders

Our clients

Importance of our clients and their interests

For our business to prosper and have a long-term, sustainable future it is essential that we provide products and services that meet the needs of our clients and the market. Our clients have a keen interest in a tangible, profitable, and sustainable journey to becoming a digital business; Kin + Carta exists to help them Make it Happen. Our clients have regard to numerous factors when considering a business relationship with Kin + Carta, including receiving: a holistic service offering supported by deep technical knowledge, developing long-term partnerships, building their brand and performance, credibility and trust, ethics (including anti-bribery and corruption, human rights and modern slavery) and terms and conditions (including payment terms).

Engagement

Through listening to our clients, we can better understand their needs and provide the products and services they want. To achieve this, our people maintain close dialogues with our clients at all levels of the organisation, from their Chief Executive Officer to procurement teams. Through monthly Specialism board meetings, J Schwan, our Chief Executive Officer, and Chris Kutsor, our Chief Financial Officer, receive reports on matters related to key clients including operational updates, the health of the relationship, and related opportunities and threats. J also interacts directly with clients where appropriate to support and highlight our commitment to them. Clients are interested to hear about our own transformation journey and find comfort in speaking to J about the challenges and opportunities of embarking on a big change programme. J's monthly briefings to the Board summarise key client developments, keeping the Board abreast of significant relationship matters and broader trends.

How has this engagement impacted Board decision making or discussions at Board level?

Through our market knowledge and dialogues with our past, present and prospective clients, we have identified our clients' strategic needs, understanding that there are three types of consulting they are normally faced to stitch together themselves: management consulting, digital product engineering and data-driven digital marketing. In recognition of this, the Board reconsidered the organisation of Kin + Carta, and during the year launched our three integrated Pillars that offer services which have been historically siloed or shoehorned together: Advise, Create and Connect (read more about our Pillars on pages 12 and 13 and how our cross-pillar projects have supported our clients on pages 32 to 34).

We also recognise that we must provide the highest level of advice, service and expertise to solve problems for our clients. Our Board therefore gives consideration to talent and the training and development of our people allocating budget to these needs.

Promoting responsible business with our clients

During the year, we started to measure and reflect on how we can increase our positive impact, making the world work better through the products and services we provide for our clients. Our key achievements in 2020 include:

- agreeing the definition of a positive impact project as "a product or service delivered to improve sustainability, increase market access, promote positive or reduce negative social, environmental and/or financial impacts on the lives of beneficiaries, through a technological capability, product, or infrastructure where it did not previously exist"
- evaluating current and previous client projects as positive impact or not
- establishing a working group to explore how we can increase positive impact revenues

Responsible Business continued

We look forward to building on this in 2021, with a key ambition to leverage best practices in accessibility and inclusive design to improve our products and services for all customers. We paved the way for this through our discussions at our recent FWD20 summit, hosting sessions on Accessibility and Inclusive Design, and Designing with Empathy. We have also embarked on an exciting project with Unilever, described on page 59.

In addition to our positive impact initiatives, a core element of our promotion of responsible business with our clients is maintaining well-established practices, supported by our policies:

- During the year, we adopted our Code of Ethics, which sets out the ethical values and compliance framework for the execution of our organisational purposes. The Connective is to adhere to the code in all business endeavours and community support initiatives to ensure it operates legally, ethically and in accordance with the approved Connective operational policies. The code includes commitments to safeguard the interests of our stakeholders, including our clients. To provide assurance that our people act in accordance with the principles of our Code of Ethics, it is issued Connective-wide and we reinforce the Connective values that support the code through 'setting the tone from the top' with our Board and senior leadership team's actions and communications.
- Our Connective Anti-Corruption and Bribery Policy sets out best practice in areas such as the prohibition of facilitation payments and political donations. Our Internal Audit function provides assurance on the implementation of the policy through an annual review whereby the Finance Directors of our specialisms respond to an internal controls questionnaire, which includes questions on engagements with politically exposed persons and client jurisdictions. All businesses within the Connective were deemed to be medium or low risk. In order to mitigate any residual risks, the communication of and adherence to the Anti-Corruption and Bribery policy has been reinforced to management. A review of the Connective's approach to Anti-Corruption and Bribery is currently in progress to ensure that processes and controls continue to meet the best-in-practice standards.

Supporting our clients through the impact of COVID-19

Our people continue to play a key role in supporting our clients through the impact of COVID-19, serving with agility, diligence, skill and compassion. We have run collaborative workshops and ongoing reviews with our clients to accelerate or re-prioritise existing project pipelines to ensure flexibility as new challenges and risks emerge. We have explored future scenarios and predicted post-pandemic consumer behaviours to contribute to our strategic thinking and support our clients' future directions and differentiation. Where appropriate, we have accommodated deferred billing arrangements to support our clients' cash flow needs.

Our teams have also accelerated speed to value for our clients, as described in our case study 'COVID-19 Catalysts: Meeting demand ahead of schedule' on page 42.

Case study

FWD20: The Age of Resilience

FWD20: The Age of Resilience was Kin + Carta's immersive virtual summit designed to share ideas, make connections and discuss the tangible application of emerging technology to solve today's hardest challenges.

Sessions were hosted by a range of speakers, including J Schwan, John Kerr, and representatives from 17 of our industry-leading clients, such as Pfizer, Natwest and Fifth Third Bank. Past, present and prospective clients accounted for approximately 30% of the summit's attendees.

Responsible Business continued

Our people

Importance of our people and their interests

At Kin + Carta, we provide expert advice and an integration of service offerings across corporate strategy, technology, innovation and customer engagement as well as innovative technological and communication solutions to our clients. Our people are fundamental in offering our clients a wealth of knowledge, creativity and expertise.

We value our people and recognise our success is generated by the talent and experts in our teams. As a result, we prioritise recruiting, retaining, and progressing the best people across the Connective. The changes to the Connective model during the year have seen a rise in our people working across our different specialisms, creating new development opportunities and enhancing their skills and experience by collaborating with colleagues across our many locations.

Employee experience

Across the Connective, we make a significant investment in creating an environment for our people that demonstrates our core values: connection, compassion and courage. These values enable our people to strive in their work and build strong client relationships, whilst also creating an environment that fosters enjoyment and the support of our communities.

Through the B Corp assessment process, we completed an employee experience review in 2019. We continue to consider and develop all relevant aspects of the Connective's relationship with its employees, including: compensation, benefits, diversity and inclusion, training and career development, health and wellness, safety, communication, working flexibly, satisfaction and engagement, and culture. We continue to review and implement changes to support the development of plans for each specialism, and for the Connective as a whole, to improve aspects in each of these areas where necessary or desired, with a view to achieving industry-leading status.

In recent months, the impact of COVID-19 and working remotely has changed how we deliver a positive employee experience. Our Employee Experience teams have focused and collaborated to identify ways to best support our people, with two key priorities during the pandemic being health and wellbeing and continuing to ensure our teams feel connected with colleagues.

Our investment in our people is in line with our long-term goal to become an internationally recognised best place to work. We continue our commitment to running employee experience initiatives. Core areas include:

- Mental health and wellbeing: we have a continued commitment to providing support to, and driving awareness initiatives and resources for, employees within the Connective on mental health and wellbeing. We continue to work with our benefit partners to ensure our wellbeing and mental health support services for staff are available through various channels, including the employee assistance programme, online counselling and short training sessions, organised exercise classes and mindfulness sessions as well as hosting a range of talks and webinars with external experts promoting positive mental health, offering wellbeing tips and resources.
- Inclusion, Diversity, Equity and Awareness (IDEA): a core focus this year has been on how Kin + Carta can build a culture where everyone is empowered to bring their authentic self to work and how we can consciously unbundle systematic constraints that exist within our society and the Connective. This led to the formation of the Connective's IDEA Strategic Action Plan and supportive governance and operational framework (you can read more on the Connective's IDEA initiatives on pages 68 and 69).
- Global Citizenship Programme: our Global Citizenship Programme enables the movement of our people across the Connective. The changes to the Connective model during the year have supported cross-pillar and regional collaboration. The programme creates new development opportunities for our people, enhancing skills and experience by facilitating connection and partnerships with colleagues across our many locations.

Supporting our people through the impact of COVID-19

In recent months, our main focus has been ensuring our people are supported through the COVID-19 crisis. Kin + Carta recognises the impact the pandemic continues to have on individuals adapting to working remotely and the potential wider impact on family life. We support flexibility to enable our teams to remain working and minimise the pressure of balancing care or home schooling commitments. Examples of our increased employee support during this time include:

- Employee Experience teams ran open Zoom meeting drop in sessions for those who needed support or a friendly chat, recognising that this was an isolating time for some.
- Employee Experience teams worked with external providers to enhance the mental health and wellbeing services offered and organised a variety of wellbeing seminars and remote exercise classes.
- Increased team meeting frequency to ensure our people remained connected and ran an initiative 'Check in on Two', encouraging our people to reach out to colleagues and clients regularly, ensuring someone always had a person to connect with and have a friendly chat throughout the working week.
- Executive Directors encouraged people to take breaks from the working day and emphasised maintaining health and wellbeing. Despite our teams having worked harder than ever over recent months, our Executive Directors actively encouraged people to ensure a work life balance remained.
- Our people across the Connective, including our Board, volunteered to take temporary decreases to their salaries, with the decrease varying by pay scale, personal choice and circumstances. This enabled the Connective to manage costs efficiently in response to the impact of COVID-19, with the effect of saving roles and reducing the number of required redundancies (read more about temporary Board salary and fee decreases in our Directors' Remuneration Report on pages 120 to 152).

Responsible Business continued

Employee engagement

In alignment with our Culture and Responsibility Platform, our Board is driven to create an industry-leading employee experience by being known and internationally recognised as a best place to work with a focus on the growth potential of our talent. Accordingly, it has various channels through which it can listen to our people. People matters are on the agenda of each monthly Specialism board meeting, attended by J Schwan (Chief Executive Officer) and Chris Kutsor (Chief Financial Officer), with discussion items including eNPS scores, Glassdoor reviews, themes from monthly pulse surveys, learning and development programmes and employee turnover. J then summarises key themes, developments and wider-employee experience initiatives within his monthly report to the Board, keeping it abreast of significant relationship matters and providing a regular insight into the culture of the Connective. Further, to provide a focused Board-level forum on employee experience initiatives and feedback from the half-yearly employee engagement and diversity and inclusion surveys, the Board has formed a Workforce Advisory Panel. The panel members include Nigel Pocklington (Independent Non-Executive Director), J, Daniel Fattal (Company Secretary), the Hub's Head of Employee Experience, and the Head of Responsible Business. Nigel briefs the Board on the panel's key findings and highlights any areas for discussion. These engagement channels facilitate our Board's robust discussion of, and decision making on, matters related to our people.

How has engagement impacted Board decision making or discussions at Board level?

Our Board recognises that it is only through understanding our people and their lived experiences that we can develop further as an organisation and as the best possible place to work. Through consideration of the Connective's employee experience initiatives and key themes from engagement with our people, our Board has made significant decisions, including:

- After considering competitive incentive proposals for the wider workforce, the Board approved the rules of a new all-employee share plan for US employees, The Employee Stock Purchase Plan.
- Following discussions on how Kin + Carta can build a culture where everyone is empowered to bring their authentic self to work and how it can consciously unbundle systematic constraints that exist within our society and the Connective, the Board considered and approved the IDEA Framework. The IDEA Framework outlines the IDEA Vision and Guiding Ambitions of the Connective, setting out how they align with its codes, policies and IDEA Strategic Action Plan. Our IDEA Strategic Action Plan has been formed with the involvement of over 60 people across each of our regions and is described on page 69.

Responsible Business continued

Inclusion, diversity, equity and awareness

We believe businesses have an obligation to their communities, the people they employ, and the customers they serve to use their platforms to drive progress and lead. Following the renewed outrage against racial injustice around the globe in 2020, we developed a new IDEA Vision, Guiding Ambitions, Strategic Action Plan and supporting governance framework. We are committed to making an impact in this area and using our platform and resources to break down structural inequality.

We have introduced IDEA initiatives that will assist us in achieving our ambitions, including:

- unconscious bias training
- reverse-mentors for senior leadership
- the ongoing reporting of diversity and inclusion metrics across the Connective
- Connective-wide gender pay gap reporting and analysis
- making our newly developed policies, and references to the external resources that have shaped our IDEA initiative freely available on our website. By offering this toolkit to other smaller consultancies and agencies that may not have the resources to develop these assets independently, we aim to broaden the reach of our IDEA impact

Read about our policies that support our people in our Human Rights disclosures on page 77

Our IDEA Vision

"At Kin + Carta, we exist to make the world work better for everyone through our commitment to inclusion, diversity, equity and awareness. As part of our goal to become a true triple bottom line and socially responsible business, we pledge to seek out diverse perspectives, celebrate differences, and build a culture where everyone is empowered to bring their authentic self to work. We believe in using our platform and resources to break down structural inequality. We vow to be a force for good both within the Connective and throughout our local communities."

Our IDEA Guiding Ambitions

We will know we have succeeded in achieving our vision when:

- Our teams **represent** the communities we work within
- People are **paid equitably** for equal work
- Employees feel as if they can **bring their authentic selves to work**
- IDEA is a sustainable and **ingrained part of how we do business**
- We are **IDEA leaders** in the technology community

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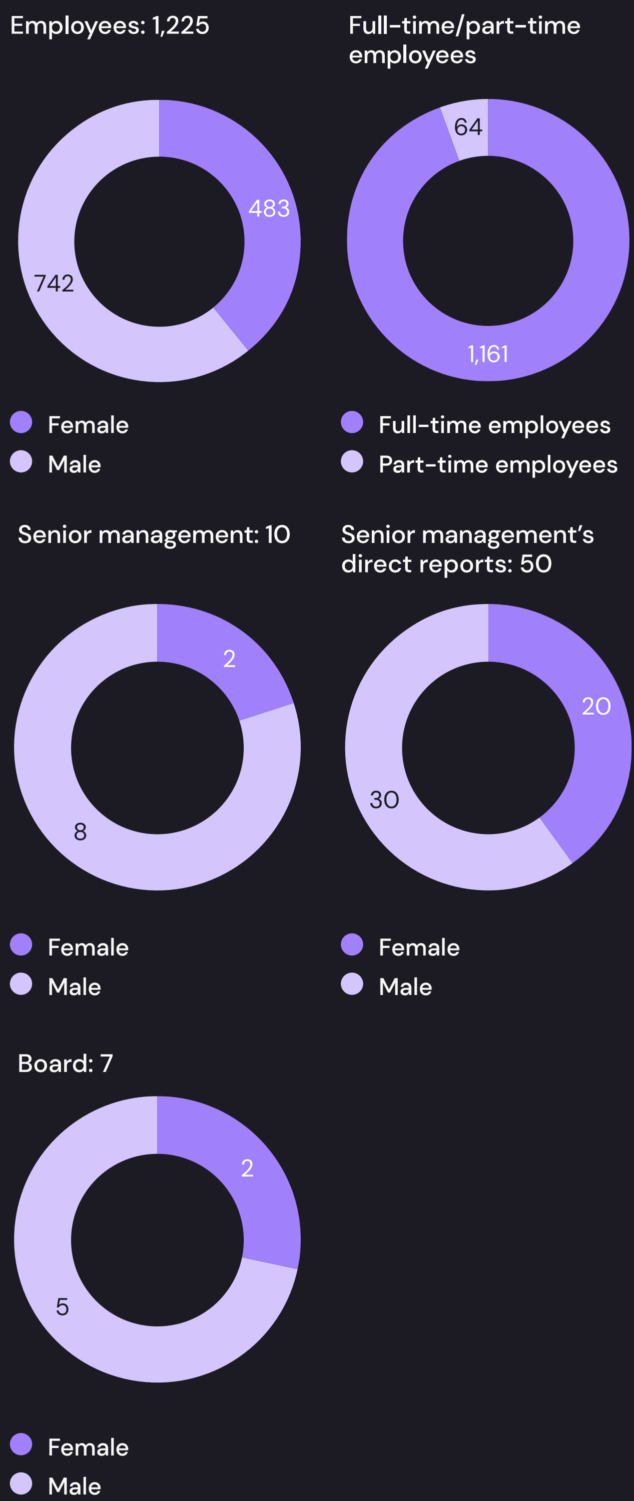
Our IDEA Strategic Action Plan

Our IDEA Strategic Action Plan identifies the actions through which we will achieve our IDEA Vision. It was created through workshops with our core IDEA governance groups, including the IDEA Steering Committee and IDEA Global Alignment Workgroup, and employees from all locations. It was endorsed by the Board in August 2020 following their strategic input and constructive challenge on implementation proposals. The IDEA Strategic Action Plan will be implemented regionally by local IDEA committees and departments to ensure locational differences are considered and addressed.

The implementation of our IDEA Strategic Action Plan commenced in August 2020 and includes actions to:

- activate IDEA in recruiting and retention, for example through implementing neutral language in all job postings and including gender and racial diversity (where legally possible) within the group of interviewers for all candidates
- integrate IDEA into day-to-day business, for example through developing and promoting affinity groups
- ensure people are paid equitably for their work, for example through determining the level of pay transparency that is desirable at Kin + Carta
- update our supplier selection process, for example through developing a registry of suggested suppliers, utilising resources such as the B Corp directory to help guide us
- partner with organisations that have an impact, for example through setting budgets at the local level for philanthropic and community efforts

The demography of our employees as at 31 July 2020



For these purposes:

- employee refers to an individual engaged under a contract of service and therefore does not include our contingent workforce
- senior management refers to the members of the Founder's Circle (other than Kin and Carta plc Directors and the Company Secretary), in accordance with the Code

Responsible Business continued

Our communities

Importance of our communities and their interests

Communities are the ecosystems within which our current and prospective people and their families, our clients, suppliers, strategic partners and shareholders live and work. We are collectively interested in sustainability, equality, fair practices and human rights to make the world work better.

Engagement

By engaging with local and national society through the donation of time, advice and money to charities and other non-profit organisations, we strive to engage with and benefit the many communities in each of Kin + Carta's locations and beyond.

Many of our specialisms engage in charitable projects in their local communities, and beyond in some instances, through individual fundraising, volunteering efforts, pro bono projects, or company donations. These contributions have covered a broad range of deserving causes, and the provision of time has ranged from practical volunteering activities to strategic advice for charities.

How has this engagement impacted Board decision making or discussions at Board level?

In recognition that our business has the potential to make a powerful positive impact on our communities, our Board supported the creation of the Head of Responsible Business role in 2019. Our Head of Responsible Business receives strategic direction from the Board and is mandated by it to lead the focus and execution of Kin + Carta's responsible business and triple bottom line initiatives. Our Board receives regular updates on the progress and outcomes of these initiatives, allowing it to continue to strengthen and integrate responsible business matters into Kin + Carta's strategy so we can achieve our purpose of making the world work better.

Acting responsibly for our communities

We have various initiatives to support charities, including:

- donating time and money to charities serving communities in which the Connective operates and beyond
- supporting charitable fundraising events
- matching the total contribution made by the Chairman from forgoing a proportion of his fees
- operating a give-as-you-earn scheme, introduced in 2020, through which our people in England and Scotland can donate to charity direct from payroll tax efficiently

We have identified areas of development to allow Kin + Carta to further support its communities. These include:

- increasing our focus on recording the amount of time donated to charities to enable better identification of our impact and optimise the results for the causes we support
- establishing charity or philanthropy committees throughout the Connective to facilitate effective community involvement

Currently some elements of the Connective are more advanced than others in these areas.

We understand the importance of good governance when engaging with our community. Our Code of Ethics reinforces this with commitments to safeguard the interests of our stakeholders, including our community (read more about our Code of Ethics on page 62). We recognise that as Kin + Carta increases its community engagement, supportive processes are necessary to provide assurance that we support bona fide causes and avoid conflicts of interest. Therefore, a key ambition for 2021 is to adopt a Charitable Giving Policy, which sets out the framework through which we donate time, fundraising efforts, knowledge, skills and money to charitable organisations, supplemented by a charity due diligence process.

Supporting our communities through the impact of COVID-19

We have sought to support the varied needs of our communities to help them respond to and recover from the impact of COVID-19. We are particularly proud of Kin + Carta's contribution to the ZOE COVID-19 Symptom Study app, one of the UK's most widely used COVID-19 symptom study apps. Volunteering the valuable skillset and expertise of our people, we provided pro bono consulting and technology services to aid the development of the app, built by ZOE in collaboration Kings College London and the NHS. The app has 4 million users.

Responsible Business continued

Case study

Pay it FWD: Helping Charities in Our Community

Pay it FWD is a day when our Kin + Carta Americas employees volunteer at organisations and charities in local communities, giving our time to them for any tasks they need to achieve.

In September 2019, 165 of our people from our Americas offices spent a combined 655 hours volunteering their time at 14 organisations. Volunteers gave time to organisations in New York City, Chicago, and Buenos Aires, which included:

- **Buenos Aires:** Fundación Sí
- **New York:** Tompkins Square Middle School
- **Chicago:** PAWS, The Anti-Cruelty Society, The Chicago Lighthouse, Ann & Robert H. Lurie Children's Hospital, Cystic Fibrosis Foundation, Horizons for Youth, Lakeview Food Pantry, Open Books, Plant Chicago, Alliance for the Great Lakes, St. Catherine-St. Lucy School, Volunteers of America, and Tompkins Square

Our suppliers

Importance of our suppliers and their interests

Our suppliers provide goods, services and expertise to the Connective that support our infrastructure, internal capabilities, agility and, in turn, our growth. Our suppliers have regard to several factors when considering a business relationship with Kin + Carta, including: the success of our business, developing long-term, fair business relationships, credibility and trust, ethics (including anti-bribery and corruption, human rights and modern slavery), our responsible sourcing requirements and terms and conditions (including payment terms).

Engagement

We are committed to building strong working relationships with our suppliers, ensuring that together we are aligned on quality, ethics, delivery, innovation, risk and compliance. We actively engage with our suppliers through various means to achieve this, including: maintaining ongoing dialogue, scheduling regular check-ins, performing retrospective reviews, and undertaking Supplier Code of Conduct assessments.

Due to the diverse nature of our supply base, ranging from start-ups to multinational corporations, we engage with each supplier on an individual basis. Payment terms granted to suppliers are negotiated according to the amount at risk and the financial strength of the supplier, which we adhere to, provided that they perform in accordance with the agreed terms.

How has this engagement impacted Board decision making or discussions at Board level?

A key part of our responsible business approach, which is directed by our Board, is maintaining strong working relationships with our suppliers. Our Board has regard, via management oversight, to the need to maintain alignment with our suppliers on quality, ethics, delivery, innovation, risk and compliance. During the year, our Executive Directors approved our Supplier Code of Conduct, which sets the high mandatory standards and behaviours we require from our suppliers. They also approved our Ethical and Sustainable Procurement Policy, which promotes the purchase of goods and services that minimise negative or enhance positive impacts on the environment and society whilst meeting our business requirements.

Promoting responsible business with our suppliers

Our Supplier Code of Conduct is intended to ensure that all our suppliers comply with our mandatory requirements related to their treatment of employees, health, safety and environment, conduct of business and ethical standards of behaviour. It requires, inter alia, their adherence to comply with all applicable local and international laws and regulations, and makes explicit reference to the Modern Slavery Act 2015 ('MSA'). To encourage improvements in practices wherever possible, it also sets out supportive desirable behaviours, such as supplier commitments to paying the living wage, measurements by suppliers of their carbon footprint and greenhouse gas emissions and their commitments to reduce or offset emissions. Through our Supplier Code of Conduct assessment, we receive assurances from our suppliers that they comply with the code and measure where they go beyond the minimum requirements.

Additionally, our suppliers are required to adhere to our Anti-Corruption and Bribery Policy, which sets out best practice in areas such as the prohibition of facilitation payments and political donations (read more about our Anti-Corruption and Bribery Policy and associated assurances on page 62).

To encourage the consideration of the social and environmental impact of the goods and services that we buy, in conjunction with costs, we have recently adopted an Ethical and Sustainable Procurement Policy. The policy seeks to achieve benefits for both the people in our supply chain by minimising any risk of social exploitation, and for the environment by reducing resource usage and considering optimum performance efficiency wherever possible. To ensure that regard is given to the policy guidance during purchasing decisions, we are currently communicating the policy to each of the teams central to our procurement and are embedding the processes required to ensure adherence.

Supporting our suppliers through the impact of COVID-19

COVID-19 has presented significant challenges to all businesses, and small and medium-sized enterprises in particular can be less resilient to macro-environmental factors. Where possible, and whilst balancing the needs of our other stakeholders, we have responded compassionately and flexibly to our suppliers' needs. Where our servicing requirements have significantly decreased, we have retained some small suppliers at a lower cost-rate instead of cancelling their engagements.

Responsible Business continued

Our strategic partners

Importance of our strategic partners and their interests

We partner with the world's leading technology providers, Google, Microsoft, VMware and their ecosystem partners including Episerver and Sitecore, to assist in supporting our shared enterprise clients. These partnerships build our capabilities and enhance the value of our proposition for our clients. Our deep partnerships extend across Cloud providers, data analytics tools, e-commerce platforms, and AI and machine learning tools.

Our relationships with our strategic partners are built on trust and industry-defining technology. Our strategic partners are interested in the depth of our industry knowledge, technical expertise and credentials, range of our capabilities and the excellence of our service.

Engagement

Through collaborating and engaging with our strategic partners, we can better understand their needs and provide, or where required deepen and expand, our expertise and capabilities. To achieve this, our Global Partner Development Managers maintain close dialogues with our strategic partners and jointly focus on maintaining a balance across the four mechanisms of channel activation: bringing opportunities from our clients to partners, partners bringing opportunities to us, going to market jointly to find clients together, and working with joint partners to expand our reach and relationships.

We engage in partner certification programmes to demonstrate our competency and technical ability in our strategic partners' products and services. We are proud to have obtained Microsoft Gold Cloud Platform Competency, which is a testament to our team's technical capabilities and dedication to the success of their partnerships.

Through monthly meetings with the Kin + Carta Partnerships management team, J Schwan, our Chief Executive Officer, and Chris Kutsor, our Chief Financial Officer, receive reports on matters related to our strategic partners including operational updates on partnership projects, the health of the relationships, and related opportunities and threats. J's monthly briefings to the Board summarise key partner developments, keeping the Board abreast of significant relationship matters and broader trends.

How has this engagement impacted Board decision making or discussions at Board level?

Our Board understands that through strategic partnerships we can empower our clients together, with the strength of those relationships positioning Kin + Carta to accelerate its pace of growth in the future. In the prior year, our Board approved the investment to build the new partnerships channel. This year, it has monitored the pipeline growth generated by the investment, considered the status of key strategic partner relationships and projects and, taking these matters into account, supported the scaling of the channel. Our Board has given consideration to talent and the training and development needs of our people to allow them to fully collaborate with our strategic partners; this resulted in our Board allocating budget to these needs, including partner certification programmes.

Promoting responsible business with our strategic partners

We recognise the positive impact Kin + Carta can make when partnering with the world's leading technology providers. We are collaborating on a number of inclusion, diversity, equity and awareness initiatives, including Google's #IamRemarkable week, which empowers women and other underrepresented groups to celebrate their achievements in the workplace and beyond, and running the Professional Development Inclusive Leadership programme.

Strong governance is also central to undertaking responsible business with our strategic partners. During the year, we adopted our Code of Ethics. The Connective is to adhere to the code in all business endeavours, including strategic partnerships, to ensure it operates legally, ethically and in accordance with the approved Connective operational policies. The code includes commitments to safeguard the interests of our stakeholders, including our strategic partners (read more about our Code of Ethics and associated assurances on page 62).

Working with our strategic partners through the impact of COVID-19: empowering our clients together

We are proud to have partnered with Episerver to help frontline industries make a rapid shift to digital platforms and manage the significant challenges brought by COVID-19. Online learning, new ways to donate, patient portals and travel information that changes by the hour are just some of the ways organisations working in sectors such as healthcare, education, public services and charity have had to change rapidly. The partnership utilised Rapid Response, based on the Episerver Foundation platform, to offer clients the core features of content management and search and secure Cloud infrastructure. This allows organisations to rapidly optimise the user experience and continue their focus on helping society as a whole.

COVID-19 has also driven a need to improve call centre efficiency to meet an increase in demand. We are one of just a few official worldwide integration partners for Google's Rapid Response Virtual Agent, which enables the launch of a customised virtual agent in less than two weeks. This helps organisations improve their operational efficiency by focusing on leveraging AI solutions to augment parts of their businesses, helping to reduce costs and improve customer satisfaction.

Responsible Business continued

Our shareholders

Importance of our shareholders and their interests

Our shareholders are investors in and owners of our business, providing the capital we need to invest in and grow the Connective. Our shareholders are interested in the financial and sustainable performance of Kin + Carta and its growth prospects. They consider how our governance arrangements support our pursuit of our strategic objectives and how the implementation of our strategy impacts people and the planet in addition to profit.

Engagement

To explain the Connective's proposition, progress, and performance to our shareholders, and listen to their perspectives on these matters, we engage with our shareholders through various mechanisms, principally:

- meetings and calls with Directors (including John Kerr, Chairman of the Board and Nomination Committee, and Nigel Pocklington, Chair of the Remuneration Committee)
- investor presentations
- annual report
- AGM, which the Chairman, Executive Directors, and Chairs of each Board committee attend to facilitate engagement with a broad range of shareholders
- Stock Exchange announcements

At its Board meetings, investor relations updates are provided to allow a clear, common understanding of the views of our shareholders. Our Board also monitors movements on the share register to maintain an understanding of our investors' profiles.

How has this engagement impacted Board decision making or discussions at Board level?

Our proposition and strategic priorities have been shaped with Kin + Carta's long-term success in mind and for the benefit of our investors as a whole. During the year, our Board established and communicated a clear market proposition, which launched the Advise, Create and Connect brands. In support of Kin + Carta's 'Expansion' strategic priority, the Board considered proposals that sought to open up access to new clients and sustainable growth opportunities. This resulted in the approval of the acquisition of Spire Digital, which has continued to perform successfully. In addition to utilising the Kin + Carta platforms for incremental growth and operational efficiency, Spire Digital also proved resilient through the pandemic.

Acting responsibly for our shareholders

The Board is collectively responsible for leading Kin + Carta, promoting its long-term success, generating value for shareholders and contributing to wider society. As such, it is the principal decision making body for all significant matters affecting the Connective and it has implemented a governance framework, summarised on pages 100 to 102, to establish clear expectations and common understandings of the roles, responsibility and authority of the Board, its committees and individual members. In decision making, the Board assesses shareholder and stakeholder interests from the perspective of the long-term sustainable success of the Company. This requires it to manage any conflicts between short-term interests and the long-term impacts of its decisions, at all times having regard to the Company's purpose to make the world work better: better for our clients, for their customers and for our people.

Supporting our shareholders through the impact of COVID-19

Our Board recognises the need for ongoing communication with shareholders, particularly in times of significant uncertainty. It keeps shareholders informed of the impact of COVID-19 on Kin + Carta through Stock Exchange announcements, relaying our focus on cash conservation and maintaining maximum financial flexibility. It introduced liquidity conservation measures, including voluntary temporary reductions to salaries and the suspension of dividend payments, which our Board considered to be in the long-term best interests of the business and all its stakeholders.

Human rights

At Kin + Carta, we are committed to equality, fair practices and human rights to make the world work better. As a responsible business, we must operate legally, ethically and with integrity to deliver high-quality equitable and sustainable service to all our stakeholders. We have several policies to help us achieve this.

Slavery and human trafficking is a violation of fundamental human rights. At Kin + Carta, we have a zero tolerance approach to any form of modern slavery. Our policies and Connective values reinforce our expectation that any concerns be highlighted using the appropriate reporting channels, and management are to act accordingly. During the year, we began a review of our existing suppliers through the new Supplier Code of Conduct assessment to confirm that they comply with all applicable human rights and equity laws, and laws prohibiting modern slavery, and that they adhere to our Modern Slavery Policy (read more about our Supplier Code of Conduct on page 73). Our Modern Slavery Policy is available to view on our website kinandcarta.com.

We protect our people's rights to fair and equitable treatment at work through our anti-harassment and anti-discrimination policies, which ensure the Connective provides an equitable working environment. To go further and create a foundation of equity and inclusion that deliberately unbundles systematic constraints that exist within our society, we have developed an IDEA Framework that includes our IDEA Vision, Guiding Ambitions, Strategic Action Plan and supporting governance structure. We are committed to breaking down these structural inequalities and consider ourselves responsible for holding each other accountable, clients and partners included (read more about our IDEA initiative on pages 68 and 69). This commitment is reinforced by our Code of Ethics (described below and in more detail on page 62), which identifies characteristics beyond those recognised as protected under the laws of the countries in which we have employees. We consider the additional characteristics significant for achieving a holistic approach to IDEA.

Additional policies and practices that protect the rights of our people include our Flexible Working Policy and commitment to fair and equitable pay. In recognition of the right to private and family life, Kin + Carta has a Flexible Working Policy, driven by the understanding that we should all have the opportunity to take ownership of our own work life balance to support personal needs and aspirations. Everyone is entitled to benefit from working flexibly as long as they are meeting expectations with regards to performance and operate within the parameters of the policy. Line managers monitor an employee's flexible hours to ensure that, inter alia, it continues to fit both the individual's needs and the needs of the team. Everyone has the right to a standard of living adequate for their health and wellbeing and we are committed to fair and equitable pay. For our UK-based businesses, this includes compliance with the National Living Wage.

These policies are supported by our Code of Ethics, which sets Kin + Carta's ethical values and compliance framework for the execution of our organisational purposes. The Connective is to adhere to the code in all business endeavours to ensure it operates legally, ethically and in accordance with the approved Connective operational policies (read more about our Code of Ethics on page 62). Additionally, our Speak Up policy is readily available to all employees to ensure they can confidentially raise any concerns about suspected misconduct in confidence without fear of retaliation.

Responsible Business continued

Health, safety and environmental ('HS+E') management

Undoubtedly the biggest health and safety challenge of the financial year was, and continues to be, responding to the COVID-19 pandemic. To protect our people, the Board imposed temporary office closures and business travel restrictions, which resulted in complete home working for the Connective. We recognise both the advantages and challenges of homeworking for our people and will support them as we continue to work in this way.

Under the direction of J Schwan (our Chief Executive Officer), task groups have been established to manage the phased reopening of offices and implement risk assessments to provide for social distancing, hygiene and cleaning controls. These COVID-19 risk assessments will be actively reviewed to reflect changes in local and national government guidance.

The Connective's HS+E governance and diligence is managed through our HS+E Management System which is based on the plan, do, check, act model. This management system comprises:

- HS+E framework policy and supplementary policies on the protection of people and the environment
- HS+E register of our compliance obligations
- environmental aspects, impact risks and opportunities assessment
- health and safety risk assessments
- setting of HS+E objectives and targets
- operational controls such as building inspections, testing and maintenance
- emergency planning arrangements for fire and first aid
- quarterly reports to the Board on HS+E performance
- internal policy and procedure auditing and evaluation of compliance with our HS+E obligations

Health and safety management

No work related accidents were reported during the year, achieving our Accident Incident Rate (AIR) target of less than 3. This achievement is likely in part due to our business operations being office (and temporarily home) based. However, proactive workplace inspections have assisted offices in identifying health and safety hazards and acting on them.

Our Accident Severity Rate ('ASR') was 23, this figure includes absences resulting from work related stress and was significantly below our target rate of less than 500. This achievement was assisted by the proactive work completed by our Employee Experience and Office Management teams on programmes to reduce any feelings of isolation and anxiety brought by the change to home working during COVID-19. Programmes included:

- buddy systems
- classes on mindfulness, meditation and yoga
- training on mental health awareness
- wellbeing packages

Accident Incident Rate[1]
2020:
0
Target Rate: less than 3

Accident Severity Rate[2]
2020:
23
Target Rate: less than 500

1. Accident Incident Rate ('AIR') – All classes of work-related injury accident, including agency workers but excluding contractors and other third parties. Headcount includes agency workers but excludes contractors and other third parties. AIR is calculated as total accidents × 100,000/total worked hours.
2. Accident Severity Rate ('ASR') – Total lost hours due to any work related injury accident counted from the next scheduled shift or working day. Hours are as recorded using a standard working day. Total worked hours includes hours worked by agency workers but excludes contractors and other third parties. ASR is calculated as total lost hours × 100,000/total worked hours.

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Environmental management

Our commitment to minimising the environmental impact of the Connective's operations continues with the work towards achieving B Corp accreditation and the HS+E Management System will continue to evolve to reflect the Connective's organisational changes. No environmental incidents were reported during the year. In addition to the aforementioned objectives and targets, there will be a focus on improving energy efficiency in offices and sustainable procurement during our financial year ending in 2021.

Energy and carbon reporting

The Connective's carbon emissions for 2020 have been calculated using the 2019 UK DEFRA greenhouse gas emission factors (as specified by the UK Environment Agency). These emissions calculations have been used to determine the tonnes of carbon dioxide equivalent (tCO_2e) produced. Calculating the tCO_2e allows different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO_2.

Our carbon reporting is aligned with the Greenhouse Gas (GHG) Protocol methodology. This protocol establishes comprehensive global standardised frameworks to measure and manage emissions from private sector operations, value chains and mitigation actions. The framework has been in use since 2001, and forms a recognised structured format, to calculate a carbon footprint. Electricity, natural gas and direct diesel emissions are included and no mandatory emissions have been excluded from the data.

Carbon emissions (tCO_2e)

	Scope 1 – combustion of fuel	Scope 2 – electricity	Total emissions
2020	78 (14%)	490 (86%)	567
2019	58 (11%)	477 (88%)	535

Carbon Intensity Ratio

The Connective's intensity ratio has been calculated as: tCO_2e produced per million pounds of turnover.

2019	3.11
2020	3.38

Energy Consumption Split (UK and overseas)

	UK and offshore	Global (excluding UK and offshore)	% UK
Scope 1 Emissions (tCO_2e)	107.67	1.14	99
Scope 2 Emissions (tCO_2e)	244.89	244.62	50
Total Emissions (tCO_2e)	352.56	245.76	59
Energy Consumption (kWh)	1,577,749.95	1,085,785.70	59

Reducing carbon emissions

It is anticipated that property energy consumption will reduce in the forthcoming financial year as a result of the planned consolidation of office space. This consolidation will be used as an opportunity to evaluate energy saving improvements in the remaining offices.

Where the Connective has direct control of energy procurement, it is working to ensure that tariffs are accredited renewable or carbon offset products.

As referenced on page 58, our new Culture and Responsibility key performance indicators, which are being introduced in 2021, include 'percentage of carbon emissions offset'.

Principal Risks and Uncertainties

Our approach to risk management

Being proactive in identifying the main trends and factors affecting the long-term success and future viability of Kin + Carta, including market opportunities and risks and controls, is central to the realisation of our strategic priorities and the promotion of our long-term sustainable success.

The Connective has policies and procedures in place to ensure that risks, and emerging threats that may potentially impact it in the longer term, are properly identified, evaluated and managed at the appropriate level within the organisation. Our risk management framework, which is overseen by the Board and reviewed by the Audit Committee, is described on pages 108 and 109 and includes both bottom-up and top-down processes. Risks pertinent to the specialisms are considered by the Executive Directors during quarterly presentations by each operating business. The presentations are a key 'bottom-up' mechanism through which emerging risks, which may present longer-term challenges, are identified and existing principal risks are discussed. The presentations include an update on the forecast, current market conditions, strategic direction and an annual 'strengths, weaknesses, opportunities and threats' (SWOT) analysis. The top-down principal and emerging risks review involves the Board considering specific risk matters at each Board meeting and any significant matters arising from the businesses' quarterly reviews being highlighted to the Board. The Board also undertakes formal half-yearly reviews and discussions on emerging and existing risks, as well as trends, opportunities and challenges facing the Connective. The risk register includes risks that are specific to Kin + Carta as the ultimate holding company, such as corporate financing, in addition to risks escalated from the specialisms, which could have a material effect on the Connective.

This approach to risk management ensures that we manage not only near-term risk but also have risk management strategies in place to allow the Connective to flourish over the long term. The longer-term viability of the Company has been assessed by the Board over a three-year period during the year. Details of this review are on page 154.

Risk oversight	Risk assurance	Risk ownership and control
Board The Board has overall responsibility for risk management and it sets the risk appetite it considers appropriate and acceptable to achieve our strategic priorities. It is responsible for carrying out a robust assessment of the principal and emerging risks facing the Connective, including those threatening our ability to support our business model, achieve our strategic objectives, and maintain solvency and liquidity. The Board ensures that, to the extent possible, there are mitigation plans in place to manage those risks in accordance with the agreed risk appetite.	**Risk management function** The Head of Risk Management role was established towards the end of our 2020 financial year to create a strong, independent function, having responsibility for providing expertise, challenge, advice and escalation with regard to noteworthy risk issues and developments. Our Head of Risk Management is to meet with our global business leaders to identify, analyse and challenge risk developments, strengthening the mitigation of financial and operational risk across the Connective. This role was created in recognition of the substantial change to our prior business operations, processes and controls, with the position considered to be additive to our risk management framework, allowing Internal Audit's work to be more focused and supported.	**Executive team** Our Executive Directors and senior leadership team identify risks and are responsible for day-to-day operational supervision, which includes the identification, mitigation and management of risk.
Audit Committee On behalf of the Board, the Audit Committee reviews the effectiveness of the Connective's internal control and risk management systems.	**Internal audit** Our Internal Audit function gives assurance over our risk management, control and governance processes and systems.	**Data Protection and Connective Digital Services** Our Connective Digital Services team was formed during the year to work alongside our IT Council (IT leaders from each specialism) to define and execute a renewed, comprehensive IT strategy inclusive of our digital systems, tools and information processes that support our Connective and regional strategy. The objective is to unify our approach and mitigate information security and data-loss risk. Although recently introduced, there has already been a significant increase in cross-Connective working and engagement between the Connective Digital Services, Information Security and Data Protection teams. These teams work closely with our clients and suppliers to address the changing macro-environment and ensure we are adapting to our clients' and their industries' requirements.

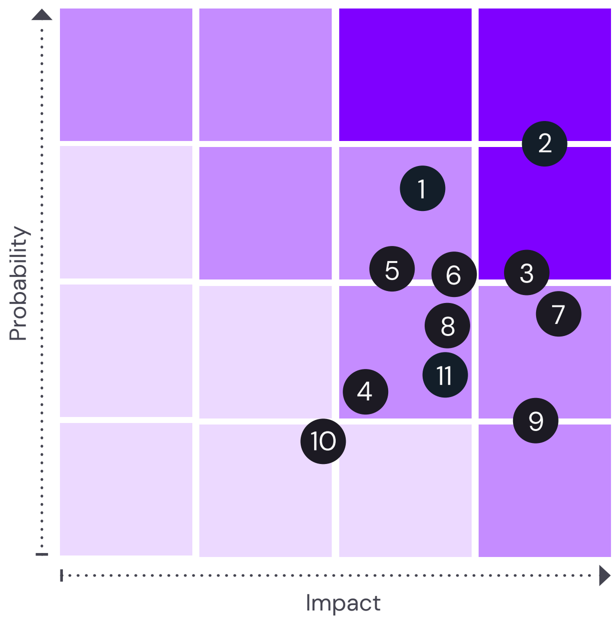
Principal Risks and Uncertainties continued

Risk appetite is the degree of risk we consider appropriate and acceptable to achieve our strategic priorities. As part of its annual risk assessment, the Board has considered and reviewed the nature and extent of its risk appetite. The outcome of this exercise informs decision making across the Connective, providing direction and boundaries that help to set the level of mitigation needed. Following consideration by the Board, the Connective's risk appetite across the principal risks was not altered materially during the year. Risk appetite is subject to ongoing review by the Board, and takes into account changes to the economic environment, strategic progress and the performance of the specialisms.

The Board seeks to minimise liquidity risks and risks associated with the welfare of our people; it consequently has a particularly low risk appetite in these areas. For liquidity risk, we have detailed procedures for monitoring headroom in the bank facility and the associated leverage and interest cover covenants. To mitigate people risks, the Connective model facilitates the opportunity for our people to work in different areas within the organisation and to gain from wider experiences and collaborations. Our strengthening relationships with Partners also provide opportunities for our people to collaborate with highly skilled peers and the option to participate in strategic partner certification programmes. In other aspects, such as growth initiatives, the Board has a greater risk appetite and sets the level of mitigation accordingly. Mitigation of risks associated with growth initiatives has included strengthening the Board and senior leadership team, with several significant senior leadership appointments made during the period, including in the creation of new roles for Chief Executive of Americas, Chief Executive of Europe, Global Chief Technology Officer and Global Chief Strategy Officer. Thus, the Board accepts a managed risk profile, while attempting to mitigate risks effectively, as we seek to deliver our strategic goals.

Principal risks heat map

The probability and impact of each of our principal risks is presented below. We describe these risks and the controls, processes and procedures we have in place to monitor and mitigate these risks in the table of principal risks on pages 83 to 87.



Risks

1 COVID-19 and pandemic shocks
2 Economy and volatility
3 Growth
4 Scalability
5 Assimilation
6 Clients
7 Our people
8 Brand and culture perception
9 Finance
10 Pension scheme
11 Data security and GDPR

One new risk, relating to COVID-19 and pandemic shocks, has been added to the register during the year (see risk 1 in the table below). The Board is also mindful of the potential impact of the pace of change as the business implements its new operating model and has considered this in its review of the principal risks. Additionally, the Board has increased its focus on socially responsible business matters in recent years, recognising that how we implement the agreed strategy has the potential to intensify the probability and impact of many of Kin + Carta's principal risks, including those related to clients, our people and brand and culture perception. It considers responsible business matters to be an emerging risk due to increasing engagement, policy changes and legislation in this area. It has a particularly low risk appetite for matters related to socially responsible business, considering it a responsibility of Kin + Carta to reduce inequality in society and mitigate against climate change and environmental damage. Accordingly, consideration of the positive impact or otherwise of our operations on our stakeholders is key and the Culture and Responsibility Platform within the Carta is a fundamental mitigation of this emerging risk. The Board has also considered positive impact matters in its review and mitigations of the principal risks.

The table below details the Connective's principal risks and the key mitigating activities in place to address them. The changes in the risk ratings from the Board's assessment in the prior period have been highlighted.

Table of principal risks

1 COVID-19 and pandemic shocks NR

Risk description	Mitigating activities
COVID-19 has dramatically impacted the global economy, our clients and the ways people live and work around the world. In addition to the immediate economic shocks, we expect these changes to lead to long-term shifts in consumer and employee expectations, and ultimately impact industries across society. Kin + Carta was able to quickly adapt and has been operating remotely during the pandemic, including pitching, winning and delivering solutions for our clients. Nonetheless, the pandemic has introduced risk in the form of: (i) clients deferring, scaling back or cancelling projects (see risk 6); (ii) a changed working environment for our people which increases the risk of individuals feeling more isolated whilst working remotely and potentially heightens data security risk as processes are adapted (see risk 11); (iii) a substantial economic decline (see risk 2); and (iv) needing to adapt appropriately to behavioural changes and evolving consumer demand (see risk 6). As well as posing risks, there are longer-term opportunities for a business like Kin + Carta since businesses are, in the longer term, likely to invest more in digital capability.	Our agile, digital ways of working enable Kin + Carta to adapt quickly to change. Cost management programmes in place across the Connective. Utilising government schemes such as the UK Coronavirus Job Retention Scheme and US Paycheck Protection Program. Maintain regular dialogue with employees and wellbeing initiatives. New business targets in industries that have not been negatively impacted by COVID-19.

Key to change in risk level:

Higher No Change Lower NR New risk

Principal Risks and Uncertainties continued

2 Economy and volatility ↑

Risk description	Mitigating activities
Challenging economic and political conditions may inhibit growth and create uncertainty. This could lead to volatility in earnings. Uncertainty in the economy, largely associated with COVID-19 and Brexit, could result in client projects being cancelled or deferred at short notice and new business opportunities contracting. While the Connective has long-term contracts with clients, the level of spend is predominantly at the client's discretion rather than being derived from guaranteed sales volumes. To a lesser extent, a worsening of the economic and political situation in Argentina could, in the short term, impact our cost base since Kin + Carta's nearshore resources that support the Connective are based there.	Diversification into markets that are capable of delivering profit growth with an increasing number of diverse companies. Diversification of client geography, including through growth in new US markets and other overseas locations. Investment in a wider range of services offered to clients, collaborating with strategic partners where appropriate. An ongoing review of the Connective's cost base and options to provide additional nearshore capability within Europe. Secure more long-term client relationships and contracts with a greater emphasis on recurring revenue. A regular review of performance of all businesses against their budgets, monthly forecasting and implementing remedial action, where needed.

3 Growth ↔

Risk description	Mitigating activities
Growth is core to the Kin + Carta long-term strategy. This includes organic growth driven by strategic initiatives and inorganic growth driven by strategic acquisitions. Growth initiatives may be underinvested or not pursued in the right sectors or territories and may therefore fail to deliver growth.	Further investment in new business functions, including Partnerships. Establishing and embedding our market proposition, which launched the Advise, Create and Connect brands. Detailed budgets and three-year plans submitted to the Board for review. Stringent selection criteria for pursuing acquisitions that fit within the Connective's strategy and culture.

4 Scalability ↔

Risk description	Mitigating activities
Achieving scalability is important in order to pursue a high growth strategy in a profitable way. While included as a risk, achieving greater scalability is also an opportunity for the Connective. Digital Transformation businesses may not have sufficient scale within their sectors to secure substantial customer contracts. Without sufficient scale, our businesses may find it more challenging to secure larger client contracts.	Collaboration across the business operationally such as working on joint pitches and delivering work efficiently across the Group. Organic growth of businesses through investment. Consolidating business units and centralising specific functions (such as Connective Digital Services, Finance and Legal) to provide an efficient operating platform and thus a scalable offering. Investment in high growth Digital Transformation businesses and greater focus on securing longer-term contracts with emphasis on recurring revenue.

Key to change in risk level:

↑ Higher ↔ No Change ↓ Lower NR New risk

5 Assimilation

Risk description	Mitigating activities
We recently launched a new regional operating model uniting Advise, Create and Connect under a singular management team in the Americas and Europe regions. This, coupled with our acquisition of Spire Digital, requires greater collaboration across our Pillars and operations. The Connective continues to identify areas for assimilation and integration to create a solid platform for growth. Short-term impacts from transitioning to this model could manifest in the form of temporary operating challenges as business cultures and ways of working are merged.	Appointment of a Chief Executive of Americas, Chief Executive of Europe, Global Chief Technology Officer and Global Chief Strategy Officer. Our responsible business initiatives encourage greater collaboration across our Pillars with a common goal, while our employee experience programmes foster an aligned culture with shared values across the Connective. A defined and structured plan for the integration of new acquisitions. Identifying and facilitating resource requirements to manage the changes. Office consolidation to accommodate and support our Pillars in the same location while enhancing the working environment.

6 Clients

Risk description	Mitigating activities
The Connective has a number of key clients in each of its specialisms. Competitive pressure may result in the loss of a key client. Should the Connective lose a number of its key customers, this could have a material impact on its finances. For the year ended 31 July 2020, no single customer accounted for more than 9% of revenue.	Our regional operating model and platform approach is already helping drive client wins where we are delivering a wider range of solutions that supports longer-term engagements. We encourage our clients to think strategically about their future direction and differentiation and how, together, we can make the world work better for their customers. This approach also distinguishes the Connective's offering from its competitors. Achieve or exceed service level agreements with clients. Broaden our capabilities, providing new innovating solutions in support of our clients' evolving technology needs. Avoid over reliance on any single client. Implement bespoke propositions for securing the renewal of key client contracts, providing Connective support where appropriate. Further investment in new business functions, including Partnerships.

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Principal Risks and Uncertainties continued

7 Our people (Higher)

Risk description	Mitigating activities
The risk of not being able to attract and retain people is heightened due to the highly competitive enviroment for talent. Attracting and retaining talent is a key priority for the Connective as it continues to invest in new and innovative service orientated offerings. A misalignment between our current and prospective employees' values and our business model may result in difficulties to attract, develop and retain people with the necessary talent. This would impact the ability of the specialisms, and Connective as a whole, to deliver the services sought by our clients and support the growth of the business.	Emphasis on becoming a B Corp certified business, which is part of our corporate strategic initiative to become a globally recognised best place to work. This initiative is at the heart of our business. Support our people with training and development needs along with career development opportunities. Develop a collaborative culture across the Connective's Pillars. Provide competitive, equitable compensation including share-based incentive schemes, and other targeted benefits. Succession planning for senior management.

8 Brand and culture perception (No Change)

Risk description	Mitigating activities
In February 2020, the Advise, Create and Connect brands were launched in line with our market proposition. It is vital that the brand architecture is cohesive and easily understood by current and prospective clients. Likewise, our culture must attract and retain our employees whilst fostering an environment for people to do their best work. If the brand and culture do not resonate with the Connective's stakeholders, business opportunities may be missed.	Developed a new purpose supported by the Connective's values and strategy. Strong leadership alignment throughout the Connective to demonstrate that Kin + Carta's purpose is to make the world work better for its stakeholders, including its people. Kin + Carta has a strong culture of servant leadership. Culture and Responsibility Platform that spans across the Connective, covering employee experience, B Corp and IDEA initiatives, which are embedded into Kin + Carta's culture through grass roots participation across the Connective. Involving the operating businesses with the rebranding and its launch through undertaking a thorough consultation process.

9 Finance (No Change)

Risk description	Mitigating activities
The Company's ability to trade may be compromised by a lack of cash funds. Being able to finance working capital and carry out operations is fundamental to the Connective.	Conduct half-yearly 'going concern' reviews and longer-term viability assessments. Ongoing monitoring of Kin + Carta's performance against its banking covenants, which this year, in response to COVID-19, resulted in increasing the ceiling on the Company's quarterly leverage covenant to up to 5.0 times EBITDA (previously 2.5 times) for four quarters commencing with the quarter ended 31 July 2020. Undertake monthly reviews of working capital, cash forecasts and headroom on banking covenants. Periodically review the Connective's financial KPIs with its bankers.

Key to change in risk level:

Higher No Change Lower NR New risk

10 Pension scheme

Risk description	Mitigating activities
The Company has a Defined Benefits Pension Scheme (the 'Scheme'), which is currently in a funding deficit. The volatility of the Scheme's deficit is impacted by the inflation rate, changes in the discount rate derived from gilt yields and changes in actuarial assumptions, such as mortality. An increase in the deficit could lead to higher contributions being made by the Company.	A new deficit recovery plan was agreed with the Scheme Trustee, which commenced in September 2020 and aligns the cash contributions with the Company's cash generation. Regularly engage the Trustee directors in discussions on the Connective's performance. Work with an external advisor and follow regulatory compliance.

11 Data security and GDPR

Risk description	Mitigating activities
Failure to adequately protect, prevent or respond to a data breach or cyber attack would expose the Connective to non-compliance with the GDPR or other applicable global data protection laws, reputational damage, fines, compensation or damages, disruption to the business and/or the loss of information for our clients, employees or business. It is vital that we continue to educate our people, maintain vigilance across the Connective and scrutinise our existing capabilities to reduce the likelihood of attack or breach in a fast-changing environment with regularly evolving external threats such as changes resulting from the COVID-19 pandemic.	Our Connective Digital Services function has responsibility to protect data (e.g. encryption, firewalls, restricted access, SaaS tool management). Employee awareness drives and training regarding data protection and education on external threats and the changing environment of our workplace as a result of COVID-19. Periodic reviews by Internal Audit, utilising in-house Connective Digital Services expertise as well as specialist external consultants. Cyber security and Connective Digital Services questionnaire completed periodically by our specialisms to highlight areas of potential risk, together with any mitigating actions performed in order to address this risk. A Data Protection Officer assists the Connective with GDPR compliance and other applicable global data protection laws. The Data Protection Officer provides assistance and guidance to the Board with regular reporting covering GDPR audits and the rolling out of new policies, processes and procedures.

Non-financial reporting regulation

Under sections 414CA and 414CB of the Companies Act 2006, as amended by The Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, we must include in our Strategic Report certain non-financial information. Information required by these Regulations is included in Our Business Model (pages 14 to 19), Responsible Business (pages 56 to 79) and our Principal Risks and Uncertainties reports (pages 80 to 87).

This Strategic Report on pages 6 to 87 was approved by the Board of Directors and signed on its behalf by:

J Schwan
Chief Executive Officer

5 November 2020

Corporate Governance

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Contents

Board of Directors

N

John Kerr

Chairman

Appointed to the Board

22 July 2019 as Non-Executive Chairman Designate and subsequently Chairman on 5 December 2019

Career

John previously acted as Chief Executive Officer of Deloitte Consulting, leading the creation of Deloitte Digital, the first dedicated digital consulting business. He grew the business organically and by strategic acquisition. John was also Managing Partner of Innovation and Talent, Deloitte, where he drove numerous societal initiatives, including the provision of mentoring to school pupils in disadvantaged areas and the BrightStart Apprenticeship programme. He has extensive experience of working with client boards throughout his 40-year career in professional services.

John holds a BA from the University of Strathclyde and is a member of the Institute of Chartered Accountants of Scotland.

Relevant skills and experience

John brings to the Board strong leadership skills along with considerable business and senior board level expertise. He has extensive experience in helping businesses develop their digital capabilities and advising global businesses on how best to position themselves for growth. This enables John to contribute wide-ranging global, strategic and advisory knowledge and insight to the Board.

John has gained valuable insight and experience through his trustee roles on charitable boards and position as Managing Partner of Innovation and Talent, Deloitte, strengthening his ability to facilitate Board discussions that consider a wide range of stakeholders and their interests in an equitable manner.

Other roles

John is Chairman of LC Financial Holdings Limited and is a Non-Executive Adviser to Travers Smith LLP. He also serves as a Trustee of Plan International UK and as a Non-Executive Director of two of its subsidiaries, Development Works Limited and Social Development Direct Limited.

OTHER DIRECTORS WHO SERVED DURING THE PERIOD

Mike Butterworth, Independent Non-Executive Director, stepped down from the Board on 1 October 2019.

Richard Stillwell, Chairman, stepped down from the Board on 5 December 2019.

Committee membership

- ● Chair of the Committee
- (N) Member of the Nomination Committee
- (A) Member of the Audit Committee
- (R) Member of the Remuneration Committee

N

J Schwan

Chief Executive Officer

Appointed to the Board

4 August 2018

Career

J is the founder and former Chief Executive Officer of Solstice, a digital innovation firm that is now embedded in our Create pillar. He grew Solstice to 400 employees at a 25% CAGR without any external investment until its sale to the Company in 2015. Solstice continued to scale at the same growth rate under J's leadership for the following three years. During his tenure, Solstice was also continually recognised as a Best Place to Work by Forbes and Fortune. In 2018, J became the Chief Executive Officer of the Company and has led its transition into a global leader in digital transformation services.

J has been inducted into the Chicago Entrepreneurship Hall of Fame, is an EY Entrepreneur of the Year finalist, was awarded the University of Illinois College of Engineering Young Alumnus of the Year award and is a recipient of Tech Week 100.

He received his Bachelors in Materials Science Engineering from the University of Illinois at Urbana Champaign and began his career at Accenture.

Relevant skills and experience

J has been at the forefront of digital transformation throughout his career and has a proven track record of delivering high levels of growth. His deep understanding of the digital transformation sector and substantial entrepreneurial expertise are assets to the Board.

Other roles

J serves on the Foundation Board of Lurie Children's Hospital.

N

Chris Kutsor

Chief Financial Officer

Appointed to the Board

17 June 2019

Career

Chris has led finance organisations spanning billion-dollar operations, venture capital investing and strategic sales functions. He most recently served as the Investor Relations Officer of a global Fortune 500 technology firm. Chris holds an MBA in Strategy and Finance from The University of Chicago Booth School of Business.

Relevant skills and experience

Chris is a seasoned executive with proven financial leadership in the technology sector. He brings to the Board broad financial expertise and a strong history of managing effective relationships with the institutional investor community and media.

Other roles

Chris serves as a board director to First Light USA, LLC, a privately held technology development company.

Board of Directors continued

N

David Bell

Independent Non-Executive Director

Appointed to the Board

4 August 2018

Career

David served as Chief Executive Officer of two of the world's largest advertising marketing services companies, NYSE-listed True North and Interpublic Group. He was also Chief Executive Officer of Bozell Worldwide, which he helped grow to a top-ten global agency. From 2006 to 2009, David was a senior advisor to Google and has held a similar position with AOL/Oath since 2009. David was elected by his peers into the Advertising Hall of Fame in the USA in 2007 and in 2013, the Hall of Fame established the David Bell Award which is given to one inductee who has best demonstrated this level of service.

David was an independent director at Time Inc. between 2014 and 2018 and has previously served on numerous other US listed company boards, as well as many growth stage companies in the marketing and media technology sectors.

Relevant skills and experience

David's extensive experience in digital media is an asset to the Board, contributing to the development and implementation of its digital transformation growth strategy. He also has deep knowledge of the US market which is a key geography for the business.

Other roles

David is currently an independent director of Creative Realities Inc.

A N R

Michele Maher

Independent Non-Executive Director

Appointed to the Board

15 May 2019

Career

Michele most recently served as Chief Financial Officer of Hogg Robinson Group plc. She trained with KPMG and held various positions at technology solutions company, Dell.

Michele is a Fellow of the Institute of Chartered Accountants and holds an Executive MBA from Cranfield.

Relevant skills and experience

Michele is a chartered accountant and provides the Board and the Audit Committee with relevant financial expertise, gained through an established career in senior finance and management roles across a range of business sectors. This comprehensive experience makes her ideally suited to chair the Audit Committee and to act as its financial expert, a position she took on in October 2019.

Other roles

Michele has no other appointments to disclose.

Committee membership

● Chair of the Committee

(N) Member of the Nomination Committee

(A) Member of the Audit Committee

(R) Member of the Remuneration Committee

A N R

Nigel Pocklington

Independent Non-Executive Director

Appointed to the Board

1 June 2016

Career

Nigel is currently Chief Commercial Officer of Moneysupermarket.com Group plc. Prior to Moneysupermarket, he held a variety of senior roles within Expedia Inc., including President of eBookers and Chief Marketing Officer of Hotels.com. Nigel spent a decade of his early career at Pearson plc, including a period leading the digital operations of the Financial Times.

Relevant skills and experience

Nigel has strong, relevant and current commercial experience at a senior management level in a variety of global digital businesses, ranging from global e-commerce to financial technology. He is Executive Sponsor of Moneysupermarket's Employee Resource Group focused on diversity and inclusion, which enhances the contribution he makes as the Non-Executive Director appointed to our Workforce Advisory Panel. He currently serves as Chair of the Remuneration Committee. Nigel's experience gained from his membership of that committee for over two years prior to being its chair, combined with his understanding of employee and investor viewpoints, make him well suited to chairing the Remuneration Committee.

Other roles

Nigel is Chief Commercial Officer of Moneysupermarket.com Group plc.

A N R

Helen Stevenson

Senior Independent Director

Appointed to the Board

1 May 2012

Career

Helen served as Chief Marketing Officer UK at Yell Group plc from 2006 to 2012 and, prior to this, served as Lloyds TSB Group Marketing Director. Helen started her career with Mars Inc where she spent 19 years, culminating in her role as European Marketing Director, leading category strategy development across Europe.

Relevant skills and experience

Having served on the Board as a Non-Executive Director for eight years, Helen has developed in-depth knowledge and understanding of the Company and its governance allowing her to provide strong support to the Chairman and Board as a whole. Helen has considerable marketing and digital experience and has held numerous board positions in various sectors. This varied experience provides her with a strong customer focus, enables the contribution of a unique perspective on matters and makes her well suited to the role of Senior Independent Director.

Other roles

Helen currently holds Non-Executive Directorships with IG Group Holdings plc and the Skipton Building Society; she is the Senior Independent Director of Reach plc. Helen also serves on Henley Business School's Strategy Board and is a Governor of Wellington College.

Chairman's Introduction to Governance

John Kerr
Chairman

Good governance is more important than ever during times of uncertainty, playing a critical role in developing immediate responses, helping to mitigate impacts on people and profit, and implementing recovery plans. I have been reassured by the strength and integrity of our governance systems. As the Board of a company operating in the digital transformation market, we were able to transition quickly and efficiently to holding our meetings wholly via video conference, having made use of this technology effectively for a number of years. We convened additional meetings with the agenda focused on our response to the pandemic and its impact on our business and our people. We are proud that throughout this time, the Group has demonstrated the strength of its culture: our people have continued to serve our clients with agility, diligence and skill and have pulled together to support and protect their colleagues, exhibiting our values of courage, connection and compassion.

Kin + Carta's purpose, values and culture

During the year, we reconsidered our purpose, determining that, fundamentally, we exist to make the world work better: better for our clients, for their customers and for our people. Our purpose reflects the importance we as a Board place on considering our stakeholders in key business decisions and how they are central to our ability to drive value-creation over the longer term. In our section 172 statement and supporting our stakeholders section on pages 60 to 76, we provide an overview of how we live our values for each of our key stakeholder groups: our clients, our people, our communities, our suppliers, our strategic partners and our shareholders. In those sections, we set out the interests of each stakeholder group, our tailored approach to engaging with them and how this engagement has shaped Board decision making and discussions, along with an overview of how we have promoted responsible business with them.

Our purpose is supported by the values and our commitment to responsible business. Continuing to develop and deepen our culture is vital for creating an industry-leading employee experience and becoming internationally recognised as a best place to work with a focus on the growth potential of our talent. Our Chief Executive Officer, J Schwan, updates us on people matters at every Board meeting. Our Workforce Advisory Panel, whose members include Nigel Pocklington (Non-Executive Director), acts as a conduit between the Board and our people, briefing us on key findings from employee engagement and diversity and inclusion surveys, highlighting areas for Board discussion.

As outlined in my opening statement on pages 4 and 5, and detailed within our Strategic Report, a core focus this year has been on how Kin + Carta can build a culture where everyone is empowered to bring their authentic self to work and how we can consciously unbundle systematic constraints that exist within our society and our organisation. This led to the formation of our Inclusion, Diversity, Equity and Awareness (IDEA) Strategic Action Plan and supportive framework, which outlines our IDEA Vision and Guiding Ambitions (you can read more our IDEA initiatives on pages 68 and 69). We look forward to updating you on our progress in the years ahead.

Board membership

During the year, Richard Stillwell stepped down as Chairman and Mike Butterworth stepped down as Non-Executive Director. Both Richard and Mike played important roles during a transformational time for Kin + Carta, laying the foundation for its future.

I transitioned from Non-Executive Chairman Designate to Chairman on 5 December 2019 and we welcomed Michele Maher to the role of Audit Committee chair on 2 October 2019.

The membership and composition of the Board is key to its effectiveness in successfully directing Kin + Carta to achieve its strategic priorities and in promoting its long-term sustainable success. The findings of our 2020 evaluation of the Board's effectiveness, described in detail on page 107, satisfy me that it has an effective and appropriate balance of diversity, experience, knowledge and skills and that each Director makes a positive contribution to discussions and decision making.

Governance

As a Board, we invest a significant amount of time maintaining high standards of governance, in recognition of the value that it can add to the success and sustainability of performance as well as the reputation of the Group's business. We therefore welcomed the recent corporate governance reforms, which included the revised UK Corporate Governance Code 2018 ("Code") and The Companies (Miscellaneous Reporting Regulations) 2018. Our Corporate Governance Report, which includes the reports on pages 110 to 152, illustrates the role corporate governance plays in delivering our purpose, living our values and implementing our strategy, and how the Code and secondary legislation are embedded in our approach to corporate governance.

Compliance with the Code

As a company listed on the London Stock Exchange, Kin + Carta is required to explain how it has applied the main principles of the Code and the Code's provisions throughout the financial year ended 31 July 2020. I am pleased to report that we have complied with the Code in all respects and remain committed to maintaining a high standard of governance to support our strategic objectives that will allow us to make the world work better.

The Corporate Governance Report was approved by the Board of Directors and signed on its behalf by:

John Kerr
Chairman

5 November 2020

Corporate Governance Report

Implementation of the Code

Section of the code	How Kin + Carta applied the code	Further information
Board leadership and Company purpose	The Board supports the notion that Kin + Carta exists to make the world work better: better for our clients, for their customers and for our people, a purpose which is reinforced by the Connective's values and strategic priorities. The Board regularly engages with our internal and external stakeholders to understand their interests and assess whether we are fulfilling our purpose to make the world work better through appropriately supporting our stakeholders with our products, services, practices, policies and opportunities.	We outline our purpose, values and assessment and monitoring of culture on pages 20 to 23. We also describe in our section 172 statement and supporting our stakeholders, on pages 60 to 76: • how the Board engages with our stakeholders (including the role of the Workforce Advisory Panel), and • the impact of those dialogues on board discussions and decision making.
	The Board oversees, and where appropriate constructively challenges, the implementation of our strategic priorities, being our Proposition, Growth, Operations and Culture and Responsibility Platforms, and Expansion, as they promote the long-term sustainable success of the Company through generating profit and supporting our people and communities. The Board is also proactive in identifying the main trends and factors affecting the long-term success and future viability of Kin + Carta, which include market opportunities and risks and controls.	• The key market trends and opportunities the Board has identified are set out in the Digital Imperative section on pages 8 to 11. • An overview of our risk identification and management system can be found in Principal Risks and Uncertainties on pages 80 to 87. • Details of how we conduct our business responsibly, including our B Corp initiative, which is key to our Culture and Responsibility Platform and drives long-term sustainable success through supporting our stakeholders and providing the control environment for future growth, can be found in the Responsible Business section on pages 56 to 79.
	The effectiveness of the Board is key to successfully leading Kin + Carta to achieve its strategic priorities. An evaluation of the Board was undertaken during the year to surface any issues that may inhibit effectiveness and to prompt the open discussion that facilitates entrepreneurial thinking.	Our Board evaluation process and findings are explained on pages 107 and 108.

Section of the code	How Kin + Carta applied the code	Further information
Division of responsibilities	Clear expectations and common understandings of the roles and responsibilities of the Board, its members and committees are essential in creating the conditions for overall Board and individual Director effectiveness. Accordingly, the roles and responsibilities of the Board and its committees, Chairman, Chief Executive Officer, and Senior Independent Director are clearly defined, set out in writing and approved by the Board.	The key responsibilities of the Board, its members and committees are described on pages 101 and 102.
	Consideration is given to the Board's balance of Executive and Non-Executive Directors. Boardroom dynamics and contributions are monitored through Board evaluations to ensure the composition of the Board and the availability of its members enable effective decision making. Through the Company Secretary, the Board receives advice and services that enable it to apply and observe procedures and applicable rules. The Company Secretary works closely with the Chairman and the chairs of the Board's committees to set meeting agenda and facilitate the timely flow of high-quality information between management, the Board and its committees.	The Board's membership and the attendance of its members at Board and committee meetings are described on pages 100 and 106, respectively.
Composition, succession and evaluation	Ensuring that each Director makes a positive contribution to the Board is key to Board effectiveness. The Nomination Committee, which makes recommendations to the Board, evaluates the structure, size, composition and succession planning of the Board and its committees, considering their combination of skills, experience and knowledge. It also ensures that a formal, rigorous and transparent procedure exists for the appointment of new Directors.	The role and activities of the Nomination Committee are set out on pages 116 to 119.
	The Board values its annual evaluation as an opportunity to surface any issues that may inhibit effectiveness and to prompt the open discussion that facilitates entrepreneurial thinking. The evaluation in respect of this financial year covered matters related to Board dynamics, composition, diversity, and its interaction with its committees and key stakeholders.	Our Board evaluation process and findings are explained on pages 107 and 108, and our Board Diversity Policy is outlined on page 118.

Corporate Governance Report continued

Section of the code	How Kin + Carta applied the code	Further information
Audit, risk and internal control	Effective monitoring of audit, risk and the internal control framework is a key element of protecting Kin + Carta's long-term viability and is central to successfully achieving our strategic priorities. The Audit Committee, which reports to the Board, is responsible for discharging governance responsibilities in respect of these areas.	Our internal control and risk management system is set out on pages 108 and 109. The role and activities of the Audit Committee are set out on pages 110 to 115.
	The Audit Committee monitors the integrity of the financial reporting process, including the appropriateness of any judgements and estimates taken in preparing the financial statements, and makes recommendations to the Board in relation to whether the financial and narrative statements when taken together present a fair, balanced and understandable assessment of the Company's position and prospects.	The role and activities of the Audit Committee are set out on pages 110 to 115.
	The Audit Committee oversees the internal controls framework and receives regular reports from management and the Internal Audit function on the effectiveness of that framework. It reports its findings to the Board. Formal half-yearly reviews and discussions on risks and challenges facing the Connective are undertaken by the Board, in addition to considering specific risk matters at each Board meeting. The Board determines the risk appetite that it considers is appropriate to achieve the Connective's strategic priorities.	Our principal risks and uncertainties are set out on pages 80 to 87.

Section of the code	How Kin + Carta applied the code	Further information
Remuneration	Appropriate reward policies and practices that are aligned to the purpose, values and culture of the Company, and which attract and motivate executives and senior management to support strategy, are important to the long-term sustainable success of Kin + Carta. The Board has established a Remuneration Committee of Non-Executive Directors, which is responsible for discharging governance responsibilities in respect of this area.	The role and activities of the Remuneration Committee, the Directors Remuneration Policy and the Directors' Remuneration Report are set out on pages 120 to 152.
	During the year, the Remuneration Committee reviewed the Directors' Remuneration Policy to ensure that it continues to align with corporate governance best practice, enables the attraction and retention of executive talent to deliver against the Group's strategy, and promotes the delivery of the long-term strategy. The Chair of the Remuneration Committee consulted substantial institutional shareholders on the committee's proposals as part of the process for the Directors' Remuneration Policy.	The Directors' Remuneration Policy, which is to be put to shareholders for approval at the forthcoming AGM, is set out on pages 124 to 136.
	During the year, the Remuneration Committee determined the remuneration outcomes of Executive Directors and other members of senior management and exercises independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	Details of the Remuneration Committee's considerations and decision making outcomes are set out in the Directors' Remuneration Report on pages 120 to 152.

Corporate Governance Report continued

Role of the Board

The Board is collectively responsible for leading the Company, promoting its long-term success, generating value for shareholders and contributing to wider society. As such, it is the principal decision making body for all significant matters affecting the Group; its key responsibilities are summarised on page 101. In making these decisions, the Board assesses shareholder and stakeholder interests from the perspective of the long-term sustainable success of the Company. This requires it to manage any conflicts between short-term interests and the long-term impacts of its decisions, at all times having regard to the Company's purpose to make the world work better: better for our clients, for their customers and for our people. You can read more about how the Board engages with our stakeholders and the impact of this engagement on decision making in our section 172 statement and supporting our stakeholders on pages 60 to 76 of our Strategic Report.

Board membership

The composition of the Board is key to its effectiveness in successfully directing Kin + Carta to achieve its strategic priorities and in promoting its long-term sustainable success. The Board is satisfied that it has an effective and appropriate balance of diversity, experience, knowledge and skills and that each Director makes a positive contribution to discussions and decision making. This is aided by clear expectations and common understandings of the roles, responsibility and authority of the Board, its committees and individual members. A summary of the roles and responsibilities of the Board and its committees, Chairman, Chief Executive Officer, Senior Independent Director and Non-Executive Directors are set out on pages 101 and 102.

The Board considers that, throughout the year, each of the Company's Non-Executive Directors was independent in character and free from any business or other relationship that could materially interfere with the exercise of his or her judgement. In reaching this opinion, the Board considered the nature of the Non-Executive Directors' other appointments, any potential conflicts of interest they have identified and their length of service. Their individual circumstances were assessed against those that are likely to impair a Non-Executive Director's independence, as set out in the Code. During the year, John Kerr (our Chairman), met with the Non-Executive Directors without any Executive Director being present, facilitating open discussions on the strategic direction of Kin + Carta and performance of management and individual Executive Directors against agreed strategic priorities.

The Board's membership throughout the period and the Directors' attendance at scheduled meetings of the Board is set out in the table on page 106.

The Company's articles of association set out detailed provisions for the appointment, reappointment and retirement of Directors. All of the Directors will retire at the forthcoming AGM and seek re-election, in accordance with the Code.

External board appointments and conflicts of interest

Each Director keeps the Chairman and the Board informed of any proposed external appointments or other significant commitments as they arise. These are monitored to ensure that each Director has sufficient time to meet their responsibilities. Each Director's biography and external appointments are set out on pages 90 to 93.

During the year, Helen Stevenson was appointed Non-Executive Director of IG Group Holdings plc (a listed company). The Board provided prior authorisation of this appointment, considering that she would have sufficient time to fulfil her duties and obligations to the Company whilst maintaining significant appointments with IG Group Holdings plc, Skipton Building Society, and Reach plc.

In accordance with the provisions of section 175 of the Companies Act, the Company has procedures to deal with the situation where a Director has a conflict of interest and the Board regularly reviews conflict authorisation. Directors do not take part in discussions on matters in which they have a potential conflict, and they may be requested to leave a meeting at which a matter in which they may be conflicted is to be discussed. No conflicts of interest were identified during the period.

Our governance framework

To ensure it maintains an appropriate level of oversight, the Board delegates certain roles and responsibilities to its three committees: Audit, Nomination and Remuneration. Membership of these committees consists primarily of our Non-Executive Directors and, in some cases, the Chairman. The Nomination Committee makes recommendations for appointments to the Board and its committees.

The activities of the committees during the year are explained in more detail on pages 110 to 152. The minutes of each committee meeting are circulated to all Directors. Each committee's terms of reference are documented and agreed by the Board; they are available to view in the governance section of our website (investors.kinandcarta.com).

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The Board

The Board's key responsibilities include:

- establishing the purpose and values of Kin + Carta
- debating and agreeing the Group's strategy, long-term business objectives and risk appetite
- approving acquisitions, divestments and major capital projects
- approving the Group's annual budget, dividend proposals and financial statements
- promoting the highest standards of corporate governance
- ensuring the Group has the necessary resources, processes, controls and culture in place to deliver Group strategy and promote long-term growth

Audit Committee

Key responsibilities include:

Monitoring and reviewing:

- the integrity of the financial reporting process, including the appropriateness of any judgements and estimates taken in preparing the financial statements
- the internal and external audit functions
- the effectiveness of the risk management systems and monitoring of internal controls

Nomination Committee

Key responsibilities include:

- evaluating the size, structure and composition of the Board, having regard to the diversity, experience, knowledge and skills of Board members and the future challenges affecting the business
- reviewing the results of the Board performance evaluation process that relate to the composition of the Board
- considering length of service of the Board as a whole
- overseeing succession planning
- the identification and nomination of candidates to fill Board positions and recommending the re-election of Directors

Remuneration Committee

Key responsibilities include:

- determining practices and policy on executive and senior management remuneration that support strategy and promote Kin + Carta's long-term sustainable success
- aligning executive remuneration, bonuses, long-term incentive arrangements and other benefits to Kin + Carta's purpose and values and the successful delivery of the Group's long-term strategy, having regard to workforce remuneration

Corporate Governance Report continued

Key responsibilities

Chairman **John Kerr**	• setting the Board's agenda, in consultation with the Company Secretary • shaping the culture in the boardroom and ensuring it promotes challenge and debate, especially for complex and critical issues • encouraging all Directors to maximise their contributions to the Board by drawing on their experience, knowledge and skills • engaging and fostering relationships with major shareholders and key stakeholders • promoting high standards of governance, including through Board inductions, allowing adequate time for discussion of all agenda items, ensuring there is a timely flow of high-quality information to the Board and its committees and that the training and development needs of Directors are supported • leading the Board evaluation process
Chief Executive Officer **J Schwan**	• proposing strategic priorities to the Board and then leading, and taking advice from, the Group's senior leadership team in implementing the agreed strategy • ensuring the Board understands the view of senior leadership on business issues, in order to facilitate effective boardroom discussions • managing the Group's day-to-day business, within the authorities delegated by the Board • promoting the Group's Culture and Responsibility Platform
Chief Financial Officer **Chris Kutsor**	• providing strategic financial leadership to the Group and day-to-day management of the finance function • responsible for Global Finance, Legal, Employee Experience, Connective Digital Services (IT) and Risk Management
Senior Independent Director **Helen Stevenson**	• acting as an experienced sounding board for the Chairman • being available as a trusted intermediary for other Board members and shareholders • leading the annual evaluation of the Chairman by other Non-Executive Directors
Non-Executive Directors **David Bell** **Michele Maher** **Nigel Pocklington**	• providing constructive challenge, effective guidance and advice to the Board • holding management to account in monitoring its success in achieving the agreed strategy through sound judgement and objectivity • devoting time to understand the Group, its business and workforce and the key market trends and opportunities it faces

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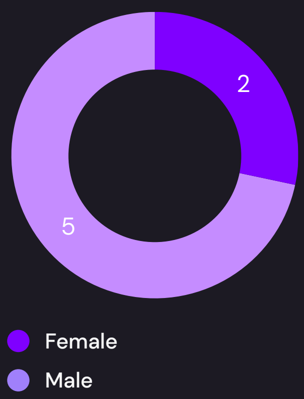
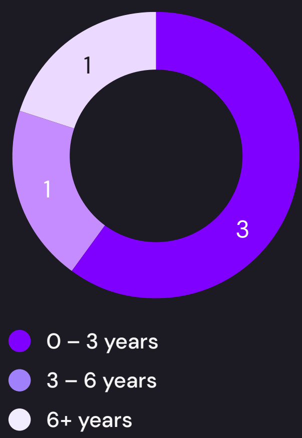
Board composition

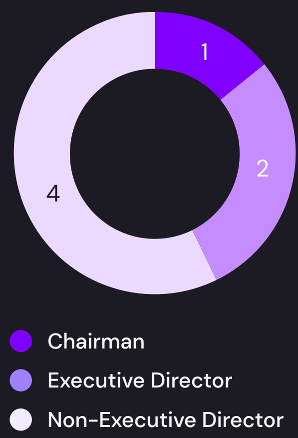
Gender diversity:



Chairman and Non-Executive Director tenure:



Independence:



Skills and experience:

Digital innovation and technology

D D D D D

Finance, accounting and investor relations

D D D

Digital media and marketing

D D D

People

D D

Key

D Directors

Board activity

The Chairman, with support from the Company Secretary, sets the board agenda primarily focused on strategy and growth, performance, our people, and accountability, and ensures that the Group's key stakeholders are considered throughout its discussions.

All Directors have full and timely access to the relevant information needed to enable them to properly discharge their responsibilities and have unrestricted access to other executives within the business to discuss any matter of concern. The Executive Directors' brief the Board on their regular meetings with the senior leadership team, covering matters related to strategy alignment and Connective expansion, performance, key clients, sales growth (including cross-pillar opportunities), risks and people matters. All Directors receive agenda and papers in advance of each meeting. Following the meeting, minutes are recorded and actions followed up.

Where appropriate, the Directors may obtain independent professional advice in respect of their duties to the Board and its committees at the Company's expense. Each Director also has access to the advice and services of the Company Secretary who advises the Board on corporate governance matters and has responsibility for ensuring that Board procedures are observed.

Corporate Governance Report continued

2020 Key focuses of the Board: how governance contributes to strategy

	People and responsible business	Governance, risk and controls
Link to strategic priorities		
Key activities and discussions in 2020	• Received updates on the Group's progress towards B Corp certification and considered matters related to responsible business • Received summaries on employee engagement, including culture and employee experience initiatives, from the Workforce Advisory Panel • Considered talent matters and incentive proposals for the wider workforce	• Attended to regulatory disclosures, which included the review and approval, according to the Audit Committee's recommendations, of the annual report and accounts and, half- and full-year results announcements • Considered reports on governance and regulatory matters, including changes to legislation • Through the work of the Audit Committee, reviewed the principal and emerging risks facing the Group and the effectiveness of the internal controls and risk management systems
Key outcomes	• Approved matters related to our responsible business initiatives, including the Code of Ethics and the IDEA Framework, which outlines the IDEA Vision, Guiding Ambitions and Strategic Action Plan, setting out how they align with the Connective's codes, policies and practices • Approved the rules of a new all-employee share plan for US employees: the Employee Stock Purchase Plan	• Adopted a Board Diversity Policy • Supported the creation of a new Head of Risk Management role, which has responsibility for identifying and mitigating financial and operational risk in partnership with our global business leaders
Key priorities for 2021	• To consider, and where appropriate constructively challenge, matters related to: – the development, roll-out and institutionalisation of the IDEA Strategic Action Plan – the Company's goal to achieve B corp certification for all regions and Ventures by the end of 2021	• To continue the succession process outlined on page 119

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Strategic Priorities

Proposition Platform | Growth Platform | Operations Platform | Culture and Responsibility Platform | Expansion

Read more about Our Strategic Priorities on pages 30 and 31

Strategy and business	Finance
• Received reports from the Chief Executive Officer on performance against the strategic priorities • Considered specialism trading updates and key client and strategic partner developments • Received presentations on the client and market environment, our capabilities and growth strategy, and options for raising capital to facilitate growth • Discussed and approved strategic business initiatives, including acquisitions and divestments • Considered the impact of COVID-19, discussed associated changes to the client and market landscape and the utilisation of government support schemes • Held a Board Away Day to focus on areas of strategic importance, including regional planned implementation of the Connective strategy for 2021, and deep dived into Edit's foundational change programme	• Discussed performance versus budget and reviewed trends and KPI performance throughout the year • Considered the financing arrangements for the acquisition of Spire Digital • Considered the impact of COVID-19, including on the financial position, liquidity headroom, banking covenants and realistic downside scenarios • Received updates on the St Ives Defined Benefit Pension Scheme, its technical valuations and proposed revised cash deficit recovery plans
• Developed a new purpose supportive of the Connective's values and strategy • Established a clear market proposition, which launched the Advise, Create and Connect brands • Invested in strategic partner relationships, which grew the channel substantially • Completed the acquisition of Spire Digital in November 2019 • Completed the sale of Pragma in August 2020 • Supported the creation of a new set of roles and responsibilities necessary to enact on the further evolution of our strategy, which resulted in new appointments for roles including Chief Executive of Americas, Chief Executive of Europe, Global Chief Technology Officer and Global Chief Strategy Officer	• Approved the placing of new ordinary shares • Reached agreement with the banking syndicate to increase the ceiling on the Company's quarterly leverage covenant under the revolving credit facility to up to 5.0 times EBITDA (previously 2.5 times) for four quarters commencing with the quarter ended 31 July 2020 • Introduced cash conservation measures to preserve the capabilities required to allow the Company to take advantage of the upturn in the market once the crisis abates • Agreed a new deficit recovery plan with the Trustees of the legacy St Ives Defined Benefit Pension Scheme, aligning cash contributions with the Company's cash generation
• To consider, and where appropriate constructively challenge, matters related to the 2021 strategic priorities, described on pages 30 and 31	• To continue to monitor financial impacts of COVID-19, including on the financial position, liquidity headroom, banking covenants and realistic downside scenarios • Oversee the completion of the roll-out of FinancialForce, a Cloud financial accounting and software application, and consider the resulting business intelligence opportunities

Corporate Governance Report continued

Board and committee meetings and attendance

The Board meets at regular intervals to enable it to fulfil its role and discharge its duties effectively, particularly under section 172 of the Companies Act. During the year, the Board held nine scheduled Board meetings. It also convened a further four times and held a number of ad hoc meetings, principally in connection with the acquisition of Spire Digital and managing the Company's response to COVID-19.

Senior management make regular presentations to the Board to apprise it on the markets and how they serve them, trends, growth opportunities and future challenges and how they propose to address them. Their attendance provided an additional opportunity for the Non-Executive Directors to engage directly with the senior leadership team and challenge management's thinking on discussion items, particularly strategic implementation.

Directors' attendance at Board and committee meetings during the period was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
David Bell*	8 9		1 1	
Mike Butterworth†	1 1	1 1	1 1	2 2
John Kerr	9 9		2 2	
Chris Kutsor	9 9		2 2	
Michele Maher	9 9	3 3	2 2	5 5
Nigel Pocklington	9 9	3 3	2 2	5 5
J Schwan	9 9		2 2	
Helen Stevenson	9 9	3 3	2 2	5 5
Richard Stillwell‡	3 4		1 1	

○ Meetings attended

● Meetings

This table only details attendance at meetings in the scheduled annual meeting calendar; other ad hoc meetings were held during the period.

This table is based on each Director's maximum possible attendance at these meetings.

* David Bell was appointed as a member of the Nomination Committee with effect from 5 December 2019. Due to unavoidable circumstances, David was unable to attend one Kin + Carta Board meeting. He did, however, receive the meeting papers and provide input to the Chairman.

† Mike Butterworth resigned as a Non-Executive Director, Chair of the Audit Committee and member of Nomination and Remuneration Committees with effect from 1 October 2019.

‡ Richard Stillwell resigned as Chairman and Chair of the Nomination Committee with effect from 5 December 2019.

Throughout the period at least three Independent Non-Executive Directors served on each of the Audit, Nomination and Remuneration Committees.

Facilitating Board effectiveness

Inducting and training Directors

On appointment, each Director receives an induction tailored to their skill set, previous experience and knowledge of the markets in which the Connective operates. The induction is designed to broaden the Directors' understanding of the Connective, its strategic priorities, its key stakeholders and engagement mechanisms as well as the legal and regulatory framework that it operates in. Meetings with our people, including the executive and senior leadership team, provide insight into the culture of the Connective, and our main areas of business activity and their associated risks. Training is provided on the duties and responsibilities of being a director of a listed company.

Although there were no new appointments during the year, there were changes to the Board's composition. John Kerr transitioned from the role Non-Executive Chairman Designate to Chairman on 5 December 2019. During the period that John fulfilled the role of Non-Executive Chairman Designate, he partnered with the outgoing Chairman, Richard Stillwell, to facilitate his understanding of the Board's culture and its decision making and governance processes. John also received training around the duties, responsibilities and obligations of being Chairman of a listed company.

Evaluating the performance of the Board, its Directors and committees

The effectiveness of the Board is key to successfully leading Kin + Carta to achieve its strategic priorities. Regular monitoring and constructive review of the Board's performance is an important factor in surfacing and addressing any issues that may inhibit effectiveness and to prompt the open discussion that facilitates entrepreneurial thinking.

A Board effectiveness review is carried out annually. In 2020, internally facilitated effectiveness evaluations of the Board and its committees were undertaken, with one-to-one interviews of the Executive and Non-Executive Directors led by John Kerr (Chairman) and supported by Daniel Fattal (Company Secretary). Helen Stevenson (Senior Independent Director), reviewed the performance of John and considered feedback from the Executive and Non-Executive Directors. The findings of the Board effectiveness review are summarised in the table below. Following its effectiveness review, the Board confirms that all Directors standing for re-election continue to perform effectively and demonstrate commitment to their roles.

The Board is mindful of the FRC's Guidance on Board Effectiveness recommendation that smaller listed companies consider periodic externally facilitated board evaluations; an external evaluation was last undertaken in 2017. The Board will consider undertaking an externally facilitated evaluation when it returns to convening in-person meetings to maximise the value of the external evaluation.

Areas for development identified and actions arising from the 2020 evaluation

Board meeting arrangements	To amend the schedule of formal Board meetings from nine to seven meetings per annum and to increase the duration of meetings to allow deeper discussions on key matters
Board meeting papers	To incorporate feedback from the Board on papers, including additional updates on progress toward short-term and long-term strategic initiatives
Succession planning	To strengthen succession plans following the recent restructuring of the Group
Remuneration Committee preparation	For the Executive Directors to meet with the Company's remuneration advisors and the Chair of the committee prior to each meeting to facilitate streamlined meetings

Corporate Governance Report continued

	Matters arising from the 2019 board evaluation	Actions taken
Board	Board composition	Through the new Executive Director appointments made in our 2019 financial year, relationships were recast between Executive and Non-Executive Directors. The Executive Directors continue to have a collaborative and consultative style, seeking input from the entire Board
	Well-structured Board papers	Management have provided greater consistency in the format and presentation of reports to the Board to aid understanding and comparison. New KPIs were developed for inclusion in the Board papers in line with the transformation of the business, along with additional financial analysis
	Shifting the Board agenda focus areas	A balanced agenda was created to allow more time to be spent reviewing business matters such as trends and opportunities related to its strategic priorities, with presentations received that allow the Board to monitor progress and implementation of the agreed strategy. Throughout the year, members of the senior leadership team provided a number of briefing sessions to the Board
Audit Committee	Reinforcing risk management and internal control	Our Connective strategy has driven substantial change to our prior business operations, processes and controls. Mitigating and managing those changes and underlying risks is a vital part of successful transformation. To support the Operations Platform, providing additional oversight and control and allowing Internal Audit's work to be more focused and supported, a new Head of Risk Management role has been created, which has responsibility for identifying and mitigating financial and operational risk in partnership with our global business leaders
Nomination Committee	Board succession planning for both emergency and steady-state situations	New roles were established for the positions of Chief Executive of Americas and Chief Executive of Europe, providing an internal succession planning pipeline
Remuneration Committee	Timeliness of proposals and committee papers	The Remuneration Committee Chairman receives briefings on the proposals in advance of meetings to allow more focused committee discussions that facilitate robust debate and effective decision making

Internal control and risk management

In compliance with the Code, and having due regard to the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Group has a corporate reporting and risk management framework, which has been in place for the year and up to the date of this report.

The Board is responsible for the Group's system of internal control, including financial, operational and compliance controls and risk management, and for reviewing the effectiveness of those controls. The system of internal control is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss, fraud or breaches of laws and regulations.

The Group recognises that taking and managing risks is inherent in any business and in delivering its strategy. On pages 80 to 87 we set out the emerging risks and principal risks and uncertainties that have been identified from the reporting and risk management framework, their possible impact on the business, and the mitigating actions approved by the Board.

The Company puts in place a series of forecasting mechanisms in order to receive information from the specialisms across the Connective and to forecast as efficiently and effectively as possible. As part of the annual budget process, each specialism is required to submit an analysis of strengths, weaknesses, opportunities and threats to the Board. Executive Directors review this detail with senior managers of the specialisms, and if necessary, findings from this analysis will be elevated to Board discussion for further consideration.

The Board carries out half-yearly reviews and considers the impact that these emerging and principal risks and challenges might have on the business and on the Group's ability to meet its strategic priorities.

The Board exercises control by holding nine scheduled Board meetings per annum, an annual Board strategy away day, regular meetings of senior management within each specialism which are chaired by an Executive Director, and regular management meetings of each operation within the specialisms. Risk is reported on and monitored between the senior management teams of each specialism and the Executive Directors, and the newly appointed Head of Risk Management will support this process. Any developing or new areas of significant risk to the specialisms are then raised at the next Board meeting as appropriate.

The Connective's Internal Audit function is a key element of our internal control and risk management framework, providing assurance that our risk management, governance and internal control processes are operating effectively. The Internal Audit function consists of a qualified accountant who, as necessary, draws on additional resource from professional services firms. The Internal Audit work plan is linked closely to the risk management framework, with the plan designed to give assurance around key risk areas. The Internal Audit function independently reviews the risk identification procedures implemented by management. Internal Audit reviews risk registers of the specialisms and ensures they are updated by the Finance Directors of each specialism. Verification of mitigating actions takes place on a cyclical basis as part of the annual audit cycle.

During the year, the Internal Audit function performed work on the Group's internal controls; reviewing the control environment and conducting testing of key controls. Control testing of accounts receivable, accounts payable, payroll and credit control cycles took place at selected sites, according to the cyclical audit cycle. High-risk issues identified within audit reports, together with corrective actions, were considered in detail at the meetings of the Audit Committee. Annual internal control questionnaires, supplemented by a half-year questionnaire, are completed by all the Group's specialisms, reviewed by the Head of Internal Audit and supplied to the external auditor. Any inconsistencies identified with the Group's established corporate governance frameworks are disclosed to the Audit Committee.

During the year, the Audit Committee undertook an evaluation of the effectiveness of the Internal Audit function. The review concluded that the Internal Audit function was operating effectively. An outcome of the review was the creation of a new role, the Head of Risk Management, which has responsibility for identifying and mitigating financial and operational risk in partnership with our global business leaders, providing additional oversight and control. This role was established in recognition of the substantial change to our prior business operations, processes and controls and this position was considered to be additive to our risk management framework, allowing Internal Audit's work to be more focused and supported. See page 114 of our Audit Committee Report for more information on the review of the Internal Audit function.

The formation of our Connective Digital Services function during the year was a further strengthening of our internal control and risk management system. Our Connective Digital Services team works alongside our IT Council (IT leaders from each specialism) to define and execute a renewed, comprehensive IT strategy inclusive of our digital systems, tools and information processes that support our Connective and regional strategy. The objective is to unify our approach and mitigate information security and data-loss risk. Although recently introduced, there has already been a significant increase in cross-Connective working and engagement between the Connective Digital Services, IT Council, Information Security and Data Protection teams. These teams work closely with our clients and suppliers to address the changing macro-environment and ensure we are adapting to our clients' and their industries' requirements.

Audit Committee Report

Michele Maher

Chair of the Audit Committee

Current members:	Michele Maher (chair) Nigel Pocklington Helen Stevenson
Changes to the composition of the committee during the year:	In October 2019, Mike Butterworth resigned as, and Michele Maher was appointed as, the committee's chair
Meetings held:	Three For details of Audit Committee members' attendance at meetings during the year, see page 106
2020 Key achievements:	Enhanced the control environment via the creation of the Head of Risk Management role Considered the acquisition accounting of Spire Digital Considered the impact of new accounting standards during the year
2021 Areas of focus:	In addition to the recurring matters on the committee's rolling agenda, the committee expects to: Monitor the ongoing impact of COVID-19 on the business, including in relation to our internal control and risk management processes Consider the accounting treatment of COVID-19 related government relief programmes Monitor the impact of the end of the Brexit transition period on the business Monitor the effectiveness of the newly appointed Head of Risk Management

Chair's introduction

On behalf of the Audit Committee, I am pleased to present its report for the year ended 31 July 2020. This was my first year leading the committee, succeeding Mike Butterworth in October 2019. I would like to take this opportunity to thank Mike for his strong leadership of the committee.

The committee has reviewed a number of areas within the Group's financial statements, including key areas of judgement, critical accounting policies, provisioning and any changes in these areas or policies. These areas include the requirements under the IFRS 16 Leases standard and the Spire Digital acquisition accounting. This work, together with the insight from PwC, Kin + Carta's external auditors, has ensured the correct focus of the committee's discussions and a high standard of decision making. The judgement areas are set out in this report and in the Independent Auditors' Report on pages 160 to 171.

Through the activities of the committee, described in this report, the Board confirms that it has reviewed the effectiveness of the Company's internal systems of control and risk management, covering all material controls including financial, operational and compliance controls, and that there were no material failings identified which require disclosure in this Annual Report. The review of the control systems includes an evaluation by the committee of the effectiveness of the internal and external audit functions. This was the first review of the effectiveness of PwC's external audit process, considering its performance during its first year as external auditors of the Company for the period ended 31 July 2019. We are pleased to report that these reviews concluded that the functions were operating effectively, and collectively provide assurance of Kin + Carta's internal financial controls, regulatory compliance and financial reporting. Detail of the effectiveness reviews of the internal and external audit functions is set out on page 114.

Michele Maher
Chair of Audit Committee

5 November 2020

Role of the committee

The Audit Committee is responsible for the effective governance of the Group's financial reporting, including the adequacy of financial disclosures and gaining assurance around the processes that support it, including external audit, internal control, risk management and legal and regulatory compliance.

The committee carries out the functions required by DTR 7.1.3R of the UKLA Disclosure and Transparency Rules and it is authorised by the Board to carry out any activity within its terms of reference.

Committee membership

The Audit Committee members are all independent Non-Executive Directors. I chair the committee and bring recent and relevant financial expertise, having been Chief Financial Officer of Hogg Robinson Group plc until its sale in 2018, and a Fellow of the Institute of Chartered Accountants. The Board is satisfied that all members bring extensive expertise to the Audit Committee and, as a whole, have competence relevant to the sectors in which Kin + Carta operates.

Audit Committee Report continued

Key activities

The committee held three scheduled meetings in the year at which it:

- agreed an internal audit plan with the Group's Head of Internal Audit
- considered reports from the Head of Internal Audit
- monitored the quality of work performed by the Internal Audit function and analysed the effectiveness of the function by reviewing replies to questionnaires completed by management and Audit Committee members
- considered the appropriateness of the Group's risk management process, including the results of an internal controls questionnaire, completed by management within the Group's regions
- considered the external auditors' reports to the committee, their fees and their independence, including an assessment of the appropriateness to conduct any non-audit work
- recommended to the Board the reappointment of PricewaterhouseCoopers LLP ('PwC') as external auditors
- ensured the integrity of the financial reporting process was upheld
- considered the requirements under IFRS 16 Leases standard and management's assessment of the impact of all elements of this standard
- reviewed the Spire Digital acquisition accounting
- reviewed the Group's trading updates and half-year results prior to release
- considered significant accounting and reporting issues pertinent to the preparation of the half-year results and the annual report and accounts
- considered the findings of the committee's 2019 effectiveness review
- analysed the effectiveness of the external audit by reviewing replies to questionnaires completed by management and Audit Committee members
- received the Group's updated bribery risk register and considered the effectiveness of recommendations by Internal Audit
- approved the Group's Speak Up policy which covers whistleblowing arrangements
- assisted the Board with the review of the Company's Business Risk Register
- considered an assessment of the Group's longer-term viability
- received a report setting out the Going Concern review undertaken by management.

Annual report and accounts 2020

As part of its review of the 2020 annual report and accounts, the committee considered whether the report is fair, balanced and understandable (noting the Code's reference to position as well as performance, business model and strategy). To provide additional support to the Board in making this assessment, the committee considered and discussed a detailed review and verification process of the annual report undertaken by management and provided assurance to the Board that this process was both followed and effective. In this respect, the committee:

- received reports on the requirements of Principle N of the Code (concerning the presentation of a fair, balanced and understandable assessment of the Company's position and prospects), which were updated as an ongoing part of the year end process
- reviewed a full draft of the annual report and assessed whether it was 'fair', 'balanced' and 'understandable', having regard, inter alia, to judgemental items; how performance is reported; the explanation of the business model; and the articulation of the Group's strategy and whether the annual report, in the opinion of the committee, complies with Principle N of the Code
- considered the outcomes of reviews performed by the external auditors

On the basis of this work, the committee recommended to the Board that it could make the required statement that the annual report is 'fair, balanced and understandable'.

Significant financial matters

The committee has assessed whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements in respect of significant financial matters. The committee considered accounting papers which provided details on the main financial reporting judgements and classifications, which were addressed as shown in the table on page 113.

Significant matters considered	How the committee addressed these issues
The assessment of the carrying value of goodwill (£68.0 million) and intangible assets (£21.9 million)	The committee received reports in relation to the assessment of the carrying value of the goodwill for each cash generating unit ('CGU'). The committee considered key judgements including the discount rate, terminal growth rates and the future cash flow forecast of each CGU to which goodwill and investments are allocated, based upon the projected forecasts approved by the Board. The conclusion of the review and the key assumptions are disclosed in the notes to the consolidated financial statements. The committee considered reports on the carrying value of acquired intangible assets where there were indicators of impairment such as loss of clients, maintenance of proprietary techniques and trademarks. The committee also reviewed disclosures where a reasonably possible change indicated a material impairment. The committee reviewed the impairment assessment of goodwill for Edit Agency Limited and Pragma Consulting Limited that was carried out by management and concluded that impairment charges of £17.5 million and £0.9 million respectively were required. The impairment of Edit followed the exit of the SEO and digital PR businesses, the restructure of other areas of the business to exit unprofitable activities, and the decline in demand from clients in leisure and entertainment sectors as a result of COVID-19. The impairment of Pragma followed a downturn in the demand for commercial space related consulting services for airports and retail property as a result of COVID-19. The committee was satisfied with the assumptions applied to support the carrying value of goodwill of £68.0 million and intangible assets of £21.9 million.
The classification of Adjusting Items (£44.4 million before tax)	The Board uses Adjusted results as the measure of the ongoing financial performance of the Group's businesses and excludes such items that are considered to distort the comparison of the trading performance of the Group and across its businesses. The Audit Committee assessed the classification of these Adjusting Items according to their nature and value, in line with ESMA and the FRC Guidance ('APMs'). The committee reviewed reports outlining the accounting policy on the classification of Adjusting Items and satisfied itself with the treatment applied. The accounting policy on Adjusting Items can be found in note 7 to the consolidated financial statements and in the Alternative Performance Measures section on pages 52 to 55.
The valuation of the St Ives Defined Benefits Pension Scheme (£1.1 million surplus)	The valuation of the St Ives Defined Benefits Pension Scheme (the 'Scheme') is judgemental mainly due to underlying assumptions used to determine the Scheme's liability. This includes assumptions such as the discount rate, inflation and life expectancy of the Scheme members at the balance sheet date. The committee reviewed reports from management outlining the assumptions used, and agreed with those assumptions as outlined in note 28. The assumptions presented to the Audit Committee by management are underpinned by actuarial advice. The Audit Committee considered the suitability of the actuary.
Going concern basis for the financial statements and viability statement	The committee reviewed and challenged management's assessment of forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of uncertainties, including COVID-19. The committee also considered the Group's financing facilities and future funding plans. The committee was satisfied that the application of the going concern basis for the preparation of the financial statements continued to be appropriate, and recommended the approval of the viability statement to the Board. The going concern conclusion can be found on pages 153 and 154 and the viability statement can be found on page 154.

Audit Committee Report continued

Internal Audit

The Internal Audit function is insourced with outsourced support provided as required. Internal Audit establishes an annual audit plan based on discussions with management and assessments of the risks inherent in the Group's activities. The activities of Internal Audit are reported to the Audit Committee and provide assurance to management and the committee that the system of internal control achieves its objectives and highlights gaps and areas for improvement.

During the year, the Audit Committee undertook an evaluation of the effectiveness of the Internal Audit function. The process involved the completion of three questionnaires containing assertions of best practice – one by each member of the Audit Committee, one by members of the management of Group Finance, and another completed by the Finance Director of each specialism. The areas covered included:

- responsiveness;
- communication;
- skills and technical knowledge;
- scope of audit work undertaken; and
- internal audit as an effective agent for change.

The review concluded that the Internal Audit function was operating effectively. In recognition that our Connective strategy has driven substantial change to our prior business operations, processes and controls and that mitigating and managing those changes and underlying risks is a vital part of successful transformation, an outcome of the review was the creation of the Head of Risk Management role during the year. The Head of Risk Management has responsibility for identifying and mitigating financial and operational risk in partnership with our global business leaders, providing additional oversight and control and allowing Internal Audit's work to be more focused and supported.

External auditors

As previously reported, following a competitive tender process, PwC were appointed at the AGM in December 2018 replacing Deloitte LLP as the Company's external auditors. The external auditors' appointment is reviewed regularly in accordance with the Financial Reporting Council's ('FRC') Ethical Standard. Julian Jenkins served as the Lead Audit Partner for the financial period ended 31 July 2019 and the financial year ended 31 July 2020. The Company has no current retendering plans but is mindful of the best practice provisions of the Statutory Audit Services Order.

During the year, the committee undertook an assessment of the effectiveness of the external audit process for the period ended 31 July 2019. The process involved the completion of two questionnaires containing assertions of best practice – one by each member of the Audit Committee – and another completed by the management of each specialism. The areas covered included:

- the audit team expertise and experience;
- the audit planning process;
- audit execution;
- communication;
- adding value;
- responsiveness;
- reporting;
- timeliness; and
- focus.

Participants were requested to score each assertion between one and four to indicate their level of agreement or disagreement. The results were then reviewed by the Audit Committee and Chief Financial Officer and discussed with the external auditor. The completed questionnaires showed in aggregate that the external audit had achieved a clear majority of the assertions in each area of focus. Areas of improvement that had been noted were addressed at the Audit Committee meetings during the year and continued to be implemented throughout the external audit for the period.

The committee's policy on the engagement of the external auditors for non-audit services, which reflects the EU rules, is as follows:

a. Certain types of engagement shall not be undertaken by the external auditors, including services related to the internal audit function and tax.
b. Relevant ethical guidance shall be taken into account regarding any proposal to request the Group's external auditors to perform non-audit services.
c. Cumulative non-audit fees from 2020 onwards are capped at 70% of the average of the audit fees for the Group for the preceding three-year period. PwC were first appointed as auditors for the period ended 31 July 2019; therefore, this cap is applicable from the financial year ending 31 July 2021 onwards.
d. Subject to (e) below, the Board shall appoint whoever, in its opinion, will provide the most cost-effective and timely service for undertaking a particular project.

e. The Chief Financial Officer is to consult with the chair of the Audit Committee in advance of any non-audit work in excess of £25,000 per project that the external auditors may be invited to perform for the Group, so that an agreed view might be taken on whether to put the project out to tender.

The committee has satisfied itself that this policy has been appropriately applied. Following PwC's appointment, the non-audit fees for the period were £75,000 as disclosed in note 5 to the consolidated financial statements.

The committee also considered the robustness of PwC's safeguards and procedures to counter threats or perceived threats to their objectivity, the application of their independence policies and their adherence to the revised Ethical Standard published by the FRC, which the Company's policy on non-audit services complies with. In all these respects the committee was satisfied with PwC's objectivity and independence. The committee is satisfied that there are no relationships between the Company and PwC, its employees or its affiliates that may reasonably be thought to impair the auditors' objectivity and independence. The committee met with PwC without any Executive Director or management present to ensure that no restrictions are placed on the scope of their audit and to offer the external auditors opportunities to discuss any items the auditors may not wish to raise with the executives being present.

The committee is satisfied with the independence, performance and effectiveness of the external auditors and has recommended to the Board that a resolution be proposed at the forthcoming AGM that PwC be reappointed as auditors of the Company to hold office until the conclusion of the next such meeting.

Nomination Committee Report

John Kerr

Chair of the Nomination Committee

Current members:	John Kerr (chair) David Bell Chris Kutsor Michele Maher Nigel Pocklington J Schwan Helen Stevenson
Changes to the composition of the committee during the year:	In October 2019, Mike Butterworth resigned as member of the committee In December 2019, Richard Stillwell resigned as, and John Kerr was appointed as, the committee's chair. In addition, David Bell was appointed as a member of the committee
Meetings held:	Two For details of _ at meetings during the year, see page 106
2020 Key achievements:	Recommended a Board Diversity Policy to the Board for approval
2021 Areas of focus:	To continue the succession process outlined on page 119

Chair's introduction

On behalf of the Nomination Committee, I am pleased to present its report for the year ended 31 July 2020. This was my first year leading the committee, succeeding Richard Stillwell in December 2019.

Inclusion, Diversity, Equity and Awareness (IDEA)

At Kin + Carta we believe it's every one of our jobs to make the world work better. To work better goes far beyond technology and efficiency. It starts with a foundation of equity, inclusion, and the deliberate unbundling of systematic constraints that exist within our society.

The committee and Board are committed to sustainable social change, particularly in areas of IDEA, and are fully supportive of the increasing focus on the composition of boards and the emphasis on diversity. In recognition that diversity within the boardroom and across the Connective is important to our success, improving adaptability, agility and supporting long-term growth and sustainability, the committee recommended a Board Diversity Policy for adoption in September 2019. Within this report we explain how the committee has considered IDEA throughout its operations.

Succession planning

The committee has agreed its succession planning process to find a suitable replacement for Helen Stevenson, who is coming to the end of her tenure during 2021, as outlined on page 119.

The committee has discharged its other principal duties by:

- ensuring that an appropriate review of Board, committee and Director effectiveness was undertaken
- considering whether the Non-Executive Directors were sufficiently independent for corporate governance purposes
- approving the responsibilities of the Chairman, the Chief Executive Officer and Senior Independent Director.

John Kerr

Chair of the Nomination Committee

5 November 2020

Nomination Committee Report continued

Role of the committee

The principal role of the committee is to lead the process for Board appointments and make recommendations to the Board. It considers candidates for Executive or Non-Executive Director positions in order to maintain an appropriate balance of diversity, experience, independence and knowledge on the Board. The committee engages in succession planning to ensure that the Board is appropriately refreshed and considers the findings of the annual Board effectiveness review and how those outcomes may impact Board composition.

Committee membership

The committee comprises a majority of independent Non-Executive Directors. It is important to our Board that the selection process is appropriate to the particular circumstances and that any decision made to nominate a new member of the Board is collective.

Focuses of the Nomination Committee in 2020

Inclusion, diversity, equity and awareness

The Board adopted its Diversity Policy during the year, following a recommendation from the committee. The Board Diversity Policy is available to view in the governance section of our website (investors.kinandcarta.com). The policy recognises that diversity of the Board's gender, ethnicity and other underrepresented groups can have a positive impact on Board debate and the quality of decision making. We outline below the measurable objectives of the policy and our 2020 progress towards achieving them.

Board Diversity Policy objectives	2020 Progress
To increase female representation on the Board to 33% by 2022	The Board's female representation is now 28.6%
To increase the representation on the Board of people from ethnic minorities to a minimum of one Director by 2024	Throughout the period, there was no representation on the Board of people from ethnic minorities. The committee continues to monitor this in line with the objective set, as detailed in the succession planning overview within this report
To assist in the development of high-calibre candidates by encouraging a broad range of senior individuals within the business to take on additional roles to gain valuable board experience	A number of senior individuals have been promoted during the year, broadening their experience and development opportunities: • Kelly Manthey was appointed Chief Executive of Americas • David Tuck was appointed Chief Executive of Europe
To encourage executive search firms to produce diverse Non-Executive Director 'longlists' that include candidates from underrepresented groups and a balanced proportion of male and female candidates	No new appointments to the Board have been made since adopting our Board Diversity Policy. The committee has identified encouraging diverse 'longlists' as an action when engaging an external search consultancy to support future recruitment processes

Our Connective-wide IDEA commitment

Aligned with our Culture and Responsibility Platform, we are committed to creating an industry-leading employee experience. By recognising and embracing the benefits of a diverse workforce across the Connective, we seek to develop further as an organisation and as the best possible place to work.

Details of our commitments to IDEA, including our Vision, Guiding Ambitions and Strategic Action Plan, can be found on pages 68 and 69. These initiatives are intended to build a culture where everyone is empowered to bring their authentic self to work and serve to develop a diverse pipeline by breaking down structural inequality.

The diversity of the Board, senior management and their direct reports and Connective employees is set out within our Strategic Report on page 69.

Performance evaluation

In 2020, internally facilitated effectiveness evaluations of the Board and its committees were undertake. The committee has considered the areas for development identified and actions arising from the 2020 evaluation. The process and actions are described in more detail on page 107.

Succession planning

The Nomination Committee seeks to ensure that the Board's composition, and that of its committees, is appropriate to discharge its duties effectively and successfully direct Kin + Carta to achieve its strategic objectives. During the year, the Nomination Committee considered the Board's composition, considering the tenure of Directors, diversity and the collective attributes of the Board, such as experience, knowledge and skills.

The Nomination Committee continues to review Board composition to ensure that there is effective succession planning at Board level. The committee's succession planning was principally in respect of the successor for Helen Stevenson, who is coming to the end of her tenure in 2021. Through the process, we aim to identify an exceptional Non-Executive Director and will replace her as Senior Independent Director. The committee's discussions to date have centred on agreeing the appointment process, having regard to the preparatory steps including identifying a preferred external search consultancy and the objective candidate selection criteria including key skills and IDEA attributes.

A recommendation was also made to the Board in respect of the committee membership. The appointment of David Bell was proposed to allow the committee to continue to be composed of a majority of independent Non-Executive Directors following changes to the committee's membership during the year and support the appropriate balance of independence. The Board approved this appointment.

In 2021, the committee will continue to consider the effective composition of the Board generally and its committees, having regard to the findings of the 2020 Board effectiveness evaluation.

Read more about the Board's diversity, independence, skills and tenure on page 103.

Board appointment process

Preparation →

- Define a shortlist of external search consultancies
- Identify the preferred provider and agree terms

Candidate indentification →

- Define role and candidate profile
- Undertake an initial search
- Identify a longlist of potential candidates
- Conduct initial interviews

Selection and recruitment

- Shortlist preferred candidates
- Board interviews
- Nomination Committee makes recommendation to the Board based on merit and against the objective criteria set out in the role and candidate profile
- Board to consider, and if thought fit approve, the appointment recommended by the Nomination Committee

Directors' Remuneration Report

Letter from Chair of the Remuneration Committee

Nigel Pocklington

Chair of the Remuneration Committee

Current members:	Nigel Pocklington (chair) Michele Maher Helen Stevenson
Changes to the composition of the committee during the year:	In October 2019, Mike Butterworth resigned as a member of the committee
Meetings held:	Five For details of Remuneration Committee members' attendance at meetings during the year, see page 106
2020 Key achievements:	Approved matters relating to the new all-employee share plan for US employees: The Employee Stock Purchase Plan Considered the remuneration arrangements, approved the targets for the 2020 bonus and December 2019 LTIP awards and identified a number of changes to propose to the Directors' Remuneration Policy for adoption at the forthcoming AGM
2021 Areas of focus:	Continue to consider remuneration arrangements to ensure they remain supportive of value creation for shareholders and support Kin + Carta's strategy

I am pleased to present our Directors' Remuneration Report for the year ended 31 July 2020.

The Remuneration Committee's key role is to set the broad policy for remunerating the Executive Directors and recommend a remuneration policy that supports the creation of value for shareholders and the delivery of the Group's strategic priorities. The committee is mindful of the intense scrutiny around executive remuneration and seeks to adopt best practice where appropriate taking into account its position in the SmallCap.

At a glance

Summary for Executive Directors' performance and remuneration for 2020

- 2020 annual bonus pay-out of 0%
- 2017 LTIP award vesting 0%
- Volunteered a temporary reduction to salary of at least 20% for period of three months

Implementation for 2021

- No salary increases
- Bonus of up to 100% salary, based 70% on PBT and 30% on strategic/personal objectives
- LTIP vesting on Relative TSR, ESG, growth in Adjusted net revenue and growth in Adjusted PBT
- LTIP grants of up to 100% of salary for the Chief Executive Officer and Chief Financial Officer to be determined based on share price at the date of grant
- LTIP vesting underpinned by committee discretion

Dear shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 July 2020 covering the remuneration of Executive and Non-Executive Directors.

This report is split into three parts: this Annual Statement, a Policy Report and an Annual Report on Remuneration. As this is the third year of operating our existing remuneration policy, we shall be asking our shareholders to approve a revised policy at the forthcoming AGM, in addition to the usual advisory vote on the Annual Report on Remuneration. The background to, and the reasons for, the proposed amendments are set out below.

Review of Directors' Remuneration Policy

Our current Remuneration Policy was approved by shareholders at the 2017 AGM, receiving 99.6% support. In line with the relevant reporting requirements, and as noted in last year's report, the three-year term of the policy will expire at the forthcoming AGM and therefore the committee has taken the opportunity to review our remuneration arrangements to ensure they remain fit for purpose and continue to support Kin + Carta's strategy.

Overall, the committee has concluded that the current remuneration structure continues to be largely appropriate. We are, however, proposing a number of changes to reflect recent developments in governance and best practice, as well as the publication of the revised Code and evolutions in investor guidelines since the Policy was last approved. In finalising these proposals, the committee consulted with all major shareholders, and also shared its proposal with three investor representative bodies, the Investment Association, ISS and Glass Lewis.

Directors' Remuneration Report continued

A summary of the proposed changes and rationale is outlined below:

Pensions

Reflecting best practice in this area, and consistent with the approach taken in recruiting Chris Kutsor, the new Policy formally limits the pension contribution rate for new Executive Director appointees to the rate available to the majority of employees in percentage of salary terms. In respect of J Schwan – whose appointment to the Board predates the increased focus on this area – the new Policy commits to aligning his pension contribution rate with employees by 1 August 2024. Although this represents a slightly longer timeframe than some shareholders have indicated as desirable, the committee believes that this approach strikes an appropriate compromise between different stakeholder interests.

Post-employment shareholding guidelines

The new Policy includes a requirement for Executive Directors to maintain a holding of Kin + Carta shares for a period beyond ceasing employment with the Group. It requires Executive Directors to retain the lower of their in-post shareholding guideline (200% of salary for the Chief Executive Officer; 150% of salary for the Chief Financial Officer) and their actual shareholding on departure for a period of at least 12 months. The requirement will apply to all share awards granted to Executive Directors following the forthcoming AGM. The committee believes that this position strikes an appropriate balance between best practice, actual practice at both UK and US peers, and the need to be able to attract and retain globally mobile executives.

Expansion of recovery provisions

The existing Policy references malus on Deferred Bonus Shares and both malus and clawback on LTIP shares, which can be enforced in the event of a material misstatement of the Company's financial position. Noting evolving best practice in this area, the committee has reviewed these recovery provisions and has resolved to expand the scope to include the cash element of the annual bonus and to expand the list of possible triggers to include also fraud or gross misconduct on the part of the award-holder, an error in calculating the award outcome, actions leading to serious reputational damage or corporate failure arising from poor risk management.

Expansion of committee discretion

Finally, the committee has included some additional wording – predominantly relating to the Annual Bonus – which provides discretion to adjust the formulaic incentives outcomes both upwards (within the plan limits) and downwards (including down to zero) to ensure the continued alignment of pay with performance. An example of when such direction might be applied could include reducing the annual bonus outcome in a scenario where financial targets had been achieved at the expense of non-financial performance, or if targets had been missed due to unforeseen circumstances outside management control. The committee will continue to assess the appropriateness of pay outcomes in the context of broader Company performance and stakeholder experience, and any such use of discretion would be disclosed in the Directors' Remuneration Report at the time.

Seeking shareholder approval for new LTIP rules

Our LTIP continues to support long-term alignment with shareholder interests. At the forthcoming AGM, we will be seeking shareholder approval for new LTIP rules, as the current plan was approved in 2010 and is due to expire in November 2020. The new LTIP rules are summarised in the forthcoming AGM notice.

Board changes

As previously announced, Richard Stillwell stepped down as Chairman on 5 December 2019, and John Kerr transitioned from Non-Executive Chairman Designate to Chairman. Mike Butterworth stepped down as Non-Executive Director on 1 October 2019.

Fees paid to John are in line with the Policy on fees paid to the Chairman, as disclosed on page 135.

Performance and reward for 2020

The committee is mindful that COVID-19 has presented substantial challenges to Kin + Carta and its stakeholders, not least our clients, our people, and our communities. During our decision making in relation to both 2020 and the year ahead, we have given significant consideration to these matters, taking into account the short-term and longer-term implications. Our determinations reflect a number of decision making principles, underpinned by our commitment to pay for performance and promote actions that support Kin + Carta's long-term sustainable success. We have had regard to the actual performance for 2020, alignment with the incentives and rewards of our wider workforce, the context of the current and continuing uncertainty in the markets our clients serve, and the European and America's economies, and Kin + Carta's utilisation of government relief programmes.

Given the uncertainties caused by COVID-19, the Board considered conserving cash to be in the long-term best interests of the business and all its stakeholders. All the members of the Board volunteered a temporary reduction to their salary or fees of at least 20% for a period of three months, as disclosed on page 139.

Targets for Executive Directors' 2020 bonuses were based 75% on Adjusted PBT (measured before strategic investments) and 25% on strategic/personal objectives. Despite an operationally strong first half, which included the acquisition and efficient integration of Spire Digital, and an encouraging start to our second half, which saw the successful launch of Advise, Create and Connect, the impact of COVID-19 in the final four months meant that full-year Adjusted PBT came in below Threshold. The strategic and personal objectives were achieved in full and are disclosed on page 140. While the Executive Directors have both individually performed strongly during the year, the Committee and Executive Directors agreed that no payout would be made for the strategic and personal objectives element of the 2020 bonus in light of the Group's overall performance. A summary of actual performance against the targets is included on page 140.

The Annual Report on Remuneration also gives details of LTIP awards granted to Executive Directors in December 2017. Over the three-year performance period, the Company's absolute TSR performance, weighted 70%, did not meet the relevant targets and this element of the award will therefore lapse. Similarly, with regards to the remaining 30% based on the growth in adjusted operating profit from strategic marketing, the Company's performance was below threshold and therefore the award will lapse in full. Further details are provided on page 141.

Implementation of Remuneration Policy for 2021

Executive Directors' salaries will remain unchanged with effect from 1 August 2020. In light of his relocation back to the United States, J Schwan's salary will be denominated in US$ going forward, and will be set at $525,000, reflecting the exchange rate as at 31 July 2020 of £1:$1.313. Pension contributions will continue to be capped at 15% of salary for J Schwan and 5% of salary for Chris Kutsor.

The annual bonus will operate on broadly the same basis as last year, with a maximum opportunity of 100% of salary and performance assessed against a combination of financial and personal/strategic measures, weighted 70% and 30% respectively. Noting the ongoing uncertainty caused by COVID-19, the committee has decided to set half-year targets for the financial element of the bonus: 35% of the bonus opportunity will be based on the first half of 2021 Adjusted PBT performance, with the remaining 35% based on second half of 2021 Adjusted net revenue and Adjusted PBT targets set towards the end of the year. This change is meant as a one-off to reflect the unique circumstances brought about by COVID-19, with the intention being to revert to annual targets for the 2022 scheme. As always, the committee will consider overall business performance in approving any payouts at the end of the financial year.

LTIP awards will be made to Executive Directors in late 2020 representing up to 100% of salary for both Executive Directors. Final award sizes will be confirmed by the committee at the time taking into account Kin + Carta's share price at the date of grant. Consistent with last year, vesting of LTIP awards will be based 50% on Relative TSR and will also incorporate three-year Adjusted net revenue and Adjusted PBT growth targets (each weighted 15%, cf. 25% last year). Reflecting the Group's ambition to become a "triple bottom line business", the remaining 20% of the awards will vest on ESG metrics linked to B Corp certification in America and Europe. Vesting of the LTIP will be underpinned by committee discretion. We shall be asking our shareholders to approve a new LTIP at the forthcoming AGM. The new plan is intended to replace the Company's 2010 Long Term Incentive Plan, which expires in November 2020.

Further details of the implementation of our Remuneration Policy for 2021 are provided on pages 124 to 136. We continue to value any feedback from shareholders and hope to receive your support at the forthcoming AGM.

Nigel Pocklington

Chair of the Remuneration Committee

5 November 2020

Directors' Remuneration Report continued

Policy report

Directors' Remuneration Policy

This section of the report sets out the Remuneration Policy for Executive and Non-Executive Directors, which shareholders will be asked to approve at the AGM on 23 December 2020. The committee intends that the Policy will come into effect from the date of the AGM and is intended to apply for a period of three years.

Overview of Remuneration Policy

The Committee's Policy for the remuneration of the Company's Executive Directors is that it should be structured so as to attract and retain executives of a high calibre with the skills and experience necessary to develop the Company successfully. It aims to recommend strategies that support the creation of long-term value for shareholders and reflect and support the delivery of the Company's strategic priorities, while taking due account of market best practice.

When determining levels of remuneration, the committee periodically reviews the remuneration practices adopted by appropriate comparator companies both in the market generally and in the same business sector as the Company.

The committee believes that a significant portion of the remuneration package of senior executives should be linked to performance, while ensuring that an appropriate balance is struck between (i) fixed and variable pay, (ii) short-term and long-term variable pay, and (iii) the delivery of rewards in cash and shares. The committee will regularly review the Company's remuneration policies to ensure that these policies neither encourage nor reward inappropriate operational risk-taking that may be to the detriment of shareholders' interests and that these remuneration policies are, therefore, compatible with the Company's general risk policies and systems.

The Policy table on pages 126 to 132 sets out the key aspects of the Company's Remuneration Policy for Executive Directors, which is intended to operate during the current 2021 financial year and in future years. A description of how the Company intends to implement the Policy for the 2021 financial year is set out in the Annual Report on Remuneration.

How the new Remuneration Policy aligns with the 2018 UK Corporate Governance Code

The Code sets out principles against which the Committee should determine the Remuneration Policy for executives. A summary of the principles and how the revised Kin + Carta Remuneration Policy reflects these is set out below:

Principle	Approach
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The committee has operated a consistent remuneration approach that is well understood both internally and externally with investors. Consultation with shareholders on the revisions to the Policy has been undertaken.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The Company operates a UK market standard approach to remuneration that is familiar to all stakeholders.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Each year, incentive targets will be set, which the committee believes are stretching and achievable within the risk appetite set by the Board. Under the revised Remuneration Policy, the committee retains discretion to override formulaic incentive outcomes if they do not accurately, or fairly, reflect the underlying performance of the business. The proposed extension to the incentive scheme recovery provisions to include factors such as gross misconduct, calculation error, reputational damage or corporate failure arising from poor risk management ensures that malus and clawback provisions are considered to be sufficiently wide-ranging and enforceable.
Predictability – the range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The committee maintains clear annual caps on incentive opportunities and will use its available discretion if necessary.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	The committee ensures performance metrics continue to be clearly aligned with the Group's strategy each year, maintaining an appropriate balance between base pay, short and long-term incentive opportunities and between financial and non-financial goals.
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy.	Bonus and incentive schemes are reviewed by the committee to ensure consistency with the Group's purpose, values and strategy.

Directors' Remuneration Report continued

Revised Remuneration Policy table

The Committee undertook a review of the Remuneration Policy during 2020 and is satisfied that the structure remains broadly appropriate for Kin + Carta at this time. The new Policy includes a number of minor amendments that reflect changes in market and best practice since the Policy was last approved by shareholders at the 2017 AGM. These changes are highlighted in the relevant sections below.

Basic salary

Purpose and link to strategy

To provide competitive fixed remuneration that will attract and retain key employees of a high calibre and which reflects their experience and position in the Company.

Operation

Normally reviewed annually with increases effective from 1 August; salaries are paid monthly.

In setting salaries, the committee takes into account the following:

- capability of the individual;
- any changes in responsibility;
- increases awarded across the workforce;
- external economic factors such as inflation; and
- benchmarking for similar roles in comparable organisations.

Maximum potential value

Executive Directors' salaries effective 1 August 2020 are as follows:

- Chief Executive Officer, J Schwan: US$525,000 p.a.; and
- Chief Financial Officer, Chris Kutsor: US$325,000 p.a.

No monetary maximum has been set, although increases are generally in line with the range (in percentage of salary terms) awarded across the Group.

In accordance with normal practice at all levels in all parts of the Group, increases above this level (in percentage of salary terms) may be made in certain circumstances such as where there is a change in responsibility or a significant increase in the scale of the role or size and complexity of the Group.

Performance metrics

Not applicable.

Changes to Policy for 2020

None.

Benefits

Purpose and link to strategy

To provide market competitive, yet cost effective, benefits to attract and retain high calibre executives.

Operation

Benefits generally include provision of a car, or cash in lieu of car and fuel allowance, and private medical and life assurance cover.

The committee may introduce other ancillary benefits, which are on similar terms to those offered to the wider workforce or required in order to remain market competitive.

Overseas recruitment or an international assignment may require the benefits package to be more tailored and may include, for example, relocation costs, tax equalisation arrangements, as necessary.

Maximum potential value

The maximum annual car and fuel allowance is £15,520.

The maximum overall cost of total benefit provision (including but not limited to annual car and fuel allowance) may vary each year subject to changes in the Company's insurance premiums or changes to the terms of the benefits provided.

The values for the year under review, expressed as a cost to the Company of providing the benefits, are described in the Directors' single figure table on page 138.

Performance metrics

Not applicable.

Changes to Policy for 2020

None.

Pension

Purpose and link to strategy

To provide market competitive, yet cost-effective benefits.

Operation

Only basic salary is pensionable.

A Company contribution to a defined contribution pension scheme, a personal pension or provision of a cash payment in lieu of a pension contribution (or combination of such) may be provided at the discretion of the committee.

Maximum potential value

For Directors appointed on or after 1 March 2019 (including the current Chief Financial Officer), the maximum contribution will be aligned to that offered to the majority of employees (currently 5% of salary). Pension contributions to the Chief Executive Officer is currently 15% of salary, and will be aligned with the broader workforce rate by 1 August 2024 at the latest.

Performance metrics

Not applicable.

Changes to Policy for 2020

Confirmed that any Director appointed on or after 1 March 2019 will have a pension contribution that is aligned with the majority of employees. Outlined intention to reduce Chief Executive Officer's pension contributions over time.

Directors' Remuneration Report continued

Annual bonus

Purpose and link to strategy

Incentivises achievement of annual objectives, which support the short-term performance goals of the Company.

Operation

The committee reviews the choice of annual bonus measures and targets each year to ensure they reflect the key performance indicators of the business at that time.

Payments under the annual bonus plan are subject to compulsory payment of any bonus earned over 50% of salary (on an after tax basis) in the Company's shares under the Company Deferred Bonus Shares ('DBS') arrangement, which are subject to a holding period of two years. Deferred shares will generally be forfeited if a Director leaves the Group (unless in certain good leaver situations or if the committee determines otherwise).

Dividends and/or dividend equivalents are payable on the deferred bonus shares during the two-year holding period.

Payments and awards in relation to the annual bonus are subject to malus and clawback provisions, further details of which are included as a note to the Policy table.

Maximum potential value

100% of basic salary.

Performance metrics

Performance measurement covers one financial year.

Bonus awards are subject to achievement against a sliding scale of challenging financial targets and may also be subject to challenging strategic/personal objectives.

The majority of any bonus will be earned for achieving challenging financial targets aligned with the Company's key performance indicators (e.g. Adjusted PBT or EPS). A minority may be subject to achieving preset strategic/personal objectives, which reflect the key priorities of the role at the time.

Bonuses become payable once a threshold level of performance is achieved against the target(s), which triggers a bonus payment of up to 25% of salary, rising to 100% of salary for meeting (or exceeding) the maximum target(s) set. Measurement of financial metrics is made on the basis of audited figures. Where strategic/personal targets are set, it may not always be practicable to set these using a sliding scale.

Page 148 of the Annual Report on Remuneration provides details of the performance measures and weightings to apply for the year ending 31 July 2021.

The committee has discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards (including down to zero) to ensure alignment of pay with performance, e.g. in the event one of the targets under the bonus is significantly missed or due to unforeseen circumstances outside management control.

Changes to Policy for 2020

Expanded recovery provisions to cover cash element of bonus and referenced expanded triggers, which are included as a note to the Policy table. Introduced flexibility for committee to adjust formulaic bonus outcomes to ensure pay-performance alignment.

Long-term incentives

Purpose and link to strategy

Incentivises executives to achieve superior financial growth and returns to shareholders over the longer term.

Provides alignment with shareholders through awards of shares.

Promotes retention of key individuals.

Operation

The current Long Term Incentive Plan ('LTIP') was approved by shareholders in 2010 and expires in November 2020. Future awards under the LTIP will be subject to new plan rules, which will be submitted to shareholders for approval at the forthcoming AGM. The operation, maximum potential value and performance metrics detailed on this page reflect the new LTIP rules.

Awards can be in the form of an option, a conditional award or a forfeitable award.

Eligibility to receive awards is at the discretion of the committee each year.

An LTIP award may be made shortly after an appointment (subject to the Company not being in a prohibited period) subject to the permitted maximum.

Awards are normally made on an annual basis and vest three years from grant subject to continued employment and the satisfaction of challenging three-year performance targets.

A two-year holding period following LTIP vesting applies to grants to Executive Directors. In total, this results in a five-year combined vesting and holding period.

The committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures.

Participants benefit from the value of dividends paid over the vesting period to the extent that awards vest. This benefit is delivered in the form of cash or additional shares at the time that awards are exercised.

Awards are subject to malus and clawback provisions, further details of which are included as a note to the Policy table.

Maximum potential value

Awards with a face value of up to 125% of basic salary (or 200% if the committee believes there are exceptional circumstances) can be made on an annual basis.

Performance metrics

Performance is measured over a three-year period.

Performance measures, weightings and targets for each cycle are determined by the committee to support Company strategy and provide shareholder alignment. The majority of LTIP awards will continue to be linked to financial and/or TSR performance.

Under each measure, threshold performance will result in 25% of maximum vesting for that element (0% vests below this), increasing pro-rata to 100% for maximum performance.

Where TSR performance conditions are set, performance against the condition is monitored independently on the committee's behalf and where financial targets are set performance against the condition is tested based on numbers derived from the audited financial statements.

LTIP vesting is underpinned by committee discretion such that for any shares to vest, the committee must be satisfied with the underlying performance of the business. In making this assessment, the committee will take into account factors such as the strength of the balance sheet, quality of earnings, etc.

Pages 148 and 149 of the Annual Report on Remuneration provides details of the performance measures, targets and weightings to apply for the year ending 31 July 2021.

Changes to Policy for 2020

Referenced expanded recovery provisions which are included as a note to the Policy table.

Directors' Remuneration Report continued

All-employee share schemes

Purpose and link to strategy

Encourages long-term shareholding in the Company.

Operation

Kin + Carta operates all-employee schemes in the UK and the US, with invitations made by the committee under the UK HMRC Approved Sharesave Scheme and under the US Employee Stock Purchase Plan.

Executive Directors may participate in the all-employee scheme that operates in their country of residence on the same terms as other employees of the Group.

Maximum potential value

Sharesave Scheme: as per HMRC limits (e.g. current maximum monthly savings towards share purchases is limited to £500 per calendar month).

Employee Stock Purchase Plan: monthly savings towards share purchases with a maximum value of US$25,000 per calendar year, based on the market value of the Company's ordinary shares at grant.

Performance metrics

Not applicable.

Changes to Policy for 2020

Added details of the Employee Stock Purchase Plan approved at the 2019 AGM.

Share ownership guidelines

Purpose and link to strategy

To provide alignment between executives and shareholders.

Operation

The committee operates shareholding guidelines of 200% of salary for the Chief Executive Officer and 150% of salary for other Executive Directors.

The net of tax number of deferred bonus shares or vested shares under the Company's LTIP will normally be required to be retained until the guideline is met.

The committee may take account of progress towards this target when determining LTIP awards.

Maximum potential value

Not applicable.

Performance metrics

Not applicable.

Changes to Policy for 2020

None.

Post-employment share ownership guidelines

Purpose and link to strategy

To provide continued alignment between executives and shareholders on stepping down from the Board.

Operation

The committee requires Executive Directors to maintain a level of shareholding for 12 months after stepping down from the Board, equal to the lower of their shareholding at the time of leaving the business and their in-post share ownership guideline.

Post-employment share ownership guidelines will apply to shares granted to Executive Directors following the forthcoming AGM and will exclude individually purchased shares, shares relating to outstanding incentives, and shares realised from historical incentives.

The committee will retain discretion about the application of post-employment share ownership guidelines in individual cases.

Maximum potential value

Not applicable.

Performance metrics

Not applicable.

Changes to Policy for 2020

New element of Policy for 2020 reflecting market practice.

Directors' Remuneration Report continued

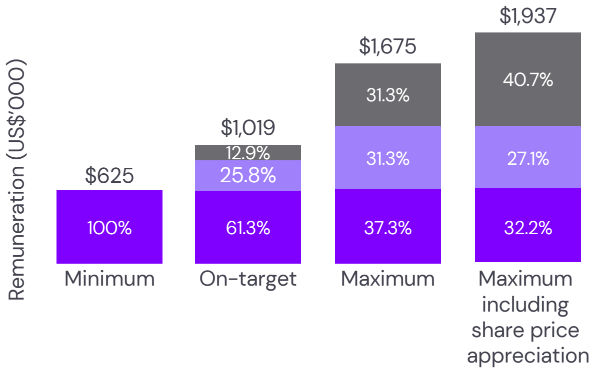
Notes to the Policy table

1. While the Remuneration Policy for Executive Directors is designed having had regard to the Policy for employees across the Group as a whole, there are some differences in the structure for senior employees that the committee believes to be necessary to reflect the different levels of responsibility within the Company. The following key differences exist between the Company's Policy for the remuneration of Executive Directors and its approach to the payment of employees generally:
   - there is an increased emphasis on performance-related pay and, in particular, for share-based incentives at the Executive Director level;
   - eligibility to participate in and the maximum opportunity in relation to an annual bonus vary, based on individual role and local practice;
   - participation in the LTIP is limited to the Executive Directors and certain selected senior managers and/or key individuals; and
   - benefits offered to other employees vary by subsidiary to take account of relevant market conditions and local practice.
2. The choice of the performance metrics and range of targets applicable to the annual bonus plan for Executive Directors reflect the committee's belief that any incentive compensation should be appropriately challenging and tied to both the delivery of robust performance relating to the Group's financial key performance indicators and, where appropriate, specific individual objectives. Performance metrics applicable to the LTIP are selected to support Company strategy and provide shareholder alignment. Targets applying to the annual bonus and LTIP are reviewed annually, based on a range of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.
3. The share ownership guideline levels are detailed in the Policy table. The shares that an Executive Director may count towards the in-post shareholding guideline include: those held in the name of the Director; those held in the name of the Director's spouse, partner or children; any shares held in a family trust for the benefit of the Director and/or their spouse, partner or children; and any shares held in a personal pension plan on behalf of the Director. The committee may, in its absolute discretion, approve the holding of shares by alternate means (e.g. shares held under a deferred share bonus award) and, if permitted, on such terms determined by the committee, acting fairly and reasonably.
4. For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former Directors (such as the payment of a pension or the vesting/exercise of past share awards) that have been disclosed to and approved by shareholders in previous remuneration reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.
5. The committee operates the annual bonus, LTIP, Sharesave Scheme and Employee Stock Purchase Plan, in accordance with their rules, local taxation guidance (e.g. HMRC and the Internal Revenue Code) and, where relevant, the Listing Rules. To ensure these incentive plans operate in an efficient manner, the committee retains a number of standard market practice discretions which include:
   - determining the eligibility to participate in the plans;
   - determining the timing of grant of awards and any payments;
   - the size of awards and payments, although with quantum restricted to those detailed in the Policy table and the respective plan rules;
   - the determination of whether the performance conditions have been met and the resulting vesting/pay out;
   - dealing with a change of control (e.g. the timing of testing performance targets) or restructuring of the Group;
   - determining a good or bad leaver for incentive plan purposes, based on the rules of each plan and the appropriate treatment chosen;
   - adjustments required in certain capital events such as rights issues, corporate restructuring events and special dividends; and
   - the annual review of performance conditions for the annual bonus plan and LTIP.

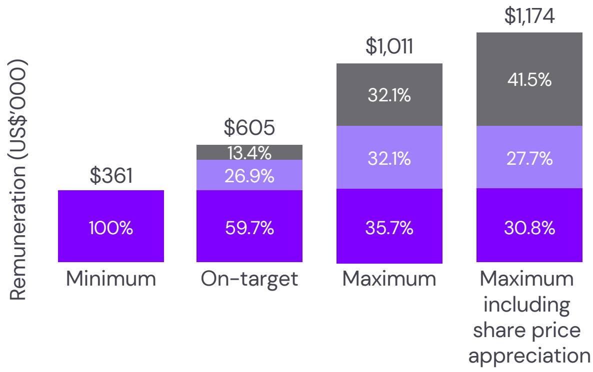
   In some circumstances, such as a material acquisition/divestment of a Group business, or a change in Accounting Standards and Interpretations, which mean the original performance conditions are no longer appropriate, the committee can adjust the targets, set different measures and alter weightings as necessary, to ensure the conditions achieve their original purpose and are not materially less difficult to satisfy.
6. Payments and awards under the annual bonus and LTIP are subject to malus and clawback provisions, which can be applied to both vested and unvested awards. Malus and clawback provisions will apply for a period of at least two years after payment or vesting. Circumstances in which malus and clawback may be applied include a material misstatement of the Company's financial position, fraud or gross misconduct on the part of the award-holder, an error in calculating the award outcome, actions leading to serious reputational damage or corporate failure arising from poor risk management.

   Participants in the annual bonus and LTIP will be required to acknowledge their understanding and acceptance of the malus and clawback provisions as a pre-condition to participating in these schemes. The committee is satisfied that the malus and clawback provisions are appropriate and enforceable.

J Schwan, Chief Executive Officer



Chris Kutsor, Chief Financial Officer



- Fixed remuneration
- Annual bonus
- LTIP

Reward scenarios

The chart above shows how the composition of each of the Executive Director's remuneration packages varies at different levels of performance under the Policy set out above, as a percentage of total remuneration opportunity and as a total value.

Fixed pay comprises the 2021 basic salary and expected pension contributions, and a value for benefits (using the value for the year ended 31 July 2020 as a proxy). Incentive opportunities reflect implementation for 2021. The assumptions used in the above at the 'on-target' performance level are: (i) half of maximum bonus is earned; and (ii) 25% of the LTIP award vests, which is the level of vesting if each target achieves its minimum threshold. The maximum performance level assumes the full bonus is earned and the LTIP award vests in full. No share price growth is included under the first three scenarios, however the fourth scenario includes the impact of a hypothetical 50% increase in share price on the value of the LTIP in accordance with the reporting regulations.

Approach to recruitment and promotions

Basic salary levels will be set on appointment after having had due regard to the Company's general Remuneration Policy but adjusted, as appropriate, to reflect the experience and calibre of the individual and the market rates for similar roles in comparable organisations. If it is considered appropriate to appoint a new Director on a below market salary (e.g. in the event of an internal promotion), they may be the subject of a series of increases to a desired salary positioning over an appropriate time frame, subject to performance in post.

Pension contributions will be aligned in percentage of salary terms with the majority of employees at the time of appointment. Should it be appropriate to recruit an executive from overseas or for the individual to relocate, then reasonable expenses and payments may be paid in relation to such a relocation, which would then be subject to disclosure in due course. Benefits arrangements would generally be in line with those offered to current executives but it may be necessary to tailor these to reflect for example, local market norms and local legislation.

The annual bonus maximum will be in line with current Executive Directors (i.e. 100% of basic salary), pro-rated for the period of service. Depending on the timing of the appointment, the committee may use different performance measures, targets and weightings to that of the current executives for the first year of service.

An LTIP award may be made shortly after an appointment (subject to the Company not being in a prohibited period) subject to the permitted maximum. The total maximum variable remuneration that may be awarded in respect of recruitment is 300% of salary (excluding buy-out awards referred to below).

The committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. The committee would seek to ensure, where possible, that these awards replicate the potential value forfeited/lost in joining the Company, and in terms of time horizons, vesting periods, expected values and potential impact of performance conditions, these factors are recognised in determining the quantum of such compensation. This award would be facilitated under the existing incentive plans where possible, but also using Rule 9.4.2. of the Listing Rules, if necessary.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment.

Directors' Remuneration Report continued

Service contracts and loss of office payments

Summaries of the Executive Directors' contracts are disclosed below. These contracts are held at the registered office and are available for inspection.

Executive	Date of service contract	Notice period
J Schwan	25 April 2018	6 months
Chris Kutsor	9 May 2019	6 months

It is the Company's policy that Executive Directors should serve under rolling service contracts of 12 months' duration or less, and that there should be no special provisions for compensation in the event of termination (neither in the normal course nor following a change in control of the Company) and that any compensation payments made should take account of the Director's duty to mitigate their loss. The Executive Directors' current service contracts all comply with this policy.

The Remuneration Committee reviews the contractual terms for new Executive Directors to ensure these reflect best practice.

In summary, the contractual provisions are as follows:

Provision detailed terms

Notice period:	Up to 12 months
Termination payment:	Limited to a maximum of basic salary and benefits, paid monthly and subject to mitigation
Change of control:	No Executive Director's contract contains additional provisions in respect of a change of control

The service contract for any new appointment would be made on similar terms to those described above.

In a leaver event, the following payments may also be made to departing Executive Directors:

1. any share-based entitlements granted to an Executive Director under a Company share plan will be determined based on the relevant plan rules. In certain prescribed circumstances, however, such as death, ill-health, disability, retirement or other circumstances at the discretion of the committee, a 'good leaver' status may be applied. Under the LTIP, for good leavers, future awards will normally be tested for performance over the full performance period and be reduced pro-rata to reflect the proportion of the performance period actually served, rounded-up to the next complete financial year, with Remuneration Committee discretion to determine that awards vest at an earlier date and/or to disapply time pro-rating. Vested LTIP awards, which are subject to an additional holding period, will typically be retained and released at the end of the holding period, with committee discretion to treat otherwise. Under the DBS, in certain prescribed circumstances, awards will be retained in connection with a leaver event (such as death or permanent disability or any other reason permitted by the Remuneration Committee);
2. a pro-rata bonus may be payable for the period of active service in certain prescribed good leaver circumstances and in other circumstances at the discretion of the committee and subject to the achievement of the relevant performance targets;
3. at the discretion of the Remuneration Committee, a contribution to reasonable outplacement costs in the event of termination of employment. The committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment; and
4. any payment for statutory entitlements or to settle or compromise claims in connection with a termination of any existing or future Executive Director as necessary.

External non-executive appointments

Executive Directors may not accept an appointment outside the Company without prior permission of the Board. The extent to which any fees are retained by the individual or are remitted to the Company will be considered on a case-by-case basis. No Executive Director currently holds an external non-executive appointment on the Board of a publicly listed company.

Chairman and Non-Executive Directors

The following sets out the fee policy for the Chairman and Non-Executive Directors:

Purpose and link to strategy

To attract and retain high calibre individuals without prejudice to the application of independent views.

Operation

Non-Executive Directors' remuneration is decided by the Executive Directors and the Chairman; the Chairman's fee is set separately by the committee.

Fees are set periodically by taking account of the time required to fulfil the role and fees payable at similar sized companies. Any increases in fees also take account of any increases payable to Executive Directors and to the general workforce.

Non-Executive Directors may not participate in the Group's cash or share-based incentive arrangements.

Non-Executive Directors also receive reimbursement of travel and office related expenses.

Maximum potential value

For 2021, the fees comprise a base fee of £42,500 p.a., plus additional fees of £5,000 p.a. for the Senior Independent Director position, and £7,500 p.a. for chairing the Remuneration or Audit Committees. The Chairman's fee is set at £130,000 p.a.

These fees may be revised periodically in line with the Company's policy. Given the periodic nature of the review any increases (as a % of total fees) may be greater than that awarded to the wider workforce in any particular year.

The maximum aggregate fees are set in accordance with the Company's articles of association.

Performance metrics

Not applicable.

Changes to Policy for 2020

None.

All Directors, including the Chairman and Non-Executive Directors, are subject to annual re-election at the AGM. The Chairman and Non-Executive Directors' letters of appointment are kept at the registered office and are available for inspection. The letters of appointment are summarised as follows:

Non-Executive Director	Date of letter of appointment	Notice period
David Bell	10 July 2018	3 months
John Kerr	17 July 2019	3 months
Michele Maher	24 April 2019	3 months
Nigel Pocklington	4 March 2016	3 months
Helen Stevenson	3 April 2012	3 months

No other remuneration is payable to a Non-Executive Director on termination of an appointment.

In recruiting a new Non-Executive Director, the Committee will use the Policy as set out above.

Directors' Remuneration Report continued

Consideration of shareholder views

The Remuneration Committee considers shareholder feedback received in relation to the AGM each year at a meeting immediately following the AGM. This feedback, plus any additional feedback received from time to time, is then considered as part of an annual review of Remuneration Policy.

In addition, the committee seeks to proactively engage directly with major shareholders and their representative bodies and takes their views seriously. In the event that the committee wishes to make material changes to the Remuneration Policy, appropriate dialogue will take place with the Company's major shareholders in advance.

This year the committee undertook a review of the Remuneration Policy ahead of its expiration at the forthcoming AGM. Having developed a proposed policy, the committee consulted with all major shareholders and key institutional investors were invited to provide feedback on the proposals.

Consideration of employment conditions elsewhere in the Group

Whilst the Company does not formally consult with employees on matters of executive remuneration, it does consider the general basic salary increase for the broader UK employee population when determining the annual salary review for the Executive Directors. The committee is also made aware of employment conditions within the wider group, including a general overview of variable pay plan outcomes. Additionally, it is the decision making body for all-employee share plans. The committee also considers environmental, social and governance issues, and risk when reviewing executive pay quantum and structure.

Annual Report on Remuneration

The following section provides details of how Kin + Carta's Remuneration Policy was implemented during 2020 and how we intend to implement the revised Remuneration Policy for 2021.

Membership of the Committee

Michele Maher, Nigel Pocklington and Helen Stevenson, all independent Non-Executive Directors, served on the committee throughout the year. The committee is chaired by Nigel Pocklington. The number of meetings held, attendances and a description of the principal matters considered by the committee in carrying out its duties during the year are described on pages 120 to 123.

During the year under review, the committee, where appropriate, sought advice and assistance from Daniel Fattal (Company Secretary), and members of the Board, including John Kerr (Chairman), J Schwan (Chief Executive Officer), and Chris Kutsor (Chief Financial Officer) in connection with carrying out its duties. None of these persons took part in decisions relating specifically to their own remuneration.

Role of the committee

The committee is responsible for determining and agreeing with the Board the overall Remuneration Policy and its implementation, including setting the individual remuneration packages and contractual arrangements for the Executive Directors, senior management and the Chairman, which support the creation of value for shareholders and the delivery of the Group's strategic priorities.

The committee is mindful of the intense scrutiny around executive remuneration and seeks to keep abreast of and adopt best practice where appropriate taking into account its position in the FTSE SmallCap.

When undertaking its duties, the committee also ensures that due account is taken of pay and employment conditions throughout the Group by keeping abreast of matters such as: (i) the general level of salary increases (if any) applied throughout the Group; (ii) the levels of bonuses paid (and bonus opportunity offered) to the workforce as a whole; and (iii) any widespread changes that are proposed to Group-wide employment conditions.

The full terms of reference for the committee are available on the Company's website kinandcarta.com.

Committee's advisors

During the year, the committee retained Mercer | Kepler, part of the MMC group of companies, as an independent advisor to the committee. They were selected following a formal tender process conducted in 2015. Mercer | Kepler is a signatory to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consulting Group's website remunerationconsultantsgroup.com.

Mercer reports directly to the chair of the Remuneration Committee and does not advise the Company on any other issues. The fees paid to Mercer | Kepler in relation to advice provided to the committee for 2020 were £29,000 (2019: £19,820), on a time and materials basis.

The committee has reviewed the advice provided by Mercer | Kepler during the year and is satisfied that it has been objective and independent. The terms of engagement between the Company and Mercer | Kepler are available from the Company Secretary upon request.

Summary of activities

During the year, the committee approved:

- outcomes of bonuses for the Executive Directors in respect of 2019;
- the Directors' Remuneration Report for 2019;
- the Executive Directors' salaries and pension provision for 2021;
- the Chairman's fees for 2021;
- the grant of awards in December 2019 and April 2020 under the Company's 2010 LTIP Plan to certain senior managers and the performance conditions attached to their vesting; and
- vesting of the first tranche of Chris Kutsor's buyout awards

Additionally, the committee undertook a consultation with the Company's major shareholders on proposed changes to the Remuneration Policy to reflect evolving best practice and developments since the Policy was last approved. Following this consultation, the committee then also:

- approved the structure of the Executive Directors' bonus scheme for 2021; and
- held discussions on the structure to apply to LTIP awards to be granted in late 2020.

Summary of shareholder voting

The following table shows the results of the last binding vote on the Remuneration Policy at the 2017 AGM, and the advisory vote on the 2018/19 Remuneration Report at the 2019 AGM:

Resolution	Votes for (note 1)	% for (note 1)	Votes against	% against	Total votes cast	Votes withheld
Remuneration Policy	96,592,072	99.62%	371,760	0.38%	96,963,832	960,595
Remuneration Report	119,612,631	99.97%	39,235	0.03%	119,651,866	11,488

Note 1: Includes 'discretionary' votes.

Directors' Remuneration Report continued

Remuneration payable to Directors for the year ended 31 July 2020

Directors' single figure table (audited)

Set out below, in a single figure, is the total remuneration of all Directors for the financial year ended 31 July 2020 and financial period ended 31 July 2019.

Director (note 1)		Basic salary/fee (note 2) £'000	Taxable benefits (note 3) £'000	Bonus £'000	Share plans vesting (note 4) £'000	Pension benefits (note 5) £'000	Total £'000	Total fixed £'000	Total variable £'000
Executive Directors									
J Schwan	**2020**	**350.0**	**16.9**	**–**	**–**	**52.5**	**419.4**	**419.4**	**–**
	2019	400.0	22.9	100.0	–	60.0	582.9	482.9	100.0
Chris Kutsor (note 6)	**2020**	**244.3**	**16.1**	**–**	**24.6**	**12.2**	**297.2**	**272.6**	**24.6**
	2019	31.5	1.9	n/a	–	1.6	35.0	35.0	–
Non-Executive Directors									
David Bell	**2020**	**40.4**	**–**	**–**	**–**	**–**	**40.4**	**40.4**	**–**
	2019	42.5	–	–	–	–	42.5	42.5	–
John Kerr (note 7)	**2020**	**114.0**	**–**	**–**	**–**	**–**	**114.0**	**114.0**	**–**
	2019	3.7	–	–	–	–	3.7	3.7	–
Michele Maher	**2020**	**46.3**	**–**	**–**	**–**	**–**	**46.3**	**46.3**	**–**
	2019	9.2	–	–	–	–	9.2	9.2	–
Nigel Pocklington	**2020**	**47.5**	**–**	**–**	**–**	**–**	**47.5**	**47.5**	**–**
	2019	46.9	–	–	–	–	46.9	46.9	–
Helen Stevenson	**2020**	**45.1**	**–**	**–**	**–**	**–**	**45.1**	**45.1**	**–**
	2019	48.5	–	–	–	–	48.5	48.5	–
Former Directors									
Mike Butterworth	**2020**	**8.5**	**–**	**–**	**–**	**–**	**8.5**	**8.5**	**–**
	2019	52.1	–	–	–	–	52.1	52.1	–
Richard Stillwell (note 8)	**2020**	**38.4**	**–**	**–**	**–**	**–**	**38.4**	**38.4**	**–**
	2019	110.0	–	–	–	–	110.0	110.0	–

Note 1: Changes in Directors and roles during the 2020 financial year were as follows:

a. John Kerr was appointed Non-Executive Chairman with effect from 5 December 2019.

b. Michele Maher was appointed as chair of the Audit Committee with effect from 2 October 2019.

c. Mike Butterworth stepped down as chair of the Audit Committee and as a Director of the Board on 1 October 2019.

d. Richard Stillwell stepped down as Non-Executive Chairman with effect from 5 December 2019.

Note 2: All Directors volunteered a temporary reduction to their salary/fees for the period of three months ended 30 June 2020. All Directors volunteered a 20% reduction to their salary/fees for this period, with the exception of J Schwan, who volunteered a 50% reduction to his salary.

Note 3: Taxable benefits constitute additional payments in lieu of the provision of a company car and fuel benefit and medical expenses insurance cover.

Note 4: Figures for 'share plans vesting' are based on the number of shares vesting for performance periods substantially completed as at year end. The 2016 LTIP award lapsed in full in November 2019. The 2017 LTIP award will lapse in full in December 2020. See page 141 for details. The figure for Chris Kutsor reflects the vesting of 39,867 Restricted Stock Units ("RSUs") on 16 March 2020 which were subject to continued employment. These awards were made in connection with his appointment to the Board in 2019.

Note 5: Pension benefits in respect of the year were in part paid into a Group Personal Pension Plan and part paid as cash in lieu of pension for J Schwan and Chris Kutsor.

Note 6: The remuneration of Chris Kutsor is originally denominated in US Dollars and has been converted for the purposes of the single figure table using the average £:$ exchange rate in the year of 1.26.

Note 7: John Kerr has elected to forego £10,000 per annum of his fee of £130,000 per annum. John Kerr's fees for 2019/20 are shown in the single figure table after foregoing this proportion of his fees which equated to £9,500 during the year as a result of his voluntary pay reduction (see note 2). The Company donates this sum so withheld, together with a matching sum from the Company, to registered charities.

Note 8: Richard Stillwell elected to forego £20,000 per annum of his fee of £130,000 per annum. Richard Stillwell's fees are shown above after foregoing this proportion of his fees for the period he was a Director during 2020. The Company donated this sum so withheld, together with a matching sum from the Company, to registered charities. Richard Stillwell stepped down as Non-Executive Chairman with effect from 5 December 2019.

Directors' Remuneration Report continued

Incentive outcomes for the year ended 31 July 2020 (audited)

Annual bonus

Executive Directors' bonuses for the year ended 31 July 2020 provided for a payment of up to 100% of salary, based 75% on Adjusted PBT performance over the financial year and 25% on strategic and personal objectives.

Details of performance against the financial targets set are provided below:

	Adjusted PBT performance	% of salary earned	Actual performance	% of salary earned
Threshold (10% payout)	£17.575m	7.50%	£11.6m	0%
	£17.760m	11.25%		
	£17.945m	15.00%		
	£18.130m	18.75%		
	£18.315m	26.25%		
Target (50% payout)	£18.500m	37.50%		
	£18.685m	48.75%		
	£18.870m	60.00%		
	£19.055m	67.50%		
	£19.240m	71.25%		
Stretch (100% payout)	£19.425m	75.00%		

Adjusted PBT for continuing and discontinuing operations was £11.6 million and therefore no bonus is payable.

In addition to the above, each Executive Director was eligible to earn up to 25% of salary for the achievement of stretching strategic/personal objectives, which for 2020 related to Kin + Carta's strategy and priorities. Both Executive Directors were assessed as having achieved their objectives in full, with the committee noting in particular that:

- a regional operating model (the Europe and Americas regions) had been identified. The One Americas plan to bring together Advise, Create and Connect under one operating model had been completed, while the One Europe plan to bring together Advise, Create and Connect under one operating model had been launched;
- Kin + Carta's core brand proposition, purpose, services, values and brand promises had been identified; and
- baseline B Corp assessments had been conducted for each entity to be certified, and individual action plans and timelines had been developed to allow each to achieve certification within the targeted time frame.

Despite these achievements, the committee and Executive Directors agreed that no payout would be made for the strategic and personal objectives element of the 2020 bonus in light of the Group's overall financial performance.

2017 LTIP vesting in December 2020 (audited)

Vesting of the 2017 LTIP awards is dependent on performance against two metrics measured over a three-year period: Absolute Total Shareholder Return (TSR) and the growth in Adjusted operating profit from Strategic Marketing.

As a result of the disposals of the Marketing Activation and Books segments in 2018, the Adjusted operating profit element uses Group Adjusted operating profit as the 2020 end measurement point (£14.9 million); the base year remains the Adjusted operating profit from Strategic Marketing (CAGR) in 2017 (£16.4 million), which was prior to these disposals.

Further details, including vesting schedules and performance against each of the metrics are provided in the table below:

Measure	Weighting	Targets	Outcome	Vesting %
Absolute TSR (share price plus rolled up dividends)	70%	0% vesting below 110p 25% vesting for 110p 100% vesting for 170p or more Straight-line vesting between these points	59.59p	0%
Growth in Adjusted operating profit from Strategic Marketing	30%	0% vesting below 6% p.a. 25% vesting for 6% p.a. 100% vesting for 14% p.a. or greater Straight-line vesting between these points	(2.9%) p.a.	0%
Total vesting				0%

Accordingly, the total number of LTIP shares which vested in relation to the performance period completed as at the period end, and which are reflected in the single figure table on page 138, is as follows:

	Date of grant	Total number of shares	% shares vesting for performance	Number of awards vesting	Share price on vesting	Total value on vesting	Transfer of award/ earliest vesting date
J Schwan	7 Dec 2017	505,369	0%	0	n/a	0	7 Dec 2020

Directors' Remuneration Report continued

2019 RSUs vesting in March 2020 (audited)

In order to facilitate the recruitment of Chris Kutsor in June 2019, the committee agreed a balanced buyout package to compensate him for incentives forfeited on leaving his previous employer, which included an award of 119,601 restricted stock units ('RSUs'). Reflecting the time horizons of the awards being replaced, it was agreed that the RSUs would vest in three equal tranches in March 2020, 2021 and 2022 subject to continued employment with the Group.

Having satisfied the vesting criteria in March 2020, the first tranche of RSUs vested to Chris Kutsor. A summary of the awards vesting, which are reflected in the single figure table on page 138, is as follows:

	Date of grant	Total number of units	% units vesting	Number of units vesting	Share price on vesting	Total value on vesting	Transfer of award/ earliest vesting date
Chris Kutsor	17 June 2019	39,867	100%	39,867	61.6p	£24,558	16 Mar 2020

Scheme interests awarded during the 2020 financial year (audited)

Long Term Incentive Plan ("LTIP")

In December 2019, J Schwan and Chris Kutsor were granted awards under the Company's LTIP, as follows:

	Date of grant	Shares over which awards granted	Value of shares awarded (£) (note 1)	% of salary awarded
J Schwan	17 Dec 2019	399,440	£399,999	100%
Chris Kutsor	17 Dec 2019	486,947	£487,629	200%

Note 1: Face value is based on a share price of 100.14 pence (the five-day average prior to the date of grant). For Chris Kutsor, the award level was calculated using a similar five-day average £:$ exchange rate of 1.333.

Having considered Kin + Carta's share price at the date of grant as compared to previous cycles, the committee agreed that J Schwan's LTIP grant for 2020 would remain at the normal 100% of salary level. As noted in last year's report, Chris Kutsor was awarded a one-off exceptional award of 200% of salary agreed as part of a balanced buyout package to compensate him for incentives forfeited on leaving his previous employer.

Awards granted vest on relative TSR, growth in net revenue and growth in Adjusted PBT, each measured over three years and with overall vesting underpinned by committee discretion. Vested shares will be subject to a two-year holding period.

A summary of the performance conditions is shown in the table below:

Measure	Weighting	Targets	Performance measurement period
TSR relative to the FTSE AllShare	50%	0% vesting below median performance 25% vesting for performance in line with median 100% vesting for upper quartile performance or greater Straight-line vesting between these points	1 August 2019 to 31 July 2022 (three-month averaging)
Growth in net revenue (CAGR)	25%	0% vesting below 6% p.a. 25% vesting for 6% p.a. 100% vesting for 12% p.a. or more Straight-line vesting between these points	Net revenue in 2022 as compared to 2019
Growth in Adjusted PBT (CAGR)	25%	0% vesting below 4% p.a. 25% vesting for 4% p.a. 100% vesting for 10% p.a. or more Straight-line vesting between these points	Adjusted PBT in 2022 as compared to 2019

In the event of any material acquisition or divestment, the committee would adjust the revenue and PBT targets to ensure only out performance of the acquisition/divestment is rewarded. Vesting of awards is subject to overall committee discretion.

The growth in Adjusted PBT targets for the 2020 LTIP awards are lower than the growth in net revenue targets reflecting the Company's strategy over the next few years of further targeted investment in the Group in order to drive long-term growth.

Awards are subject to a malus and clawback provision, which will enable the committee to reclaim value that should not have been received in the event that, if within the two-year period following the year of vesting, a material misstatement of the Company's financial results relating to the year of vesting is identified. In such circumstances, a clawback would be based on the extent to which the first vesting was overpaid based on new information.

Deferred Bonus Shares ('DBS')

No awards were granted under the DBS in respect of the annual bonus payable for 2019.

Directors' Remuneration Report continued

Percentage change in remuneration of Directors and employees

The committee has previously monitored year-on-year changes between the movement in salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year compared with that of employees. In accordance with the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (applying to financial years commencing on or after 10 June 2019), this analysis has now been expanded to cover each Executive Director and Non-Executive Director. This table will be built up over time to display a five-year history.

The analysis is based on the average earnings per employee in order to avoid distortions to the Group's total wage bill because of the movements in the number of employees. The comparator group used is all Kin + Carta employees.

Director (note 1)	Basic salary/fee (note 2)	Taxable benefits (note 3)	Bonus (note 4)
Executive Directors			
J Schwan	(13.0%)	(26.2%)	(100%)
Chris Kutsor (note 5)	(5%)	5.9%	n/a
Non-Executive Directors			
David Bell	(5%)	n/a	n/a
John Kerr	(5%)	n/a	n/a
Michele Maher	9%	n/a	n/a
Nigel Pocklington	1%	n/a	n/a
Helen Stevenson	(7%)	n/a	n/a
Former Directors			
Mike Butterworth	(6%)	n/a	n/a
Richard Stillwell	0%	n/a	n/a
Average per employee	4%	0%	(91%)

Note 1: Changes in Directors and roles during the 2020 financial year were as follows:

a. John Kerr was appointed Non-Executive Chairman with effect from 5 December 2019.

b. Michele Maher was appointed as chair of the Audit Committee with effect from 2 October 2019.

c. Mike Butterworth stepped down as chair of the Audit Committee and as a Non-Executive Director of the Board on 1 October 2019.

d. Richard Stillwell stepped down as Non-Executive Chairman with effect from 5 December 2019.

Changes in Directors and roles during the 2019 financial year were as follows:

e. Chris Kutsor joined the Board as Chief Financial Officer with effect from 17 June 2019.

f. David Bell joined the Board as Non-Executive Director with effect from 4 August 2018.

g. John Kerr joined the Board as Non-Executive Chairman Designate with effect from 22 July 2019.

h. Michele Maher joined the Board as Non-Executive Director with effect from 15 May 2019.

i. Nigel Pocklington was appointed chair of the Remuneration Committee with effect from 1 January 2019.

j. Helen Stevenson was appointed as Senior Independent Director and stepped down as chair of the Remuneration Committee with effect from 1 January 2019.

k. Mike Butterworth stepped down as Senior Independent Director on 31 December 2018 and retained his position as chair of the Audit Committee.

Note 2: The basic salary/fee figures shown are based on full-time equivalent comparisons. All Directors volunteered a temporary reduction to their salary/fees for the period of three months ended 30 June 2020. All Directors volunteered a 20% reduction to their salary/fees for this period, with the exception of J Schwan who volunteered a 50% reduction to his salary. Employees also volunteered a temporary reduction to their salary for the three months ended 30 June 2020; the reduction ranged from 0-20% of salary.

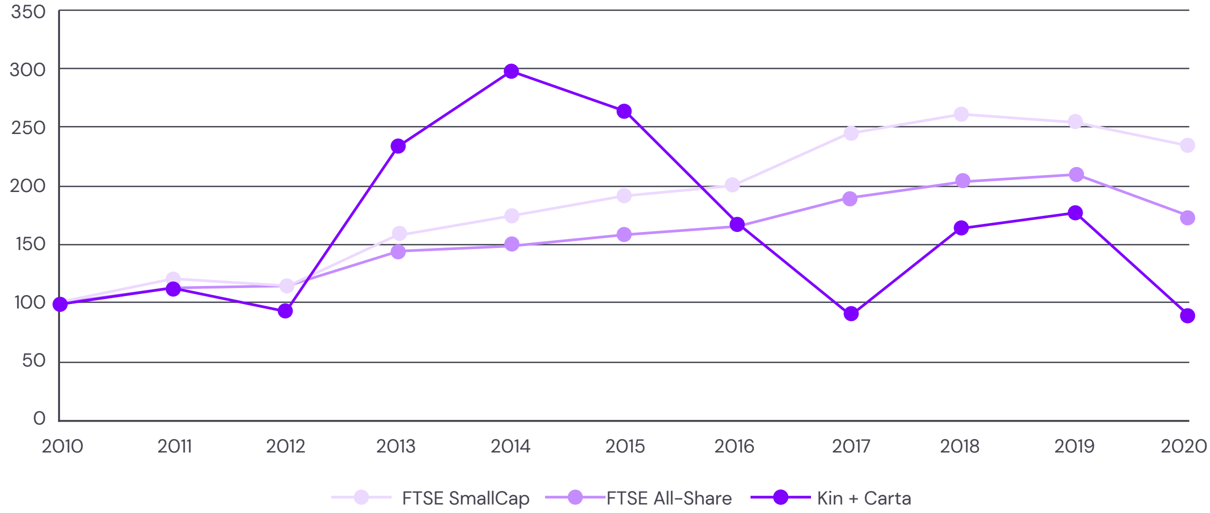
Note 3: Taxable benefits constitute additional payments in lieu of the provision of a company car and fuel benefit and medical expenses insurance cover in required countries. Non-Executive Directors do not receive any additional taxable benefits.

Note 4: The figures shown are reflective of any bonus earned during the respective financial year. Non-Executive Directors are not eligible to participate in the bonus scheme. Chris Kutsor was not eligible to participate in the 2019 bonus scheme.

Note 5: Comparisons for Chris Kutsor (and for non-UK-based employees) are based on a constant currency to eliminate the impact of exchange rate fluctuations.

Review of past performance

The chart below illustrates the Company's Total Shareholder Return for the ten years ended 31 July 2020, relative to the performance of the FTSE SmallCap Index and FTSE All-Share Index. Both the FTSE SmallCap and the FTSE All-Share represent broad equity indices of which the Company has been a constituent member for the majority of the period shown and therefore have been selected as comparators for this reason.



Source: DataStream from Refinitiv

The table below details the Chief Executive Officer's single figure of remuneration over the same ten-year period:

	2011 Patrick Martell	2012 Patrick Martell	2013 Patrick Martell	2014 Patrick Martell	2015 Matt Armitage	2016 Matt Armitage	2017 Matt Armitage	2018 Matt Armitage	2019 J Schwan	2020 J Schwan
Total remuneration £'000	802.0	1,246.6	1,335.0	1,648.4	1,133.5	477.8	478.2	878.6	582.9	419.4
Annual bonus as a percentage of maximum	100.0	100.0	96.3	100.0	69.7	Nil	Nil	100.0	25.0	Nil
LTIP vesting as a percentage of maximum	Nil	100.0	93.9	98.5	100.0	Nil	Nil	Nil	N/A	Nil

Directors' Remuneration Report continued

Relative importance of spend on pay

This table shows overall expenditure on pay, excluding employer's NICs, for all employees and shareholder distributions (payments of dividends), with the percentage change in each. During the year, we exited a number of properties and anticipate the Group's property footprint will be substantially lower in future years due to new ways of working. The measure of rental costs is less significant and therefore rent and rates is no longer considered a key metric relative to pay and has consequently been removed as a comparator.

	2020 £'000	2019 £'000	Percentage change performance
Overall expenditure on pay on continuing operations	112,859	105,942	6.5%
Dividends paid in the year	1,993	2,990	(33.3%)

Chief Executive Officer pay ratio

UK legislation requires companies with 250 employees or more to publish information on the pay ratio of the Group Chief Executive Officer to UK employees. In line with this requirement, the table below shows the ratio of Chief Executive Officer total pay to that of three employees indicative of lower quartile (P25), median (P50) and upper quartile (P75) pay received during the financial year ended 31 July 2020 and includes basic salary, pension, and the value received from incentive plans. On average the Group employed 831 UK employees during the financial year ended 31 July 2020.

Financial year	**Calculation methodology**	**Lower quartile (P25)**	**Median (P50)**	**Upper quartile (P75)**
2020	Option A	12.1:1	8.6:1	5.9:1

We have chosen Option A under the Regulations for the calculation, which takes into consideration the full-time equivalent basis of all UK employees and provides a representative result of employee pay conditions across the Company. Total full-time equivalent remuneration for all UK employees has been calculated on the same basis as used in the single figure table for our Chief Executive Officer and covers the whole 2020 financial year. Total compensation figures have been checked to ensure the employees identified at each quartile are representative of pay at these levels in the organisation. The committee believes the median pay ratio for 2020 is consistent with the pay, reward and progression policies for the Company's UK employees taken as a whole.

A summary of the salaries and total single figures of remuneration for the relevant individuals is included in the table below:

Pay level	**Chief Executive**	**Lower quartile (P25)**	**Median (P50)**	**Upper quartile (P75)**
Salary	£350,000	£31,391	£44,856	£66,593
Single figure of remuneration	£419,400	£34,628	£48,714	£70,963

With this being the first year under the revised reporting requirements, there is limited data against which to compare the pay ratios above. The committee will consider the pay ratios in the context of the ratios reported in future years as well as other important metrics such our financial and non-financial key performance indicators.

Exit payments made in the year (audited)

There have been no exit payments during the year ended 31 July 2020.

Payments to past directors (audited)

Details of leaver arrangements for Brad Gray, former Chief Financial Officer, were included in last year's Annual Report on Remuneration. In accordance with the Remuneration Policy, Brad received a £20,000 outplacement benefit during the 2020 financial year. His November 2016 LTIP lapsed in full on 16 November 2019. Brad retains interests granted under the LTIP in December 2017 (which will lapse in full on 7 December 2020 based on performance, see page 141), interests granted under the LTIP in November 2018 (which will be tested for performance to the end of the 2021 financial year), and an award of shares granted under the DBS in respect of the 2018 bonus which will be released in November 2020.

Details of leaver arrangements for Matt Armitage, former Chief Executive Officer, were included in the 2018 Annual Report on Remuneration. No emoluments were paid to Matt in the 2020 financial year. Matt retains an award of shares granted under the DBS in respect of the 2018 bonus which will be released in November 2020.

Implementation of Executive Director Remuneration Policy for 2021

The following section provides details of how we intend to implement the revised Remuneration Policy for 2021.

Basic salary

During the year, the Executive Directors volunteered a temporary reduction to their salary for the period of three months ended 30 June 2020. For this period, J Schwan volunteered a 50% reduction to his salary and Chris Kutsor volunteered a 20% reduction to his salary.

	From 1 August 2020	From 1 August 2019	% increase
J Schwan (note 1)	US$525,000	£400,000	0%
Chris Kutsor	US$325,000	US$325,000	0%

Note 1: In light of his relocation back to the United States, J Schwan's salary is demoninated in US$ from 1 August 2020, and is set at $525,000 reflecting the exchange as at 31 July 2020 of £1:$1.313.

The average increase across the Company for 2021 is 0%.

Pension and benefits

No changes in pension contribution rates or benefits provision to the Executive Directors are to be applied during the year.

J Schwan and Chris Kutsor will continue to receive pension contributions amounting to 15% and 5% of base salary respectively.

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Directors' Remuneration Report continued

Annual bonus

The annual bonus for the 2021 financial year will operate on broadly the same basis as in 2020. Bonus opportunities for Executive Directors remain at 100% of salary, with any amount earned over 50% of salary deferred in shares for two years. The bonus will be based on a combination of financial and personal/strategic measures, weighted 70% and 30% respectively.

Reflecting the ongoing uncertainty caused by COVID-19, the committee has set half-year targets for the financial element of the bonus: 35% of the bonus opportunity will be based on the first-half of 2021 Adjusted PBT performance, and the remaining 35% will be based on second-half of 2021 Adjusted net revenue and Adjusted PBT, with these latter targets set towards the end of the calendar year. This change is meant as a one-off to reflect the unique circumstances brought about by COVID-19, with the intention being to revert to annual targets for the 2022 financial year annual bonus. The remaining 30% of the annual bonus will be based on the achievement of key strategic/personal objectives aligned with the business' strategy and priorities that have been communicated to shareholders. As always, the committee will consider overall business performance in approving any payouts at the end of the financial year.

A summary of performance measures and weightings is included in the table below:

Measure	Weighting
H1 2021 Adjusted PBT	35%
H2 2021 Adjusted net revenue and Adjusted PBT	35%
Strategic/personal objectives	30%

In the event of any material acquisition or divestment, the committee would adjust the Adjusted PBT and Adjusted net revenue targets for the acquisition or divestment. The Board considers the targets for the annual bonus to be commercially sensitive and therefore will not be disclosing these prospectively. However, it is intended that retrospective disclosure, including any such adjustment of targets, will be provided in next year's Directors' Remuneration Report. In setting Adjusted PBT and Adjusted net revenue targets for the year, the committee reviews a range of internal and external reference points to ensure that targets are appropriately stretching yet achievable.

Enhanced malus and clawback provisions will apply to the 2021 bonus, as detailed on page 132.

Long term incentives

LTIP awards to be made to Executive Directors in late 2020 will be up to 100% of salary for both Executive Directors. In finalising the award sizes, the committee will consider Kin + Carta's share price at the date of grant as compared to previous cycles. Awards will vest subject to performance over a three-year period with vested shares subject to a two-year holding period.

Consistent with last year, vesting of these awards will be based 50% on Relative TSR and will also incorporate three-year Adjusted net revenue and Adjusted PBT growth targets (each weighted 15%, c.f. 25% last year). Reflecting the Group's ambition to become a 'triple bottom line' business, the remaining 20% of the awards will vest on ESG metrics linked to B Corp certification in the Americas and Europe. B Corp assessment and certification is a recognised independent framework for measuring performance in areas such as governance, communities, the environment and the impact on society of our work with clients. Vesting of this element will require Kin + Carta to achieve and maintain B Corp certification across geographies over the full performance period. Vesting of the entire LTIP will be underpinned by Committee discretion.

Vesting of the LTIP will be underpinned by committee discretion: for any shares to vest, the committee must be satisfied with the underlying performance of the business, taking into account factors such as the strength of the balance sheet and quality of earnings.

A summary of performance targets for the forthcoming grant are included in the table below:

Measure	Weighting	Targets	Performance measurement period
TSR relative to the FTSE AllShare	50%	0% vesting below median performance 25% vesting for performance in line with median 100% vesting for upper quartile performance or greater Straight-line vesting between these points	1 August 2020 to 31 July 2023 (three-month averaging)
ESG	20%	Achieve and maintain B Corp certification across geographies over the full performance period. B Corp assessment and certification is a recognised independent framework for measuring performance in areas such as governance, communities, the environment and the impact on society of our work with clients.	1 August 2020 to 31 July 2023
Growth in Adjusted net revenue	15%	Due to reduced visibility for long-term revenues and profits, the precise revenue target will not be finalised until April 2021 and will be communicated to shareholders at that time	To be set and disclosed by April 2021
Growth in Adjusted PBT	15%	Due to reduced visibility for long-term revenues and profits, the precise revenue target will not be finalised until April 2021 and will be communicated to shareholders at that time	To be set and disclosed by April 2021

In the event of any material acquisition or divestment, the committee would adjust the revenue and PBT targets to ensure only out performance of the acquisition/divestment is rewarded. Vesting of awards is subject to overall committee discretion.

Enhanced malus and clawback provisions will apply to the 2021 LTIP awards, as detailed on page 132.

Implementation of Non-Executive Director Remuneration Policy for 2021

Base fee levels for the Chairman and Non-Executive Directors are currently £130,000 p.a. and £42,500 p.a. respectively, with an additional fee for the Audit and Remuneration Committee chairs of £7,500 p.a. and a fee for acting as the Senior Independent Director of £5,000 p.a.; John Kerr (Chairman) will forego £10,000 p.a. of his fee, which the Company donates, together with a matching sum from the Company, to registered charities.

There will be no change to these fee levels for 2021.

Share ownership guidelines and Directors' interests in the share capital of the Company (audited)

Shareholding guidelines are in place that require Executive Directors to acquire a holding equivalent to 200% of basic salary for the Chief Executive Officer and 150% of basic salary for the Chief Financial Officer. These levels are considered appropriate to ensure that there is robust long-term alignment achieved between Executive Directors and shareholders. The net of tax number of deferred bonus shares or vested shares under the Company's LTIP will normally be required to be retained until the guideline is met. Directors' share dealings must be conducted in accordance with the Company's Share Dealing Policy.

Directors' Remuneration Report continued

Interests of Directors and their connected persons in 10 pence ordinary shares (fully paid) of the Company at 31 July 2020 were as follows:

	Unvested share options and restricted stock units	Unvested LTIP awards (subject to performance conditions	Unvested deferred bonus share awards	Beneficial holding 31 July 2020	Beneficial holding 31 July 2019	Expressed as a percentage of annual basic salary (note 1)
Executive						
J Schwan	–	1,314,897	–	7,657,487	7,432,768	1,138%
Chris Kutsor	438,537	486,946	–	264,586	–	56%
Non-Executive (note 2)						
David Bell	–	–	–	84,486	84,486	–
John Kerr	–	–	–	112,359	–	–
Michele Maher	–	–	–	28,089	–	–
Nigel Pocklington	–	–	–	21,235	10,000	–
Helen Stevenson	–	–	–	65,255	37,166	–

Note 1: Calculated by reference to: the number of unvested deferred bonus share awards added to beneficial holdings; the mid-market closing price of the Company's ordinary shares on 31 July 2020 (52.0 pence); and the Director's annual rate of basic salary.

Note 2: Mike Butterworth and Richard Stillwell held 77,642 and 100,000 shares respectively on the dates they stepped down as Non-Executive Directors of the Board.

From 31 July 2020 to 4 November 2020, there were no changes to the above stated holdings.

Directors' outstanding share incentive awards (audited)

Details of the share options held by Directors who served during the year are shown below. All options were granted under the LTIP for nil consideration.

Type of award (note 1)	Date of award	Market price at date of award/ exercise price for options (p)	Balance at 31 July 2019	Awarded during year	Exercised during year (note 2)	Lapsed during year (note 3)	**Balance at 31 July 2020**	Vesting date	Expiry date
J Schwan									
LTIP	7 Dec 17	79.15p	505,369	–	–	–	**505,369**	7 Dec 20	7 Dec 27
LTIP	19 Nov 18	97.54p	410,088	–	–	–	**410,088**	19 Nov 21	19 Nov 28
LTIP	17 Dec 19	100.14p	–	399,440	–	–	**399,440**	17 Dec 22	17 Dec 29
			915,457	399,440	–	–	**1,314,897**		
Chris Kutsor									
RSU	17 June 19	110.50p	39,867	–	39,867	–	**–**	16 Mar 20	–
RSU	17 June 19	110.50p	39,867	–	–	–	**39,867**	15 Mar 21	–
RSU	17 June 19	110.50p	39,867	–	–	–	**39,867**	14 Mar 22	–
OPT	17 June 19	110.50p	358,803	–	–	–	**358,803**	14 Mar 22	17 June 29
LTIP	17 Dec 19	100.14p	–	486,946	–	–	**486,946**	17 Dec 22	17 Dec 29
			478,404	486,946	39,867	–	**925,483**		

Note 1: LTIP = Long Term Incentive Plan, RSU = Restricted Share Unit (Chris Kutsor buyout awards only), OPT = Share Options (Chris Kutsor buyout awards only).

Note 2: Details of RSUs vesting to Chris Kutsor in March 2020 are included on page 142. Chris retained these shares in full as he builds towards his shareholding guideline.

Note 3: Details of the December 2017 LTIP, which was tested for performance at the period end and will lapse in full in December 2020, is included on page 141.

Details of the qualifying performance conditions in relation to outstanding LTIP awards are summarised below:

7 December 2017 award	Absolute TSR (share price plus rolled up dividends)		Growth in Adjusted operating profit from Strategic Marketing
Performance measurement period	three-month average to 31 July 2020		2020 as compared to 2017
Weighting % of award	70%		30%
100% vesting	170p or above		14% or more
Between 25% and 100% vesting	Between 110p and 170p		Between 6% and 14%
Underpin	Committee discretion		Committee discretion

19 November 2018 award	Absolute TSR (share price plus rolled up dividends)	Growth in Adjusted revenue	Growth in Adjusted PBT
Performance measurement period	three-month average to 31 July 2021	2021 as compared to 2018	2021 as compared to 2018
Weighting % of award	70%	15%	15%
100% vesting	175p or above	11% p.a. or more	14% p.a. or more
Between 25% and 100% vesting	Between 125p and 175p	Between 6% and 11% p.a.	Between 6% and 14% p.a.
Underpin	Committee discretion	Committee discretion	Committee discretion

17 December 2019 award	Relative TSR	Growth in net revenue	Growth in Adjusted PBT
Performance measurement period	1 August 2019 to 31 July 2022 (three-month averaging)	2022 as compared to 2019	2022 as compared to 2019
Comparator group	FTSE All-Share constituents		
Weighting % of award	50%	25%	25%
100% vesting	Upper quartile performance or greater	12% p.a. or more	10% p.a. or more
Between 25% and 100% vesting	Between median and upper quartile performance	Between 6% and 12% p.a.	Between 4% and 10% p.a.
Underpin	Committee discretion	Committee discretion	Committee discretion

Note: In the event of any material acquisition or divestment the committee would adjust the targets to ensure only out performance of the acquisition/divestment is rewarded. Vesting of awards is subject to overall committee discretion.

The market price of Kin and Carta plc ordinary shares of 10 pence each at 31 July 2020 was 52.0 pence and the range during the financial year 2020 was 112.0 pence to 48.0 pence.

Directors' Remuneration Report continued

Share options – Sharesave Scheme (audited)

There are no outstanding Sharesave options in respect of Directors.

Dilution

Under the ESOS 2001, LTIP 2010 and the Sharesave Scheme, awards of options over no more than an aggregate 10% of the Company's issued share capital may be granted over new issue shares in any rolling ten-year period (with awards made under any other share plans also being counted).

As at 31 July 2020, excluding lapsed options and options exercised and satisfied from utilising existing issued shares, options over 9,646,171 shares (5.7% of the Company's issued share capital) have been exercised through new shares or remain outstanding under all share plans and so count towards this limit.

Approved by the Board and signed on its behalf by

Nigel Pocklington

Chair of the Remuneration Committee

5 November 2020

Directors' Report

The Directors present their Directors' Report and the audited consolidated financial statements for the year ended 31 July 2020. The Corporate Governance Report set out on pages 90 to 152 also forms part of this report.

Details of significant events since the balance sheet date are contained in note 8 to the financial statements.

An indication of likely future developments in the business of the Company, including trends and opportunities and risks are included in the strategic report.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 29 to the financial statements.

Strategic Report

The Strategic Report can be found on pages 6 to 87. The Strategic Report includes the business model, key performance indicators, section 172 statement, disclosures regarding environmental matters (including carbon reporting) and the principal risks affecting the Connective.

Certain sections of this Annual Report contain forward-looking statements with respect to the strategy, financial condition, results, operations and businesses of the Group or markets in which the Group operates. These statements involve risk and uncertainty because they depend on circumstances that occur in the future and relate to specific events, not all of which are within the Group's control. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, there are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statement. Nothing in the Annual Report should be construed as a profit forecast or an invitation to deal in the ordinary shares of Kin + Carta.

Directors and their share interests

The present membership of the Board, and those who have served on the Board during the financial year, is set out on pages 90 to 93. The Directors' interests in ordinary shares of the Company are set out in the table on page 150 within the Directors' Remuneration Report.

Results and dividends

The Group's statutory loss before taxation from continuing operations for the year amounted to £33.8 million (2019: statutory profit of £2.1 million). The Directors' have decided not to recommend the payment of a final dividend for 2020; the Directors will review the dividend policy when market conditions are less constrained by COVID-19.

Employment policies, equal opportunities, employee communication and diversity

The Group is committed to providing equal opportunities with regard to employment, free from discrimination and harassment and in a healthy and safe working environment. Details of how we deliver on these commitments to our employees are provided in our Responsible Business section on pages 56 to 79.

Environment

Information relating to the environment and greenhouse gas emissions is set out in our Responsible Business section on pages 56 to 79.

Human rights

Information relating to human rights is set out in our Responsible Business section on pages 56 to 79.

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, which can be found on pages 6 to 87. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, note 30 to the financial statements includes the Group's objectives, policies and processes for managing its interest rate risk, foreign exchange risk, credit risk, liquidity risk and capital risk.

In order to assess the Group's ability to continue to trade as a going concern and to be viable over the medium term, detailed business and cash flow forecasts covering a three-year period from 1 August 2020 have been prepared based on 'bottom up' inputs from the individual business units. The resulting projected debt levels, debt leverage and interest cover ratios have been compared to limits prevailing under current borrowing facilities in order to ensure that the Group has sufficient liquidity to continue to trade over this time horizon.

Directors' Report continued

In addition to the detailed central business forecast, a number of stress scenarios have also been modelled to assess the Group's ability to cope with such scenarios without breaching covenant ratios or debt volume limits (see the viability statement below for further information on the stress scenarios modelled). The Group projects that it will continue to operate within lender limits in the central forecast case and would also stay within limits in the stress scenarios even where all of the stress scenarios to occur simultaneously.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Viability statement

In accordance with provision 31 of the Code, the Directors have assessed the Group's viability over a three-year period, having taken account of the Company's current position and principal risks. Given the fast-changing nature of many of the markets in which the Company operates, a three-year assessment period, which is in alignment with our medium-term planning horizon, was selected to provide management and the Board sufficient visibility of the future.

The Directors believe that the revolving credit facility will be renewed prior to November 2022 at a level sufficient to meet the liquidity requirements of the business through to at least July 2023.

The viability analysis was performed by preparing a high-level, integrated financial forecast over the three-year period and running a number of potentially stressful, yet plausible, scenarios against this base case scenario, starting from 31 July 2020. The base case model prepared by the Directors was based on management's best estimates of future trading at the time of the assessment. The base case assumed very modest revenue growth in the financial year ending in 2021 compared to the financial year ended in 2020, with improved levels of profitability following the actions taken to reduce costs in the fourth quarter of the financial year ended 31 July 2020. The related scenarios reflected the estimated financial impact of adverse events associated with the risks outlined in the Principal Risks and Uncertainties section on pages 80 to 87, and included mitigating actions where these would be under the Group's control.

The event reflected in the stress scenarios with the greatest financial impact on the Group comprised a general reduction of up to 20% in net revenue, relative to the base case scenario, across all the businesses to reflect continuing challenging and uncertain economic conditions, including that related to a continued downturn arising from the global pandemic. The majority of the Group's costs relate to staff and, in such a scenario, the Group would undertake cost avoidance measures by delaying new hires and staff commissions linked to sales growth and staff bonuses linked to operating profit would be payable at a substantially reduced level. In addition, the Group would avoid other costs by reducing expenditure on IT and capital items. Amounts payable to the legacy St Ives Defined Benefit Pension Scheme are linked to free cash flow generated by the Group, and these would reduce commensurately.

In addition to the stress scenario outlined above, other scenarios were also modelled, including an increase of five days in the average time taken by customers to settle trading balances due to the Group, and a scenario in which US Government loans are repaid in full at maturity rather than being forgiven, as assumed in the base case scenario.

In addition to an assessment of the impact that the scenarios could have on the Company's debt leverage ratio and absolute level of net debt if they were to occur individually, the impact of a combination of the stress scenarios occurring simultaneously was also modelled to test the results of a particularly high-stress, combined case. This combined case also took account of potential mitigations available to the business. The Group experienced a reduction of revenue in the fourth quarter of the financial year ended 31 July 2020 as a result of the pandemic and, under this modelled stress scenario, there is assumed to be no growth in EBITDA generated by the Group, relative to the annualised fourth quarter of the financial year ended 31 July 2020, until the financial year ending 31 July 2022.

There were no breaches of the covenants in any of the scenarios modelled, either individually or combined.

Share capital

As at 31 July 2020, the Company had 168,760,058 ordinary shares in issue with a nominal value of 10 pence each, representing 100% of the total issued share capital. The Company holds 90,637 of its ordinary shares in treasury. Therefore, the total number of voting rights in the Company is 168,669,421.

At the 2019 AGM, shareholders approved an authority for the Company to make market purchases of its own shares up to a maximum of 15,333,583 shares. This authority expires at the conclusion of the forthcoming AGM and approval will be sought from shareholders for a similar authority to be given for a further year. The Company did not purchase any of its own shares during the year (2019: nil).

Between 1 August 2020 and 4 November 2020, no ordinary shares were allotted or purchased by the Company, nor has the Company reissued shares held in treasury.

Major interests in shares

The Company had been notified, in accordance with chapter 5 of the Disclosure Guidance and Transparency Rules, of the holdings of voting rights in its shares set out in the table below.

	As at 31 July 2020	
	Number of voting rights	Percentage of issued share capital carrying voting rights*
FIL limited	7,432,590	4.4%
J Schwan and Regina Schwan	7,657,487	4.5%
Jupiter Fund Management plc	12,075,780	7.2%
Kabouter Management, LLC	10,305,302	6.1%
Lombard Odier Asset Management (Europe) Limited	20,405,394	12.1%
M&G plc	9,776,557	5.8%
NN Group N.V.	8,051,366	4.8%
Standard Life Aberdeen plc	6,975,742	4.1%
UBS AG London Branch	10,369,757	6.2%

* Percentage based on ordinary shares in issue, excluding treasury shares, as at 31 July 2020.

Between 1 August 2020 and 4 November 2020, the Company received notifications of interests pursuant to chapter 5 of the Disclosure Guidance and Transparency rules:

- We received two further notifications from UBS AG London Branch, the most recent being 22 October 2020, which notified an increase in their voting rights to 13,804,360 (representing 8.2% of Kin + Carta's issued share capital carrying voting rights).
- We received two further notifications from Lombard Odier Asset Management (Europe) Limited, the most recent being 12 October 2020, which notified an increase in their voting rights to 23,741,456 (representing 13.3% of Kin + Carta's issued share capital carrying voting rights).

Auditors

Each of the Directors of the Company has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Political donations

The Company made no political donations during the year (2019: £nil) and the Board has no intention to seek shareholders' approval to permit the Board to make political donations.

Directors' and officers' liability insurance and directors' indemnities

The Company maintains directors' and officers' liability insurance which gives appropriate cover for legal action brought against its Directors. The Company has also granted indemnities to each of its Directors (on identical terms) who served during the period, to the extent permitted by law and the Company's articles of association, in respect of liabilities incurred by virtue of their office. Qualifying third-party provisions for the benefit of its Directors (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 July 2020 and to the date of this report.

Change of control

In the financial period ended 31 July 2019, the Group entered into a new revolving credit facility of £85 million, which falls due for renewal on 30 November 2022. The terms of the revolving credit facilities stipulate that consent of the lenders to continue the overall facility is required, should there be a change of control of the Company.

Directors' Report continued

Additional information

The Company's share capital consists of ordinary shares, as set out in note 31 to the financial statements. The shares carry a right to vote but no rights to fixed income. On a show of hands at a general meeting every member present in person and every duly appointed proxy shall have one vote and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held or represented. The notice of meeting specifies deadlines for exercising voting rights and each share carries the right to one vote at general meetings. All shares are fully paid. There are no specific restrictions on the size of a shareholding nor on the transfer of shares. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and voting rights.

Details of employee share schemes are set out in note 35. Shares held by the Employee Benefit Trust abstain from voting.

The appointment and replacement of Directors of the Company is governed by the Company's articles of association, the Code, the Companies Act and related legislation. The Company's articles of association may only be amended by a special resolution of shareholders at a general meeting. Directors are elected or re-elected by ordinary resolution at a general meeting of shareholders.

The Board may appoint a Director but anyone so appointed must be elected by ordinary resolution at the next general meeting. In accordance with the Code, all Directors are subject to annual re-election at the AGM.

Annual general meeting

The 39th AGM of the Company will be held on 23 December 2020. The notice of meeting is included in a separate document sent to shareholders.

Corporate governance

The corporate governance statement as required by the UK Financial Conduct Authority's disclosure guidance and transparency rules (DTR 7.2) comprises the additional information section of the Directors' Report above and the Corporate Governance Report on pages 90 to 152 of this Annual Report.

FCA listing rules – compliance with listing rule 9.8.4R

The following disclosures required by LR 9.8.4R are contained in the annual report as set out below and are incorporated into the Directors' Report:

Listing rule requirement	Location in Annual Report
Details of any long term incentive schemes as required by LR 9.4.3R.	Directors' Remuneration Report on pages 120 to 152
Details of any arrangements under which a Director of the Company has waived or agreed to waive any emoluments from the Company or any subsidiary undertakings where a Director has agreed to waive future emoluments, details of such waiver together with those relative to emoluments, were waived during the year under review.	No such waivers
Details required in the case of any allotment for cash of equity securities made during the year under review otherwise than to the holders of the Company's equity shares in proportion to their holdings of such equity shares and which has not been specifically authorised by the Company's shareholders.	No such share allotments
The information required under the paragraph (LR 9.8.4 Paragraph 7) must be given for any unlimited major subsidiary undertaking of the Company.	

By order of the board

Daniel Fattal
Company Secretary

5 November 2020

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Corporate Governance Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

This responsibility statement was approved by the Board of Directors on 5 November 2020 and is signed on its behalf by

J Schwan
Chief Executive Officer

5 November 2020

Chris Kutsor
Chief Financial Officer

5 November 2020

Our Figures

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Contents

Independent auditors' report to the members of Kin and Carta plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Kin and Carta plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 July 2020 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheet as at 31 July 2020; the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

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

Independence

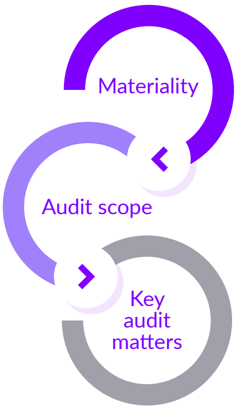
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 5 to the financial statements, we have provided no non-audit services to the Group or the Company in the year.

Our audit approach

Overview



- Overall Group materiality: £782,000 (2019: £889,000), based on 5% of the three- year average adjusted profit before tax.
- Overall Company materiality: £743,000 (2019: £845,000), This equates to 0.5% of the net assets of the Company capped at 95% of Group overall materiality.

- The Kin and Carta plc Group consists of trading entities in the UK and USA, in addition to smaller operations in Asia and various holding companies and dormant entities.
- We performed a full scope audit over the significant components of the Group: Kin & Carta Create EU Limited, Solstice Consulting LLC, SpireMedia, Inc. and Kin and Carta plc. To ensure sufficient coverage obtained over the Group's results and balance sheet, we have also performed a full scope audit over the following trading entities: Amaze Limited, Incite Marketing Planning Limited, Realise Limited and Edit Agency Limited.
- Our audit scoping resulted in coverage of 87% of adjusted profit before tax, with 79% coverage of revenue.

- Revenue recognition (Group)
- Classification of adjusting items (Group)
- Carrying value of goodwill and other intangible assets (Group)
- Valuation of retirement benefit obligations and scheme assets (Group and Company)
- Carrying value of investments and recoverability of intercompany receivables (Company)
- Impact of Covid-19 (Group and Company)
- Ability of the Company to comply with borrowing covenants (Group and Company)

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to GDPR and the regular updates to legislation around competition, bribery, modern slavery, money laundering and consumer protection. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Listing Rules, Government grants and subsidies, and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to improve results and management bias in accounting estimates as management are incentivised on profit-based measures. Audit procedures performed by the Group engagement team on both the Group and component financial information included:

- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation;
- Enquiries of management and the in-house legal team;
- Testing journal entries and evaluating whether there was evidence of management bias over accounting estimates that represented a risk of material misstatement due to fraud.

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

Key audit matters

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

Independent auditors' report to the members of Kin and Carta plc continued

Key audit matter	How our audit addressed the key audit matter

Revenue from contracts with customers

Group

Refer to page 180 (Significant Accounting Policies) and page 192 (Notes to the Annual Report – note 3)

Revenue is recognised in accordance with the stage of completion of the contract activity. The stage of completion is determined relative to the total number of hours expected to complete the work or provision of services, or to the project milestones achieved as at year-end to the contracted project milestones. Where recorded revenue exceeds amounts invoiced to clients, the excess is classified as a contract asset and where recorded revenue is less than amounts invoiced to clients, the difference is classified as a contract liability.

Careful consideration needs to be given to projects in progress at year end requiring significant judgement in respect of the stage of completion and the associated revenue and profit margin to be recognised.

The total amount of revenue and margin to be recognised under a contract can be affected by changes in conditions and circumstances over time, such as:

- variations to the original contract terms;
- cost overruns; and
- scope changes that require further negotiation and settlement.

Variations can arise from changing client specifications, changes in pricing (including discounts given), changes to the job based on unforeseen circumstances, as well as from inefficiencies on the part of either party. There is therefore judgement to be applied in determining the impact of these changes and the timing of recognising amounts to be recovered from such changes and any additional work performed.

There is therefore a risk that contract revenue is not recognised in the correct period or that revenue and associated profit margin is misstated. Revenue recognition has been included as a key audit matter as this is an area of significant audit effort to ensure coverage is obtained across the underlying client contracts, and that the judgement applied in terms of revenue recognition for incomplete projects and/or contract modifications is appropriate.

We understood management's policies and their controls for recording revenue through performance of walkthroughs of the finance and operational processes.

We performed substantive testing of revenue contracts across the full scope components as follows:

- Reviewed a sample of the terms and conditions attached to revenue contracts to understand the existence of the enforceable right to be paid for work and evaluated management's judgements used to determine the timing of recognition of revenue.
- Targeted a number of contracts to assess, including those with significant revenue recognised in the year or with significant contract assets or contract liabilities at the year end, and a further sample on a haphazard basis.
- For contracts where revenue is recognised based on time spent by staff: on a sample of contracts we tested the hours completed and obtained an understanding from project managers as to the budgeted hours, challenged the assumptions, evaluated the outturn of previous estimates and agreed the actual hours incurred post-year end to the forecast for the period.
- For contracts where revenue is recognised based on project milestones: on a sample of contracts we tested that milestones had been delivered to the clients by obtaining evidence of delivery from project managers, obtaining an understanding of the status of milestones in progress, challenging the assumptions and evaluating the outturn of previous estimates
- We also assessed how the project managers determined that the stage of completion was correctly calculated by obtaining their calculations and agreeing the inputs to supporting evidence and correspondence with customers.
- To assess whether revenue and profit is accurately recorded and to test the timing of recognition of revenue, we challenged management's judgements on the completeness of work for a sample of contracts by checking original contracts, amendments to contracts, where applicable (e.g. due to agreed changes in scope), and checking that the contractual milestones had been reached.

For those contracts with modifications in the year, we challenged management's judgement on whether the remaining services are distinct from those already performed on ongoing contracts with the same customer. As the discount provided is treated as an investment in the overall customer relationship, it should be allocated proportionately between completed and ongoing services. No material differences were identified from our testing.

No significant issues arose from the results from our work.

Key audit matter	How our audit addressed the key audit matter
Classification of adjusting items Group *Refer to page 178 (Significant Accounting Policies) and page 197 (Notes to the Annual Report – note 7)* The Group has total adjusting items before interest and tax (excluding discontinued operations) of £44.5m (FY19: £15.1m). These include £3.6m for restructuring programmes across the Group to align the capabilities and resources with the Connective operating model; £1.3m empty property costs unrelated to continuing activities; £1.7m impairment of right of use assets partially offset by the change in lease liabilities; £6.2m contingent consideration required to be treated as remuneration charge in respect of the acquisition of SpireMedia, Inc. in the current year; £10.6m amortisation of acquired intangibles from Spire and other previous acquisitions; £17.5m impairment charge recognised in respect of Edit goodwill due to the decision to streamline and refocus the business activities on areas of profitable growth. Management considers it appropriate to present these as adjusting items on the basis that their separate presentation enhances the understanding of the performance of the group or that they do not relate to the underlying trading of the group. We focussed on this area as the classification and disclosure of items as 'adjusting items' involves judgement on whether they are in line with the Group's policy with respect to adjusting items and that the treatment of items is consistent year on year.	We have reviewed the amounts identified as adjusting items in the financial statements to ensure these are appropriate to be classified as adjusting items in accordance with The European Securities Markets Authority ('ESMA') guidance in 2016 on disclosure of Adjusting Performance Measures, and the recent guidance released by the Financial Reporting Council ('FRC') in May 2020 in response to Covid-19. We challenged management on the classification of expenses as adjusting items to ensure it aligns with the accounting policy. We have agreed the amounts recognised to underlying support and reviewed the disclosure presented in Note 7 and our work did not identify any significant matters in relation to management's classification and presentation.

Independent auditors' report to the members of Kin and Carta plc continued

Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill and other intangible assets Group *Refer to page 181 (Significant Accounting Policies) and page 209 (Notes to the Annual Report – note 18)* At the year end, the Group had goodwill of £68.0m and other intangible assets of £21.9m. The Group operates in competitive markets, where customers' discretionary expenditure on marketing, communications and innovation is subject to budgetary constraints and market pressures. As such the business is subject to the risk of loss of key customers and/or decline in demand and pressures on pricing. Additionally, the Group's market capitalisation had decreased to £87.8m at the balance sheet date, which is significantly lower than the carrying value of the assets on the balance sheet at that date, which is a further indication of potential impairment. Management has performed an impairment assessment using discounted cash flows to ensure that the carrying value of goodwill and other intangibles is supported by the recoverable amounts derived from expected future cash flows at a cash generating unit ('CGU') level. Due to underperformance of the Edit division in the year, and a lower trading forecast largely driven by the impact of Covid-19 on its customer base, there has been a goodwill impairment charge recognised within adjusting items of £17.5m. We focussed on this area as the determination of whether an impairment charge was necessary involves significant estimates about the future results of each division. There is increased estimation uncertainty in light of the current pandemic.	We considered the carrying value of the Group's intangible assets compared to its market capitalisation which gives an indication of the overall value of the Group. Our initial risk assessment related to all CGUs, however, after reviewing the impairment assessment prepared by management, we focussed this risk on Edit and AmazeRealise given the partial impairment recognised in Edit, and the limited headroom in the assessment for AmazeRealise. Our work over the impairment assessment included the following procedures: • We tested the mathematical accuracy of the underlying calculations. • We also compared past results to those budgeted to assess the quality of management's forecasting. We considered management's ability to forecast was appropriate to support the basis upon which the future cash flows have been prepared. • We assessed the key assumptions in the calculations being revenue and profit. In assessing these assumptions, we considered external market growth forecasts as well as internal analysis of the sales pipeline (for new clients) and customer level forecasts (for existing clients). We considered the forecasts had been prepared on a supportable basis. We also tested: • management's assumption in respect of the long- term growth rates in the forecasts by comparing them to long term average growth rates of the UK economy; and • the discount rates applied, by assessing the cost of capital used in the forecasts and comparable organisations and obtaining advice from our valuations specialists. We were satisfied the assumptions used in the assessment of impairment of goodwill and other intangibles were appropriate. We also performed sensitivity analysis in respect of key assumptions to determine at what level changes in these would result in further impairment (in the case of Edit) or elimination of headroom (in the case of AmazeRealise). We consider the headroom noted in the AmazeRealise impairment assessment to be sufficient so as not to recognise an impairment and consider the impairment of £17.5m recognised in relation to Edit to be materially correct. We also agree with the Group's disclosures explaining the reasonably possible sensitivities which could result in material changes to the impairment charge recognised in respect of these two CGUs.

Key audit matter	How our audit addressed the key audit matter
Valuation of retirement benefit obligations and scheme assets Group and Company *Refer to page 186 (Significant Accounting Policies) and page 219 (Notes to the Annual Report – note 28)* Gross pension assets as at 31 July 2020 are £396.6m (2019: £385.9m) and gross pension liabilities are £395.5m (2019: £379.2m) resulting in a net surplus of £1.1m (2019: £6.7m). The Group's adviser, Buck Consulting, has performed a valuation of the pension scheme assets and liabilities as at 31 July 2020 in accordance with IAS 19. We focussed on this area as the valuation of retirement benefit liabilities involve significant judgement with regards to the setting of assumptions (including inflation, discount rate and mortality rates), and small changes in these assumptions can result in material impacts on the liabilities. Additionally the St Ives Defined Benefits Pension Scheme includes investments in a number of Pooled Investment Vehicles ('PIVs'), a number of which are deemed to be complex funds resulting in a lack of independent data against which to validate valuations supplied by the underlying investment managers.	Given the complexity involved in the valuation of retirement benefit obligations and the size and nature of the assets and liabilities, we engaged our subject matter experts to assist us in the audit of this matter. We reviewed the assumptions and methodologies used by the Group's adviser, Buck Consulting, to value the pension scheme liabilities as at 31 July 2020 in accordance with IAS 19 to ensure these were appropriate given the composition of the scheme. This included understanding the underlying methodology applied and ensuring this was in line with acceptable methodology for the type of scheme, and reviewing each individual assumption in line with our expected ranges. We also considered the sensitivity of the overall liability to changes in these underlying assumptions. It was concluded that the overall assumptions used in the valuation of the liabilities are materially within our indicative ranges for the duration of the scheme. For the pension scheme assets we performed a number of procedures including: • Verifying existence of underlying assets through third party confirmation processes; • Vouching benefits paid and administrative costs to supporting documentation on a sampling basis; • Testing of the fair value of assets through testing of each asset category to independent sources where possible, considering both corroborative evidence and contradictory evidence; and • Where independent data supporting asset valuations was not available due to the nature of the assets, we performed additional procedures including reviewing the most recent audited financial statements of the fund.

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Independent auditors' report to the members of Kin and Carta plc continued

Key audit matter	How our audit addressed the key audit matter
Carrying value and recoverability of investments in and loans to subsidiaries Company Refer to page 190 (Significant Accounting Policies) and pages 199 and 200 (Notes to the Annual Report – Company notes 8 and 10) As at 31 July 2020, the Company has an investment in the Group of £66.6m (31 July 2019: £76.4m), loans to subsidiaries of £142.6m (31 July 2019: £135.0m) and intercompany debtors of £9.8m (31 July 2019: £3.4m). The carrying value of the Company's investments in subsidiaries and intercompany receivables represents 93% of the Company's total assets. Due to their materiality in the context of the Company financial statements as a whole these are considered to be the areas on which increased audit effort is required.	We assessed the investment values and intercompany receivables against the net assets of the investments to identify whether the carrying values are supportable by the asset position of the subsidiary. Where the carrying amount exceeded the net asset value of the subsidiary, our procedures were focused on management's value in use calculations including evaluation of key assumptions used and the mathematical accuracy of the calculations including the assessment of expected credit losses. The work we performed did not highlight any issues regarding the recoverability of the carrying value of investments, intercompany loans or intercompany debtors at the balance sheet date.
Consideration of the impact of COVID-19 Group and Company *Disclosure of the risk to the Group of Covid-19 and management's conclusions on going concern has been included in the Directors' Report on pages 153 to 156 and note 1 of the Annual Report.* The COVID-19 pandemic has created increased uncertainty and the extent of the impact on future trading performance is unclear, resulting in estimation uncertainty. Management has developed a forecast model based on its best estimate of the impact of Covid-19. This model and related assumptions have been used by management in its assessment of the impact on future trading at the reporting date, as well as to underpin management's going concern assessments and impairment assessments of goodwill and intangible assets. Management has also modelled possible downside scenarios to its base case trading forecast, Having taken into account these models, together with a robust assessment of planned and possible mitigating actions, management has concluded that the Group remains a going concern, and that there is no material uncertainty in respect of this conclusion.	We obtained management's detailed Covid-19 impact assessment and evaluated the key judgements and estimates made by management in determining potential outcomes of the Group. We undertook the following procedures: • We considered the potential impact on the balance sheet, specifically around investments, goodwill and trade receivables given these balances are most likely to be impacted by current uncertainties and do not consider there to be any indicators of additional material impairment as at the balance sheet date or subsequently (for disclosure only). • We reviewed management's disclosures relating to the Covid-19 potential impact and found them to be consistent with the downside scenarios performed. • We tested the accuracy and reasonableness of the assumptions used by management in its assessment of going concern (refer to 'Ability of the Company to comply with borrowing covenants' section below) and the impact of Covid-19 against historical and post year end performance. Overall, we consider the position taken by management and related disclosures to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Ability of the Company to comply with borrowing covenants Group and Company *Disclosure of the Directors' conclusions on going concern (including covenant compliance) has been included in the Audit Committee's report on page 110 of the Annual Report and Note 2 to the Consolidated Financial Statements.* During the year ended 31 July 2020, the group made a loss after tax from continuing operations of £31.7m and had net current assets of £19.7m the year end. The Group have assessed the impact of the aforementioned Covid-19 outbreak on its ability to comply with the covenants attached to the Revolving Credit Facility ('RCF'). The directors have assessed forecast covenant compliance as part of the overall assessment of going concern for the period of at least 12 months from approval of the financial statements. They have modelled a number of sensitised scenarios to assess the financial impact of the principal business risks identified. In addition to an assessment of the effects on debt leverage and debt volume of individual risks (sales growth decline, increase in debtor days, non-forgiveness of US PPP loan), a combination of all the risk impacts occurring simultaneously was also modelled (the combined scenario) to represent the downside case. The Group is forecast to operate within its borrowing limits in both the base and downside case. Therefore, the directors have reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of 12 months from the date of approval of the financial statements. We considered this to be a key audit matter because of the significant level of judgement applied in the directors' forecasts and the potential risk of covenant defaults which could result in consequent liquidity restrictions.	Management have modelled both a base case and a combined downside case. The key assumptions on the base case include: • No change to the group composition; • FY21 trading based on latest divisional forecasts; and • Partial forgiveness of the US Paycheck Protection Program (PPP) loan. The key assumptions to the downside case are: • Overall reduction in revenue ranging 10-20% decline on the base case; • Increase in debtor days by 5 days; and • Non-forgiveness of the US PPP loan with repayment in May 2022. In assessing the forecast covenant compliance for the going concern period we have: • Reviewed the amended facility agreement to identify financial covenants and ensure management's calculations are consistent with the agreement; • Reviewed the base and downside cases for mathematical accuracy and validated the opening cash position; • Substantiated the key assumptions made to evidential support where relevant; • Ensured that assumed cash savings and outgoings are consistent with our work performed for the current year audit e.g. cash saving on properties where notice had been served, amortisation of acquired intangibles and finance lease payments; • Considered management's assessment in light of potential Covid-19 developments; and • Reviewed the completeness and appropriateness of the going concern disclosures in the financial statements. Our conclusion on going concern is set out later in our report.

Independent auditors' report to the members of Kin and Carta plc continued

How we tailored the audit scope

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

The Kin and Carta plc Group consists of a number of UK and US based trading and holding entities as well as a number of smaller entities in other countries.

We performed a full scope audit over the financially significant components (Kin & Carta Create EU Limited and Kin and Carta plc in the UK, and SpireMedia, Inc. and Solstice Consulting LLC in the US), as well as full scope audit procedures over additional non-financially significant UK trading entities (Amaze Limited, Realise Limited, Edit Agency Limited and Incite Marketing Planning Limited) ensure sufficient coverage was obtained. In addition, we also performed testing over any other untested balances that were considered significant to the consolidated balance sheet. Desktop review procedures were performed by the Group engagement team over out of scope components. All work was performed by the UK based Group engagement team.

Our audit scoping gave us coverage of 87% of adjusted profit before tax, and 79% coverage of revenue.

Materiality

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

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

	Group financial statements	**Company financial statements**
Overall materiality	£782,000 (2019: £889,000).	£743,000 (2019: £845,000).
How we determined it	5% of the three year average of the adjusted Group profit before tax.	Company materiality equates to 0.5% net assets, capped at 95% Group overall materiality.
Rationale for benchmark applied	Adjusted profit before tax is a primary measure used by management and shareholders in assessing the performance of the Group and is a generally accepted auditing benchmark. This measure provides us with a consistent year on year basis for determining materiality based on trading performance and eliminates the impact of non-recurring items. Due to the impact of Covid-19 on the market, a three year average adjusted profit before tax is considered to be the most appropriate benchmark as the underlying operations of the business have not changed.	Net assets is an appropriate benchmark for determining the materiality of the Company, which is a holding Company and non-trading.

For each component in the scope of our Group audit (the UK trading companies, the Company, SpireMedia Inc and Solstice Consulting LLC), we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £270,000 and £743,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £39,000 (Group audit) (2019: £44,450) and £37,000 (Company audit) (2019: £42,250) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Independent auditors' report to the members of Kin and Carta plc continued

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 80 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 154 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 157, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 110 to 115 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members at the AGM on 29 November 2018 to audit the financial statements for the year ended 31 July 2019 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 July 2019 to 31 July 2020.

Julian Jenkins

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

5 November 2020

Consolidated Income Statement

		Year to 31 July 2020			362 days to 31 July 2019		
	Notes	Adjusted Results £'000	Adjusting Items (note 7) £'000	Statutory Results £'000	Adjusted Results £'000	Adjusting Items (note 7) £'000	Statutory Results £'000
Continuing operations:							
Revenue	3	**158,239**	**130**	**158,369**	159,344	763	160,107
Project-related costs		**(20,460)**	**(218)**	**(20,678)**	(22,523)	(525)	(23,048)
Net revenue		**137,779**	**(88)**	**137,691**	136,821	238	137,059
Cost of service		**(70,432)**	**–**	**(70,432)**	(68,343)	(303)	(68,646)
Gross profit/(loss)		**67,347**	**(88)**	**67,259**	68,478	(65)	68,413
Selling costs		**(15,528)**	**–**	**(15,528)**	(13,204)	(34)	(13,238)
Administrative expenses		**(38,741)**	**(8,142)**	**(46,883)**	(35,627)	(7,679)	(43,306)
Share of results of joint arrangement		**721**	**–**	**721**	168		168
Other operating income/(expenses)		**29**	**(46)**	**(17)**	(166)	1,771	1,605
Amortisation of acquired intangibles		**–**	**(10,563)**	**(10,563)**	–	(6,674)	(6,674)
Impairment of goodwill and acquired intangibles		**–**	**(18,850)**	**(18,850)**	–	–	–
Contingent consideration treated as remuneration		**–**	**(6,186)**	**(6,186)**	–	(2,375)	(2,375)
Acquisition costs		**–**	**(669)**	**(669)**	–	–	–
Operating profit/(loss)		**13,828**	**(44,544)**	**(30,716)**	19,649	(15,056)	4,593
Net pension finance income		**–**	**161**	**161**	–	30	30
Other finance expense		**(3,293)**	**–**	**(3,293)**	(2,329)	(189)	(2,518)
Profit/(loss) before tax	4	**10,535**	**(44,383)**	**(33,848)**	17,320	(15,215)	2,105
Income tax (charge)/credit		**(2,001)**	**4,168**	**2,167**	(3,530)	2,772	(758)
Net profit/(loss) from continuing operations		**8,534**	**(40,215)**	**(31,681)**	13,790	(12,443)	1,347
Net profit/(loss) from discontinued operations	8	**857**	**(1,427)**	**(570)**	338	(564)	(226)
Net profit/(loss) for the period		**9,391**	**(41,642)**	**(32,251)**	14,128	(13,007)	1,121
Attributable to:							
Shareholders of the parent company		**9,391**	**(41,642)**	**(32,251)**	14,128	(13,007)	1,121
Basic earnings/(loss) per share (p)							
Continuing operations	14	**5.21**	**(24.54)**	**(19.33)**	9.00	(8.12)	0.88
Discontinued operations	14	**0.52**	**(0.87)**	**(0.35)**	0.22	(0.37)	(0.15)
Continuing and discontinued operations	14	**5.73**	**(25.41)**	**(19.68)**	9.22	(8.49)	0.73
Diluted earnings/(loss) per share (p)							
Continuing operations	14	**5.21**	**(24.54)**	**(19.33)**	8.95	(8.08)	0.87
Discontinued operations	14	**0.52**	**(0.87)**	**(0.35)**	0.22	(0.36)	(0.14)
Continuing and discontinued operations	14	**5.73**	**(25.41)**	**(19.68)**	9.17	(8.44)	0.73

* The adjusting Items are detailed within note 7.

** The results for the 362 days to 31 July 2019 have been re-presented to reflect the results of the Pragma and Hive businesses as discontinued operations (note 8).

Consolidated Statement of Comprehensive Income

	Year to 31 July 2020 £'000	Period to 31 July 2019 £'000
(Loss)/profit for the period	**(32,251)**	1,121
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (loss)/profit on defined benefits pension scheme	**(7,358)**	6,206
Tax credit/(charge) on items taken through other comprehensive income	**1,342**	(991)
	(6,016)	5,215
Items that may be reclassified subsequently to profit or loss:		
Transfers of losses /(gains) on cash flow hedges	**201**	(265)
Losses on cash flow hedges	**(52)**	(201)
Foreign exchange (losses)/gains	**(669)**	2,068
	(520)	1,602
Other comprehensive (expense)/income for the period	**(6,536)**	6,817
Total comprehensive (expense)/income for the period attributable to shareholders of the parent company	**(38,787)**	7,938

Consolidated Statement of Changes in Equity

	Share capital £'000	Additional paid-in capital* £'000	ESOP reserve £'000	Treasury shares £'000	Share option reserve £'000	Hedging, translation and revaluation reserve £'000	Other reserves £'000	Accumulated deficit £'000	Total £'000
Balance at 4 August 2018	15,343	70,537	–	(163)	7,150	683	78,207	(12,187)	81,363
Profit for the period	–	–	–	–	–	–	–	1,121	1,121
Other comprehensive income	–	–	–	–	–	1,602	1,602	5,215	6,817
Total comprehensive income	–	–	–	–	–	1,602	1,602	6,336	7,938
Dividends	–	–	–	–	–	–	–	(2,990)	(2,990)
Recognition of share-based contingent consideration deemed as remuneration	–	–	–	–	1,669	–	1,669	–	1,669
Transfer of share-based contingent consideration deemed as remuneration	–	128	–	–	(7,440)	–	(7,312)	7,909	597
Purchase of own shares	–	–	(185)	–	–	–	(185)	–	(185)
Recognition of share-based payments	–	–	–	–	(650)	–	(650)	–	(650)
Settlement of share-based contingent consideration deemed as remuneration	–	–	164	–	–	–	164	8	172
Tax on share-based payments	–	–	–	–	75	–	75	–	75
Balance reported at 31 July 2019	**15,343**	**70,665**	**(21)**	**(163)**	**804**	**2,285**	**73,570**	**(924)**	**87,989**
Adoption of IFRS 16	–	–	–	–	–	–	–	(1,770)	(1,770)
Balance at 1 August 2019 restated	**15,343**	**70,665**	**(21)**	**(163)**	**804**	**2,285**	**73,570**	**(2,694)**	**86,219**
Loss for the period	–	–	–	–	–	–	–	(32,251)	(32,251)
Other comprehensive expense	–	–	–	–	–	(520)	(520)	(6,016)	(6,536)
Total comprehensive expense	**–**	**–**	**–**	**–**	**–**	**(520)**	**(520)**	**(38,267)**	**(38,787)**
Share placement	1,533	11,651	–	–		–	11,651	–	13,184
Dividends	–	–	–	–	–	–	–	(1,993)	(1,993)
Recognition of share-based contingent consideration deemed as remuneration	–	–	–	–	647	–	647	–	647
Revaluation	–	–	–	–	–	143	143	–	143
Purchase of own shares	–	–	(47)	–	–	–	(47)	–	(47)
Recognition of share-based payments	–	–	–	–	271	–	271	–	271
Tax on share-based payments	–	–	–	–	75	–	75	–	75
Balance at 31 July 2020	**16,876**	**82,316**	**(68)**	**(163)**	**1,797**	**1,908**	**85,790**	**(42,954)**	**59,712**

* Additional paid-in capital includes share premium, merger reserve and capital redemption reserve (note 32).

Consolidated Balance Sheet

Company number 01552113

	Notes	31 July 2020 £'000	31 July 2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	15	**17,714**	5,499
Investment property	17	**4,707**	4,957
Goodwill	18	**68,010**	85,662
Other intangible assets	18	**21,948**	25,573
Investment in joint arrangement	19	**880**	547
Retirement benefits surplus	28	**1,081**	6,665
Other non-current assets	20	**–**	18
Deferred tax assets	27	**2,477**	2,528
		116,817	131,449
Current assets			
Trade and other receivables	20	**28,165**	40,911
Derivative financial instruments	21	**48**	–
Income tax receivable		**–**	136
Cash and cash equivalents	20	**24,408**	22,017
Assets held for sale	8	**9,843**	–
		62,464	63,064
Total assets		**179,281**	194,513
Liabilities			
Current liabilities			
Lease liabilities	16	**3,492**	–
Trade and other payables	22	**24,510**	27,479
Derivative financial instruments	21	**40**	158
Income tax payable		**110**	1,946
Deferred consideration payable	12	**3,277**	2,000
Deferred income	24	**7,565**	5,195
Provisions	25	**1,141**	1,383
Liabilities associated with assets held for sale	8	**2,652**	–
		42,787	38,161
Non-current liabilities			
Lease liabilities	16	**16,287**	–
Loans	23	**56,007**	60,416
Deferred consideration	12	**624**	–
Other non-current liabilities	26	**–**	2,228
Provisions	25	**1,368**	1,874
Deferred tax liabilities	27	**2,496**	3,845
		76,782	68,363
Total liabilities		**119,569**	106,524
Net assets		**59,712**	87,989
Capital and reserves			
Share capital	31	**16,876**	15,343
Other reserves		**85,790**	73,570
Accumulated deficit		**(42,954)**	(924)
Total equity		**59,712**	87,989

These financial statements on pages 172 to 176 were approved by the board of directors on 5 November 2020 and signed on its behalf by

J Schwan
Chief Executive Officer

Chris Kutsor
Chief Financial Officer

Company number 01552113

Consolidated Statement of Cash Flows

	Notes	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Operating activities			
Cash generated from operations	34	**22,850**	8,989
Interest paid		**(1,600)**	(2,329)
Income taxes paid		**(1,598)**	(306)
Net cash generated from operating activities		**19,652**	6,354
Investing activities			
Purchase of property, plant and equipment		**(858)**	(2,756)
Purchase of other intangibles		**(213)**	(279)
Proceeds on disposal of property, plant and equipment		**–**	7,230
Cost of acquisition in current period	12	**(17,310)**	–
Deferred consideration paid for acquisitions made in prior periods		**(2,000)**	(19,875)
Net cash used in investing activities		**(20,381)**	(15,680)
Financing activities			
Purchase of treasury shares		**(47)**	(185)
Proceeds of share placement, net of costs		**13,184**	–
Dividends paid	13	**(1,993)**	(2,990)
Lease payments	16	**(4,843)**	–
Loan repayment/(advance) to joint venture		**–**	(118)
(Decrease)/ increase in bank loans		**(856)**	19,083
Net cash generated in financing activities		**5,445**	15,790
Net increase in cash and cash equivalents		**4,716**	6,464
Cash and cash equivalents at beginning of the period		**22,017**	14,398
Effect of foreign exchange rate changes		**(2,325)**	1,155
Cash and cash equivalents at end of the period	20	**24,408**	22,017

Included in the figures above are the following cash flows from discontinued activities:

	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
Net cash generated from operating activities	**2,840**	(1,758)
Net cash used in investing activities	**(36)**	(304)
Net cash used in financing activities	**(400)**	–
Net increase in cash and cash equivalents	**2,404**	(2,062)

Notes to the Consolidated Financial Statements

1. General information

Kin and Carta plc is a public limited company incorporated and domiciled in the United Kingdom ("UK") and registered in England and Wales under the Companies Act 2006. The address of the registered office is One Tudor Street, London EC4Y 0AH. The nature of the Group's operations and its principal activities are set out in the Chief Executive's Performance Review, pages 24 to 29.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS IC interpretations adopted by the European Union, Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These consolidated financial statements ("the financial statements") are presented in Sterling because this is the currency of the primary economic environment in which the Group operates.

The consolidated financial statements have been prepared on a historical cost basis, except for the remeasurement to fair value of certain financial assets and liabilities as described in the accounting policies below. The accounting policies have been applied consistently throughout the Group.

In the current period, the following revised Standards and Interpretations have been adopted:

IFRS 16 Leases

At the date of authorisation of these financial statements, the following Standards, Amendments and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Group has not applied these standards in the preparation of the consolidated financial statements:

Amendments to References to the Conceptual framework in IFRS Standards (amendments)

Mandatory for accounting periods beginning on or after 1 January 2020.

IAS 1 and IAS 8 (amendments)

Change in definition of material, mandatory for accounting periods beginning on or after 1 January 2020.

IFRS 3 Business Combinations (amendments)

Change in definition of a business, mandatory for accounting periods beginning on or after 1 January 2020.

IFRS 3 and IAS 28 (amendments)

Sale or contribution of assets between an investor and its associate or joint venture, mandatory date to be set by IASB.

IFRS 17 Insurance contracts (new IFRS)

Mandatory for accounting periods beginning on or after 1 January 2021.

In addition, 'Annual Improvements 2018-2020 Cycle' includes amendments to a number of standards and interpretations including IFRS 1, IFRS 9, IFRS 16 and IAS 41. The effective date of the amendments is for accounting periods beginning on or after 1 January 2022.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

Going concern

The Group's funding is provided by a revolving credit facility agreement of £85 million entered into during the prior period which expires in November 2022. At 31 July 2020, the Group held cash balances of £24.4 million and had available undrawn amounts on the facility of £35.5 million. There was significant headroom on the lender banks' leverage and interest cover covenants throughout FY20. As a precautionary measure, the Group obtained from its lender banks relief on its covenants through to April 2021. With an increase in the maximum permissible bank leverage, measured as the ratio of net borrowings to Adjusted EBITDA, from a previous ceiling of 2.5× to a level of up to 5×. This has resulted in substantially increased projected headroom on this measure in the forecast period.

In order to assess the Group's ability to continue to trade as a going concern and to be viable over the medium term, detailed business and cash flow forecasts covering a three-year period from 1 August 2020 have been prepared by the Directors based on 'bottom up' inputs from the individual business units. The resulting projected debt levels, debt leverage and interest cover ratios have been compared to the current covenant limits prevailing under the revolving credit facility order to ensure that the Group has both sufficient liquidity and will be able to operate within the covenants so as to continue as a going concern for a period of at least 12 months from the date of these financial statements.

Notes to the Consolidated Financial Statements continued

1. General information continued

The base case model prepared by the Directors is based on management's best estimates of future trading at the time of the assessment. The base case assumes very modest revenue growth in FY21 compared to FY20, with improved levels of profitability following the actions taken to reduce costs in the fourth quarter of FY20. In addition to the base case forecast, a number of stress scenarios have also been modelled to assess the Group's ability to cope with potential downsides without breaching covenant ratios or debt volume limits (see the viability statement on page 154 of the Directors' Report for further information on the stress scenarios modelled). These have been combined to create a severe but plausible downside scenario for the purpose of the going concern assessment.

The Group projects that it will continue to operate within covenant limits and has sufficient liquidity in both the base case forecast and in the severe but plausible downside scenario.

Therefore, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings) for each period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the results of subsidiaries to bring their accounting policies into line with those of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(b) Adjusting Items

Statutory results ("statutory results") presented in the Consolidated Income Statement include Adjusting Items.

Income statement items are presented in the middle column under the heading 'Adjusting Items' where they do not form part of the underlying trading activities of the Group or, in the opinion of the directors, their separate presentation enhances understanding of the financial performance of the Group.

The results, excluding Adjusting Items, are presented in the Consolidated Income Statement under the heading 'Adjusted Results', in order to provide a consistent and comparable view of the performance of the Group's.

Furthermore, the Adjusted Results are aligned to the Group's strategy and are used to measure the financial performance of the Group's businesses and are the basis for remuneration. Further details can be found under Adjusted Performance Measure section on page 172.

Items included as Adjusting Items are as follows:

Redundancies, restructuring costs and empty property costs

Redundancies and restructuring costs that are non-recurring in the individual businesses,and that in aggregate are significant in size, are recorded as Adjusting Items. Careful consideration is applied by management in assessing whether these costs relate to the restructure of a business within the Group or redundancies in the normal course of business, which are not treated as Adjusting Items. Redundancies and restructuring costs related to the closure or disposal of a site are recorded within this caption. Empty property costs comprise expenses relating to the maintenance and security of leasehold property or property owned by the Group from which no ongoing activity takes place (further details surrounding empty property costs can be found below). The costs do not relate to the ongoing trading activities of the Group and are therefore recorded as Adjusting Items.

2. Significant accounting policies continued

Operating results of a site arising after a formal decision on its closure

Operating results from non-continuing sites, where that site does not meet the definition of a discontinued operation under IFRS 5 – Non Current Assets Held for Sale and Discontinued Operations include revenue, operational and overhead expenses incurred after a formal decision on a site's closure has been taken. These items also include settlement of onerous leases, costs related to the transfer of assets and professional fees related to closure of the site. These items exclude the costs of redundancies and restructuring which relate to sites from which ongoing trading activities take place. The above items are recorded as Adjusting Items on the basis that they do not form part of the ongoing trading activities of the Group

St Ives Defined Pension Benefits Scheme income/expense

The Scheme was closed to new entrants in April 2002 and to the accrual of future benefits in August 2008. Given the substantial change in the composition of the Group over the last eight years, with a significant number of site closures and disposal of businesses that employed Scheme members, the number of scheme members still employed by the Group has declined substantially and stood at five as at 31 July 2020, representing less than 1% of the total Scheme membership. After the closure of the Scheme, all the in-service members at that time were transferred to a defined contribution scheme. Payments to the defined contribution scheme are expensed to the Consolidated Income Statement and are treated as part of Adjusted Results and not as an Adjusting Item. Therefore, the Group classifies the income/(expense) relating to the Scheme as an Adjusting Item.

Non-cash impairment charges related to goodwill and other assets

Impairment charges related to non-current and current assets are non-cash items, do not occur in the normal course of business and tend to be significant in size and irregular in nature. The presentation of this item as an Adjusting Item further enhances the understanding of the ongoing trading performance of the Group.

Costs related to acquisitions made in prior periods

The Group has grown both organically with the development of new operating subsidiaries and through acquisition. However, there is significant inconsistency between the accounting treatment of the goodwill and intangibles associated with the acquisition of businesses and those generated internally. On an unadjusted basis, a business acquired under IFRS 3 would report substantially lower operating profits and a lower return on capital than the businesses that have been developed by the Group, thus making comparison of performance of the group and segment difficult.

Therefore, the following items are recorded as Adjusting Items to provide a more realistic and comparable view of the group and enhance the clarity of the performance of the Group to readers of the accounts:

i. Amortisation charges related to intangible assets identified through acquisition accounting;
ii. Expenses related to contingent consideration required to be treated as remuneration for acquired businesses;
iii. Charges and credits arising from the re-estimation of deferred consideration payable in respect of acquisitions; and
iv. Charges related to the acquisition of businesses or the setting up of new subsidiaries.

These items are shown as separate captions within operating profit on the face of the income statement.

Gain or loss associated with disposal of trade, subsidiaries or assets

The gain or loss on disposal of trade, subsidiaries or assets tends to be significant in size and irregular in nature. The disposal of property, plant and equipment is primarily associated with closed sites or businesses that have been disposed of by the Group. Therefore, the gain or loss on the disposal of these assets is treated as an Adjusting Item.

When reviewing these items, the Directors considered the guidelines issued by the Financial Reporting Council ("FRC") and the European Securities and Markets Authority ("ESMA").

A reconciliation of statutory results to Adjusted Results can be found in the Consolidated Income Statement. Further details relating to the Adjusting Items are available in note 7.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

(c) Revenue recognition

Revenue from supply of goods and services is measured at the fair value of consideration received or receivable and comprises amounts receivable for goods and services, net of trade discounts, up-front payments, VAT and other sales-related taxes.

Revenue is recognised once contractual performance obligations have been delivered, in accordance with the terms of the contractual agreement. Contracts can have a single or series of different deliverables and, over time, revenue is recognised as each contractual obligation is satisfied. Discounts and other incentives are recognised over the period of the contracts to which they relate.

For services performed on an over-time basis, i.e. where the terms of the contract have provision for licensing the product on a subscription basis, revenue is recognised evenly over the period of contractual term as the performance obligations are satisfied evenly over the term of subscription. Generally, the performance obligations are satisfied over time as service are rendered.

For services that are linked to delivering of goods to fulfil the contract, revenue is recognised when the goods are delivered, inline with meeting the contractual and performance obligations. The goods can be delivered in full or in-part quantities.

For performance obligations that are satisfied over time, the Group uses either input or output methods, to measure progress for each performance obligation, depending on the particular arrangement. In the majority of cases, relevant output measures such as the completion of project milestones set out in the contract are used to assess proportional performance. Where this is not the case then an input method based on costs incurred to date is used to measure performance. The primary input of substantially all work performed is represented by staff costs. As a result of the relationship between labour and cost there is normally a direct correlation between costs incurred and the proportion of the contract performed to date.

Typically, customers are not entitled to refunds across the Group, the above methods are deemed to be appropriate in identifying the point of transfer of goods and services for revenue recognition.

Payment terms for supplier payments across the Group vary, with the majority of terms being 60 to 90 days. In some exceptional circumstances the Group amend payments terms to between zero and 30 days. The Group generally is paid by customers in arrears for its services; however, some work is invoiced in advance.

Net Revenue:

Net Revenue is calculated as revenue less project-related costs as shown in the Consolidated Income Statement. Project related costs comprise primarily third-party pass-through expenses and direct costs attributable to a project. These costs typically include amounts payable to external suppliers where they are engaged, at the Group's discretion, to perform a specific part of the performance obligation under a contract with the client, other than the costs of certain freelance contractors and agency staff. Cost of service includes the costs of direct employed staff, freelance contractors and agency staff who are engaged in the delivery of performance obligations under client contracts.

Accrued and deferred income:

Accrued income is a contract asset and is recognised when a performance obligation has been satisfied but has not yet been billed. Contract assets are transferred to receivables when the right to consideration is unconditional and billed per the terms of the contractual agreement.

In certain cases, payments are received from customers prior to satisfaction of performance obligations and recognised as deferred income on the Group's Consolidated Balance Sheet. These balances are considered contract liabilities and are typically related to prepayments for third-party expenses that are incurred shortly after billing.

(d) Investment properties

Investment properties are properties that are held to earn rental income and are stated at cost less accumulated depreciation.

Depreciation is charged at between 2% and 4% per annum so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Income Statement in the period in which the property is derecognised.

2. Significant accounting policies continued

(e) Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of the acquisition. Fair value is finalised within 12 months of the date of the acquisition. Goodwill is not amortised but reviewed for impairment annually in accordance with the impairment of goodwill policy set out in note 2 below. Goodwill impairment is recorded in a separate line within operating profit in the Consolidated Income Statement.

Other intangible assets – computer software

Computer software that is not integral to an item of property, plant or equipment is classified as an intangible asset and is held on the Consolidated Balance Sheet at cost less amortisation and impairments. These assets are amortised over their estimated useful lives, which is generally two to five years.

Other intangible assets – customer relationships

Customer relationships identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are amortised over their estimated useful lives, which is generally two to ten years.

Other intangible assets – proprietary techniques

Proprietary techniques identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are amortised over their estimated useful life which is generally three to ten years.

Other intangible assets – trademarks

Trademarks identified as separable intangible assets in the context of business combinations are capitalised at their fair value at the date of acquisition. They are amortised over their estimated useful lives, which is generally ten years.

All intangible assets with finite lives are amortised on a straight-line basis. Intangible assets amortisation is recognised immediately as an expense in the Consolidated Income Statement. Amortisation of intangibles arising in the context of an acquisition is recorded on a separate line within operating profit. Amortisation of other intangibles is recorded within Administrative expenses.

(f) Property, plant and equipment

Freehold buildings	2%–4%
Long leases	Period of lease
Plant and machinery	10%–33.3%
Fixture, fittings and equipment	10%–33.3%
Motor vehicles	20%–25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

(g) Impairment of property, plant, equipment and intangible assets excluding goodwill

At each balance sheet date the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense in the Consolidated Income Statement; and is recorded within administrative expenses.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only in so far as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods.

(h) Impairment of goodwill

Goodwill arising on acquisition is allocated to the group of cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. The recoverable amount of the group of cash-generating units to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial period, or more frequently when such events or changes in circumstances indicate that it may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Any impairment is recognised immediately in the Consolidated Income Statement. Impairments of goodwill are not subsequently reversed.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

(i) Tax

The tax expense in the Consolidated Income Statement comprises tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise on non-deductible goodwill or from the initial recognition (other than business combinations) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in the Consolidated Statement of Comprehensive Income or when it relates to items that are charged or credited to the Consolidated Statement of Comprehensive Income or directly to the Consolidated Statement of Changes in Equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax are recognised in the Consolidated Income Statement, except when they relate to items that are recognised in the Consolidated Statement of Comprehensive Income or directly to the Consolidated Statement of Changes in Equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2. Significant accounting policies continued

(j) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the constructive or legal obligation, and its value can be reliably estimated. When a provision needs to be released, the provision is taken back to the Consolidated Income Statement within the line item where it was initially booked.

Provisions for repairs

Provisions for repairs are made where the Group is committed under the terms of the lease to make repairs to leasehold property. The provision is made for the estimated cost over the period of the lease.

Provisions for reorganisation and onerous leases

Provisions for restructuring costs and onerous lease costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties or onerous contracts related to closed/discontinued operations.

(k) Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies other than Sterling are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the exchange rate ruling at that date.

Exchange differences are recognised in the Consolidated Income Statement in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in the Consolidated Statement of Comprehensive Income and reclassified to the Consolidated Income Statement on disposal or partial disposal of the net investment.

Foreign currency differences arising on translation or settlement of monetary items are recognised in the Consolidated Income Statement.

The results of overseas subsidiaries with functional currencies other than Sterling are translated into Sterling at the average rate of exchange ruling in the period. The average exchange rate for each functional currency is calculated as an average of the Sterling exchange rate ruling at the end of each monthly period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated at each period end. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at exchange rates ruling at the date the fair value was determined. Exchange gains and losses arising on the retranslation of non-monetary assets and liabilities are recognised directly in a separate component of the Consolidated Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the period end closing rate.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

(I) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial instruments in the following categories:

Financial instrument category	Note	Measurement	Fair value measurement hierarchy*
Trade and other receivables	20	Amortised cost	N/A
Cash and cash equivalents	20	Amortised cost	N/A
Trade and other payables	22	Amortised cost	N/A
Derivative financial instruments	21	Fair value through profit and loss	2
Deferred consideration payable	12	Fair value through profit and loss	3
Bank borrowings	23	Amortised cost	N/A

* The fair value measurement hierarchy is only applicable for financial instruments measured at fair value.

Fair value measurements, where applicable, are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group's primary categories of financial instruments are listed below:

Trade and other receivables

All trade receivables held by the Group are financial assets held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows. Trade receivables are initially recognised at fair value and will subsequently be measured at amortised cost less allowances for impairment.

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group recognises expected credit losses for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds receivable, net of direct issue costs. Finance charges are accounted for on an accruals basis in the Consolidated Income Statement using the effective interest rate method and are included in creditors to the extent that they are not settled in the period in which they arise.

Other long-term financial assets

Unlisted shares held by the Group are classified as being other long-term financial assets and are stated at fair value. Fair values of unlisted shares are calculated with reference to exit price. Gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Consolidated Income Statement for the period.

The Group holds investments in equity instruments and has made the irrecoverable designation to measure these at fair value through other comprehensive income ("FVTOCI") as they are not held for trading.

2. Significant accounting policies continued

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments to hedge its exposure to foreign exchange for the purchase of subsidiaries, goods and services denominated in foreign currencies and the sale of goods and services similarly denominated.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not hold or issue derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedges of forecast transactions are recognised directly in equity and the ineffective portion is recognised immediately in the Consolidated Income Statement.

If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognised, the associated gains and losses on the derivative that had previously been recognised in equity are included in the initial measurements of the asset or liability. For the hedges that do not result in the recognition of an asset or liability, amounts deferred in equity are recognised in the Consolidated Income Statement in the same period as gains or losses are recognised on the hedged item.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity and the ineffective portion is recognised immediately in the Consolidated Income Statement. Gains or losses accumulated in equity are included in the Consolidated Income Statement when the foreign operations are disposed of.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the Consolidated Income Statement for the period. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the Consolidated Income Statement.

Those derivatives that are not designated as hedges are classified as held for trading and gains and losses on those instruments are recognised immediately in the Consolidated Income Statement.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Deferred/contingent consideration payable

Deferred/contingent consideration payable and consideration required to be treated as remuneration in respect of acquired businesses are typically determined based on a multiple of future incremental EBITDA, and the related amounts are based on forecasts that have been derived from the most recent budgets and forecasts. Any change in the fair value of the outcome is recognised in the Consolidated Income Statement as an Adjusting Item. The deferred consideration payable and accrued contingent consideration required to be treated as remuneration are recognised as financial liabilities, where amounts are expected or required to be cash settled. Where amounts are settled by future issuance of Kin and Carta plc shares, amounts required to settle the liability are recorded in equity.

The directors consider that the carrying value of all financial assets and liabilities is approximately equal to their fair value, except for investment properties, which are recorded at amortised cost. The fair value of these assets is disclosed in note 17.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

(m) Retirement benefits

The Group operates both defined benefits and defined contribution schemes for its employees. Payments to the defined contribution schemes are expensed to the Consolidated Income Statement as they fall due.

For the St Ives Defined Benefits Pension Scheme ("the Scheme") full actuarial calculations are carried out every three years using the projected unit credit method and updates are performed for each financial period end. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Consolidated Income Statement and presented in the Consolidated Statement of Comprehensive Income.

The retirement benefits obligation recognised in the Consolidated Balance Sheet represents the present value of the defined benefits obligations and as reduced by the fair value of the Scheme's assets.

Any asset resulting from this calculation is recognised in the Consolidated Balance Sheet, as the Group has an unconditional right to a refund of any surplus in the defined benefits pension scheme at the end of the Scheme's duration.

Past service cost is recognised at the earlier of when the planned amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

Given the closure of the Scheme and the change in the composition of the Group, the Board has concluded that the Scheme's income and expenses do not relate to the underlying trading activities of the Group. Furthermore, the underlying assumptions used in the Scheme's valuation are determined by reference to external market data (notably discount and inflation rates) that are outside the Group's control and can vary significantly between periods. The Group's accounting policy is therefore to record the income and expenses related to the Scheme as an Adjusting Item.

Defined benefit income and expenses are split into four categories:

- gains and losses on curtailments and settlements and costs incurred in the running of the Scheme;
- net pension finance charge;
- past service costs including Guaranteed Minimum Pension ("GMP") costs; and
- remeasurement of gains and losses.

The Group presents the first three components of the Scheme's costs within Adjusting Items in its Consolidated Income Statement and the remeasurement costs within the Consolidated Statement of Comprehensive Income.

(n) Share-based payments

The Group makes equity-settled share-based payments to certain employees, which are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to Statement of Change in Equity reserves. The fair value of share options issued is measured using a binomial model, for the effects of non-transferability, exercise restrictions and behavioural considerations.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

The cumulative expense is reversed when an employee in receipt of the share options terminates service prior to the completion of vesting period. Where the terms of an equity-settled award are modified on termination of the employment, the total fair value of the share-based payments is recorded in the Consolidated Income Statement.

(o) Employee Share Ownership Plan ("ESOP")

As the Group is deemed to have control of its ESOP trust, it is included in the consolidated Group financial statements. The ESOP's assets and liabilities are included on a line-by-line basis in the Group financial statements. The ESOP's investment in the Group's shares is deducted from equity in the Consolidated Balance Sheet as if they were treasury shares and presented in the ESOP reserve.

2. Significant accounting policies continued

(p) Leases

The Group applied IFRS 16 with a date of initial application of 1 August 2019. IFRS 16 requires lessees to account for all leases on-balance sheet, recognising a right-of-use asset and a lease liability at the lease commencement date. The Group has adopted IFRS 16 using the modified retrospective approach, therefore, comparative information has not been restated and the Group has recognised the cumulative effect of adopting IFRS 16 as an adjustment to equity at the start of the current period. The comparative information continues to be reported under IAS 17.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of the ownership of the asset to the Group. Under IFRS 16, the Group recognised a right-of-use asset and lease liability i.e. all leases are recognised on-balance sheet.

On transition to IFRS 16, the Group elected to apply the practical expedient to apply the definition of a lease from IAS 17 for contracts in place at 1 August 2019 and has not applied IFRS 16 to arrangements that were previously not identified as leases under IAS 17.

At transition, the lease liabilities were measured at the present value of the remaining lease payments using the Group's incremental borrowing rate of 5% as at 1 August 2019. The right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's borrowing rate at 1 August 2019. The Group used the following practical expedients when applying IFRS 16:

- Adjusted the right-of-use assets for any onerous lease provisions immediately before the date of initial application rather than perform an impairment review;
- Applied the exemption not to recognise a right-of-use asset or lease liability for leases of low value or with lease terms with less than 12 months remaining at 1 August 2019; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

Impact on the Condensed Consolidated Financial Statements

The impact on the Group's financial statements at the transition date is as follows:

	1 August 2019 £'000	Description of change
Right-of-use asset	30,013	Initial right-of-use assets recognised on adoption of IFRS 16, net of impairments recognised on adoption
Trade and other receivables - prepayments	(501)	Reclassification of prepayments, relating to leases recognised on condensed consolidated balance sheet on adoption of IFRS 16, to form part of the initial right-of-use assets
Lease liabilities	(23,879)	Net present value of lease liabilities recognised on adoption of IFRS 16
Trade and other payables - release lease incentives	3,205	Reclassification of accruals and deferred income, relating to leases recognised on the condensed consolidated balance sheet on adoption of IFRS 16, to form part of the initial right-of-use assets
Accumulated losses	1,753	Net impact of the difference between the initial impairment of right-of-use assets recognised on adoption, compared to the onerous lease provisions previously recognised, which is recorded in reserves on adoption.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

Reconciliation of total operating lease commitments at 31 July 2019 to the lease liabilities recognised at 1 August 2019:

	Total £'000
Total operating lease commitments disclosed at 31 July 2019	**29,843**
Recognition exemptions at 1 August 2019:	
Leases with remaining lease term of less than 12 months	(3,365)
Foreign exchange differences	(1,423)
Reasonably certain extension options	352
Operating lease liabilities before discounting	**25,407**
Discounted using incremental borrowing rate	(1,528)
Total lease liabilities recognised under IFRS 16 at 1 August 2019	**23,879**
Of which are:	
- Current liabilities	4,782
- Non-current liabilities	19,097

The recognised right-of-use assets at the date of adoption relate to the following types of asset:

	1 August 2019 Total £'000
Land and buildings	30,955
Plant and machinery	42
Motor vehicles	16
Total right-of-use assets	31,013

The adoption of IFRS 16 gives rise to a net charge to Profit/(Loss) before Tax of £0.1 million in the year to 31 July 2020.

Changes in accounting policy for leases

The group leases a number of offices and equipment, and rental contracts typically run for fixed periods of three to eleven years. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

Accounting policy applicable before 1 August 2019:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership do not transfer to the lessee are charged to the income statement on a straight-line basis over the period of the lease. Rental income from sub-leasing property space is recognised on a straight-line basis over the period of the relevant lease.

Accounting policy applicable from 1 August 2019:

For any new contracts entered into on or after 1 August 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use.

2. Significant accounting policies continued

At the lease commencement date, the Group recognises the lease as a right-of-use asset and a corresponding liability in the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any restoration costs at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Each lease payment is allocated between the reduction of the lease liability and finance cost. The finance cost is charged to the 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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Extension and termination options are included in a number of property leases across the Group. These options are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Further details on the adoption of the IFRS 16 leases standard are disclosed in note 16.

Leases that do not meet the criteria under IFRS 16 leases are classified as either short term or low value leases. Rental costs under these leases are charged to the Consolidated Income Statement in equal amounts over the terms of the lease. In the event that lease incentives are received to enter into these leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term.

(q) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed by the Group, together with the equity instruments equivalent to the mid-market share price on the date of completion, in exchange for control of the acquiree. Acquisition-related costs are recognised in the Consolidated Income Statement as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset, liability or equity are accounted for in accordance with relevant IFRSs.

Contingent amounts payable to selling shareholders who continue to be employed by the Group, but which is automatically forfeited upon termination of employment, is classified as remuneration for post-combination services and is recorded in the Consolidated Income Statement. The contingent payment is satisfied in cash and equity instruments equivalent to the mid-market share price on the date of the consideration payable.

The cash-settled contingent amounts treated as remuneration for post-combination services is recognised in accordance with IAS 19 (revised) Employee Benefits and has been recorded as deferred consideration payable in the Consolidated Balance Sheet. At each balance sheet date, the Group revises its estimate for the contingent amounts payable that is to be settled in cash. The impact of the revision, if any, is recognised in the Consolidated Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Consolidated Balance Sheet.

Notes to the Consolidated Financial Statements continued

2. Significant accounting policies continued

The equity-settled contingent amounts payable treated as remuneration for post-combination services is recognised in accordance with IFRS 2 Share-based Payments, and is recorded in equity reserves. Further details can be found in the share-based payments accounting policy. At each balance sheet date, the Group revises its estimate of the consideration payable that is to be settled in shares. The impact of the revision, if any, is recognised in the Consolidated Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date that the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

(r) Joint arrangements

Joint arrangements are entities where no one party is able to exercise overall control in which the Group has an interest. The Group's share of the post-tax results of its joint arrangements is included in the Consolidated Income Statement using the equity method of accounting. Where the Group transacts with a joint arrangement, profits and losses are eliminated to the extent of the Group's interest in the joint arrangement.

Investments in joint arrangements are carried in the Consolidated Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity, less any provision for impairment.

(s) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of amortised cost and fair value less costs of disposal. Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. The sale should be completed within one year from the date of classification as an asset held for sale.

(t) Discontinued operations

The group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. A component of the group is classified as a discontinued operation if:

- it represents a separate major line of business or geographical area of operation;
- it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale as a discontinued operation.

The trading results of a discontinued operation together with any gains or loss from the disposal of the operation is reported separately as discontinued operations in the Consolidated Income Statement. Further information can be found in note 8.

2. Significant accounting policies continued

(u) Grant Income

The group recognises income from government grants only when there is reasonable assurance that the group will comply with any conditions attached to the grant and the grant will be received.

(v) Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the Group's accounting policies the following estimations and accounting judgements have been made, which could have a significant effect on the results of the Group were they subsequently found to be inappropriate.

Critical accounting judgements

Adjusting items

In the opinion of the directors, separate presentation of Adjusting items and APMs provides useful information in the understanding of the financial performance of the Group and its businesses. The classification of Adjusting Items requires management judgement after considering the nature and intentions of a transaction. The Group's definitions of Adjusting Items are outlined within the Group accounting policies on page 178. These definitions have been applied consistently period-on-period. Further details are provided in note 7.

Assets held for sale

The reclassification of businesses as Assets held for sale involves a judgment of the likelihood of a sale taking place within 12 months of the balance sheet date, which is not entirely within the control of the Group.

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units for which goodwill has been identified. In arriving at the value-in-use the forecast of future cash flows of cash-generating units and selection of appropriate discount rates is required to calculate present values, a process which involves estimation. The recoverability analysis indicates that the value-in-use supports the carrying amount of goodwill The situation will be monitored closely should future developments indicate that adjustments are appropriate. The carrying value of goodwill at the balance sheet date was £68.0 million (2019: £85.7 million). A sensitivity analysis can be found in note 18.

Impairment of acquired intangibles

The Group considers the recoverability of acquired intangibles, which are included within the Consolidated Balance Sheet at £21.9 million (2019: £25.6 million). The key areas of consideration when assessing the recoverability of these assets are in relation to the discount rates, terminal growth rates, budgets and forecasts to be applied to forecast cash flows. A sensitivity analysis can be found in note 18.

Purchase price allocation for acquisitions

Accounting for an acquisition typically involves the allocation of a significant portion of the purchase price to the fair value of assets which do not have a historical cost base, such as customer relationships, proprietary techniques and trademark, as well as the estimation of useful economic lives for these assets. The determination of value of these assets and their useful lives involves valuation techniques dependent on estimation of future cash flows which are uncertain. The allocation of the purchase price for the Spire Digital acquisition in the period is set out in note 12.

Contingent Consideration

The calculation of consideration payable in relation to past acquisitions which is contingent upon future performance requires the estimation of future revenues and costs and is subject to uncertainty. An analysis of contingent consideration payable can be found in note 12.

Retirement benefits obligations

The calculation of retirement benefits obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality. The net surplus in the Consolidated Balance Sheet for the retirement benefits scheme was £1.1 million (2019: surplus of £6.7 million). A sensitivity analysis can be found in note 28.

Notes to the Consolidated Financial Statements continued

3. Revenue

An analysis of the Group's revenue as defined by International Financial Reporting Standard 15 – 'Revenue' is as follows:

	2020 £'000	2019 £'000
Continuing operations:		
Rendering of services	**158,369**	160,107
Discontinued operations:		
Rendering of services	**9,647**	12,767
Continuing and discontinued operations:		
Rendering of services	**168,016**	172,874

Revenue by country can be found in note 4.

4. Segment reporting

The Group delivers transformative growth for the world's largest companies via three go-to-market brands of Kin + Carta Advise, Kin + Carta Create and Kin + Carta Connect across the two principal operating regions, Americas and Europe. The three DX brands, combined with the Ventures business, make up the entirety of the Group and form the basis of the integrated consultancy, The Connective.

The Group reports results through one segment, The Connective, with corporate costs shown as a separate segment based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief Executive Officer and Chief Financial Officer who are primarily responsible for the assessment of the performance of the businesses which currently operate under The Connective.

The corporate costs are reported separately to the single operating segment as this presentation better reflects the segment's underlying profitability.

Results from continuing and discontinued operations for the current period:

	Year to 31 July 2020		
	The Connective £'000	Corporate costs £'000	Total £'000
Revenue	158,369	–	158,369
Net revenue	137,691	–	137,691
Adjusting items	88	–	88
Adjusted net revenue	137,779	–	137,779
Operating profit/(loss) before Adjusting Items	20,247	(6,419)	13,828
Adjusting Items	(42,292)	(2,252)	(44,544)
Statutory loss from operations	(22,045)	(8,671)	(30,716)
Net pension finance income			161
Other finance expense			(3,293)
Statutory loss before tax	(22,045)	(8,671)	(33,848)
Income tax credit			2,167
Statutory net loss for the period from continuing operations	(22,045)	(8,671)	(31,681)
Statutory net loss for the period from discontinued operations	(570)	–	(570)
Statutory net loss for the period from continuing and discontinued operations	(22,615)	(8,671)	(32,251)

4. Segment reporting continued

Results from continuing and discontinued operations for the prior period:

	362 days to 31 July 2019		
	The Connective £'000	Corporate costs £'000	Total £'000
Revenue	160,107	–	160,107
Net revenue	137,059	–	137,059
Adjusting items	(238)	–	(238)
Adjusted net revenue	136,821	–	136,821
Operating profit/(loss) before Adjusting Items	25,394	(5,745)	19,649
Adjusting Items	(9,349)	(5,707)	(15,056)
Statutory loss from operations	16,045	(11,452)	4,593
Net pension finance income			30
Other finance expense			(2,518)
Statutory loss before tax	6,696	(17,159)	2,105
Income tax credit			(758)
Statutory net loss for the period from continuing operations	6,696	(17,159)	1,347
Statutory net loss for the period from discontinued operations	(226)	–	(226)
Statutory net loss for the period from continuing and discontinued operations	6,470	(17,159)	1,121

Other information

	2020		
	Continuing Operations £'000	**Discontinued Operations £'000**	**Total £'000**
Capital additions	**2,387**	**38**	**2,425**
Depreciation and amortisation charges	**16,211**	**581**	**16,792**
Impairment charges	**21,325**	**1,465**	**22,790**

	2019		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Capital additions	2,730	304	3,034
Depreciation and amortisation charges	9,278	193	9,471
Impairment charges	–	159	159

Notes to the Consolidated Financial Statements continued

4. Segment reporting continued

Geographical segments

Operations

Revenue by geographical area is based on the location where the provision of goods and services has been provided.

Continuing operations	Year to 31 July 2020 £'000	362 days to 31 July 2019 £'000
United States of America	**77,504**	64,495
United Kingdom	**79,984**	93,630
Rest of the world	**881**	1,982
Revenue from continuing operations	**158,369**	160,107
Discontinued		
United States of America	**1,877**	2,566
United Kingdom	**7,770**	10,201
Rest of the world	**–**	–
Revenue from discontinued operations	**9,647**	12,767
Total		
United States of America	**79,381**	67,061
United Kingdom	**87,754**	103,831
Rest of the world	**881**	1,982
Total revenue	**168,016**	172,874

5. Operating profit/(loss)

Profit/(loss) from operations includes continuing operations in the current year and continuing and discontinued operations in the prior year. Profit/(loss) from operations has been arrived at after charging/(crediting):

	2020 £'000	2019 £'000
Auditors' remuneration		
Audit fees:		
- Audit of the Company accounts	240	178
- Audit of the accounts of the Company's subsidiaries	240	169
	480	347
Other assurance related services	47	45
Non-audit fees:		
– Transaction related services	75	–
Total fees paid to the auditors	602	392
Staff costs (note 6)	107,063	105,942
Depreciation of property, plant and equipment (note 15) – continuing operations	5,442	2,402
Depreciation of property, plant and equipment (note 15) – discontinued operations	286	–
Depreciation of investment property (note 17)	268	246
Amortisation of intangible assets (note 18) – continuing operations	10,502	6,823
Amortisation of intangible assets (note 18) – discontinued operations	295	–
Impairment of non-current and current assets (note 7) – continuing operations	2,475	–
Impairment of goodwill and intangible assets (note 7) – continuing operations	18,850	–
Impairment of non-current and current assets (note 7) – discontinued operations	57	159
Impairment of goodwill and intangible assets (note 7) – discontinued operations	1,408	–
Operating lease rentals:		
- land and buildings	1,130	5,716
- plant and equipment	21	31
- other	21	53
Government Grant Income		
Amounts recognised as income under the UK Coronavirus Job Retention Scheme	737	–

Government grant income is credited against cost of sales, selling and administrative expenses within Adjusted Results.

Notes to the Consolidated Financial Statements continued

6. Staff costs

The average monthly number of employees (including executive directors) was:

	31 July 2020 Number	31 July 2019 Number
Continuing operations		
Operations	**999**	1,094
Sales	**97**	135
Administration	**210**	223
Continuing operations	**1,306**	1,452
Discontinued operations	**82**	111
Continuing and discontinued operations	**1,388**	1,563

The employment costs during the period were:

	2020 £'000	2019 £'000
Continuing operations		
Wages and salaries	**94,216**	90,660
Social security costs	**8,226**	4,375
Other pension costs	**3,703**	1,175
	106,145	96,210
Share-based contingent consideration deemed as remuneration	**647**	1,669
Share-based payment charge/(credit)	**271**	(650)
Continuing operations	**107,063**	97,229
Discontinued operations	**5,796**	8,713
Continuing and discontinued operations	**112,859**	105,942

7. Adjusting items

Adjusting Items disclosed on the face of the Consolidated Income Statement included in respect of continuing and discontinued operations are as follows:

Expense/(income) Continuing operations	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Restructuring items				
Redundancies and other charges	**3,456**		1,541	
Losses related to closure of subsidiary	**318**		251	
Costs associated with empty properties	**1,262**		279	
Impairment of right of use assets and other property, plant and equipment	**2,475**		–	
Reduction in lease liabilities	**(758)**		–	
Gain on sale of investment in minority interest	**(198)**		–	
		6,555		2,071
St Ives Defined Benefits Pension Scheme costs				
Scheme administrative costs	**624**		502	
Past service cost (GMP equalisation uplift)	**–**		4,126	
Other related costs	**1,051**		1,079	
		1,675		5,707
Costs related to acquisitions				
Acquisition costs	**669**		–	
Amortisation of acquired intangibles	**10,563**		6,674	
Impairment of goodwill and acquired intangible assets	**18,850**		–	
Contingent consideration required to be treated as remuneration	**6,186**		2,375	
		36,268		9,049
Adjusting Items		**44,498**		16,827
Loss/(profit) on disposal of property, plant and equipment		**46**		(1,771)
Adjusting Items before interest and tax		**44,544**		15,056
Bank arrangement fees		**–**		189
Net pension finance credit in respect of defined benefits pension scheme		**(161)**		(30)
Adjusting Items before tax		**44,383**		15,215
Income tax credit		**(4,168)**		(2,772)
Continuing operations adjusting Items after tax		**40,215**		12,443
Discontinued operations adjusting items after tax		**1,427**		564
Continuing and discontinued adjusting items after tax		**41,642**		13,007

Notes to the Consolidated Financial Statements continued

7. Adjusting items continued

Continuing operations

Restructuring items and other charges

Redundancy and restructuring costs of £3.5 million were incurred in the course of moving the Group to a lower cost, more flexible delivery model focused on larger strategic accounts. £1.5 million of this relates to Edit, one of our Venture businesses, following the realignment of the business to focus on transformational CRM and data science services. This resulted in an exit from the SEO and digital PR business, and the vacating of our Leeds office. £0.6 million is related to Connect Europe, where we reduced headcount and reorganised around more efficient delivery models and partnerships. Other restructuring costs, principally severance of £0.6 million, were incurred in our Hub, Create US and Create EU business as we experienced a reduction in client demand associated with the COVID-19 pandemic in the second half. Additionally, we continue the multi-year process of updating the Group's proposition across the Connective, which includes rebranding in the period and includes moving from a portfolio holding model to an integrated global consultancy.

Empty property costs

Empty property costs of £1.3 million comprise contractually unavoidable expenses relating to the business rates and maintenance charges of leasehold property, or property owned by the Group from which there is no business operation ongoing. The costs do not relate to the continuing operations of the Group and are therefore recorded as Adjusting Items.

Impairment of right of use assets and reduction in lease liabilities

During the period, the Group gave notice on property leases in London, Manchester, Bath and Leeds, and vacated the premises before the end of the related lease term in all cases. As the properties were no longer occupied, impairment charges on the related right of use assets of £2.0 million were taken. In addition there was a related reduction in lease liabilities of £0.8 million, resulting from a break clause being exercised earlier than originally anticipated on the Leeds property occupied by Edit. Impairment charges of £0.5 million were recorded on leasehold improvements, plant and machinery following the vacation of those properties.

St Ives Defined Benefits Pension Scheme costs

The Scheme charges include direct administrative costs of £0.6 million, costs of levies and other professional fees in relation to running the scheme of £1.1 million, and a pension finance credit of £0.2 million. These items are recorded in the corporate costs segment.

Costs related to acquisitions

The Group incurred acquisition expenses of £0.7 million and recorded charges in respect of contingent consideration required to be treated as remuneration charge of £6.2 million in relation to the acquisition of SpireMedia, Inc. (trading as 'Spire Digital'). These were recognised in a separate line item in the income statement. Included in this figure are £0.6 million of charges for deemed remuneration which are expected to be equity settled.

Charges relating to the scheduled amortisation of acquired customer relationships, proprietary techniques and software amounted to £10.6 million in the period, recorded in the Connective segment.

The annual impairment test has resulted in a charge of £17.5 million, recognised in respect of the Edit goodwill, due to the decision to streamline and refocus the business activities on areas of profitable growth around data science and transformational CRM, leading to the decision to exit the SEO and digital PR activities based in Leeds, and to exit other less profitable business activities in Bath.

Following the decision to rebrand in the current period to Kin + Carta Advise, Kin + Carta Create and Kin + Carta Connect, the Solstice, TAB and AmazeRealise trademarks were written down to £nil, resulting in an impairment charge of £1.3 million.

All costs related to acquisitions were recorded in the Connective segment.

Tax

In the current period, the tax credit of £4.2 million (2019: £2.8 million) relates to the items noted above. There is no tax credit associated with the impairment of Edit goodwill or with the deemed remuneration of charge in respect of Spire Digital.

Discontinued Operations

Impairment of goodwill and proprietary techniques

Following a downturn in the market for commercial space consultancy services related to airport and retail property, the goodwill and the proprietary techniques of Pragma were impaired to £nil, resulting in charges of £0.9 million and £0.5 million respectively. The disposal of Pragma was completed on 31 August 2020.

8. Discontinued operations

The Health Hive Group, our healthcare communications consultancy, is currently being marketed for sale and we expect to complete the divestment in the next 12 months. Pragma Consulting Limited was also being marketed for sale on 31 July 2020. As their carrying amount will be recovered principally through sale rather than through continuing use, they have been reclassified as discontinued operations in the current and prior periods. Both businesses are classified as assets held for sale in the balance sheet at 31 July 2020.

The results of discontinued operations for the year were as follows:

Income statement from discontinued operations:

	2020 £'000	2019 £'000
Revenue	**9,647**	12,767
Net revenue	**8,287**	11,200
Gross profit	**3,565**	4,900
Selling costs	**572**	1,523
Administrative expenses	**1,894**	3,140
Operating profit	**1,099**	237
Finance expenses	**(12)**	–
Adjusted profit before tax	**1,087**	237
Adjusting items	**1,427**	564
Loss before tax	**(340)**	(327)
Income tax (charge)/credit	**(230)**	101
Loss for the year	**(570)**	(226)

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

	31 July 2020 £'000
Asset held for sale	
Property, plant and equipment	**478**
Goodwill	**5,500**
Other intangible assets	**199**
Deferred tax assets	**45**
Trade and other receivables	**3,621**
	9,843

	31 July 2020 £'000
Liabilities held for sale	
Lease liabilities	**670**
Trade and other payables	**1,188**
Income tax payable	**21**
Deferred income	**655**
Provisions	**118**
	2,652

Post-balance sheet events

On 31 August 2020, Pragma Consulting Limited was sold for cash proceeds of £0.25 million plus adjustments for cash and working capital.

Notes to the Consolidated Financial Statements continued

9. Pension finance credit

	2020 £'000	2019 £'000
Investment income on defined benefit pension scheme assets (note 28)	**(8,153)**	(9,388)
Interest costs on defined benefit pension scheme obligations (note 28)	**7,992**	9,358
	(161)	(30)

10. Other finance costs

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	**1,982**	2,052
Finance lease interest	**1,100**	–
Bank arrangement fee relating to current bank revolving facility	**211**	277
Bank arrangement fee relating to expired bank revolving facility	**–**	189
	3,293	2,518

11. Tax

Income tax on the profit/(loss) as shown in the Consolidated Income Statement is as follows:

Continuing operations:

	2020 £'000	2019 £'000
Total current tax charge:		
Current period	**(503)**	(3,053)
Adjustments in respect of prior periods	**337**	(577)
Total current tax charge	**(166)**	(3,630)
Deferred tax on origination and reversal of temporary differences:		
Deferred tax credit	**2,512**	2,628
Adjustments in respect of prior periods	**(179)**	244
Total deferred tax credit	**2,333**	2,872
Total income tax credit/(charge)	**2,167**	(758)

Discontinued operations:

	2020 £'000	2019 £'000
Total current tax (charge)/credit:		
Current period	**(213)**	83
Adjustments in respect of prior periods	**2**	1
Total current tax (charge)/credit	**(211)**	84
Deferred tax on origination and reversal of temporary differences:		
Deferred tax credit	**7**	13
Adjustments in respect of prior periods	**(26)**	4
Total deferred tax (charge)/credit	**(19)**	17
Total income tax (charge)/credit	**(230)**	101

11. Tax continued

Continuing and discontinued operations:

	2020 £'000	2019 £'000
Total current tax charge:		
Current period	**(716)**	(2,970)
Adjustments in respect of prior periods	**339**	(576)
Total current tax charge	**(377)**	(3,546)
Deferred tax on origination and reversal of temporary differences:		
Deferred tax credit	**2,519**	2,641
Adjustments in respect of prior periods	**(205)**	248
Total deferred tax credit	**2,314**	2,889
Total income tax credit/(charge)	**1,937**	(657)

Income tax on the profit/(loss) from continuing operations before and after Adjusting Items is as follows:

	2020 £'000	2019 £'000
Tax charge on adjusted profit before tax	**(2,001)**	(3,530)
Tax credit on adjusting items	**4,168**	2,772
Total income tax credit/(charge)	**2,167**	(758)

The tax charge for continuing operations can be reconciled to the profit/(loss) before tax shown in the Consolidated Income Statement as follows:

	2020 £'000	2019 £'000
(Loss)/ profit before tax from continuing operations	**(33,848)**	2,105
Tax calculated at a rate of 20.6% (2019: 44.4%)	**6,978**	(934)
Expenses not deductible for tax purposes	**(5,615)**	(788)
Effect of tax deductible goodwill	**759**	588
Effect of change in United Kingdom corporate tax rate	**(349)**	68
Credit on research and development activities	**236**	255
Movement in deferred tax on disposal of property, plant and equipment	**–**	368
Re-assessment of tax losses	**–**	18
Adjustments in respect of prior periods	**158**	(333)
Total income tax credit/(charge)	**2,167**	(758)

Income tax as shown in the Consolidated Statement of Comprehensive Income is as follows:

	2020 £'000	2019 £'000
United Kingdom corporation tax credit	**425**	608
Deferred tax on origination and reversal of temporary differences	**917**	(1,599)
Total income tax credit/(charge)	**1,342**	(991)

Income tax as shown in the Consolidated Statement of Changes in Equity is as follows:

	2020 £'000	2019 £'000
Deferred tax on origination and reversal of temporary differences	**75**	75

Notes to the Consolidated Financial Statements continued

11. Tax continued

UK tax rates

The UK statutory rate of 19% has been used for computation of UK corporate income tax liabilities and has been reflected in the calculation of deferred tax balances at the balance sheet date.

US tax rates

The tax charges related to US subsidiaries have been calculated using a rate of 28.51% (2019: 28.51%), which includes the federal rate of 21% and the blended average rate of state income tax rates in which the Group is liable to corporate income tax.

Blended tax rates

The blended statutory tax rate for continuing operations is calculated at 20.6% (2019: 44.4%). This reflects the relative proportion of taxable profits in the UK and US, as reduced by the impact of tax-deductible goodwill in the US related to a prior acquisition. Taxation for other jurisdictions is calculated at the statutory rates prevailing in the respective jurisdictions.

12. Acquisitions

SpireMedia, Inc. (doing business as Spire Digital)

On 26 November 2019, the Group acquired 100% of all issued stock of Spire Digital, a digital transformation consulting and software engineering services business. The total cash outflow in the current period was £17.3 million, net of cash acquired that comprised the initial consideration of £11.0 million, and the first tranche of deferred consideration of £6.3 million, which was determined by the EBITDA achieved by Spire Digital for the calendar year 2019. The initial consideration was funded by a placement, which raised £13.1 million net of costs and the first tranche of the deferred amount was funded from the Group's revolving credit facility.

The second tranche of the deferred amount is payable in February 2021 and a further tranche is payable in February 2023. Both payment amounts are based on the level of EBITDA achieved by Spire Digital for the calendar year 2020, and the total of these payments is capped at £9.4 million. Up to 50% of both payments may be settled in shares of Kin and Carta plc at the Group's discretion.

The total amount payable, including contingent amounts payable, which are deemed as remuneration, is capped at £27.0 million, excluding a working capital adjustment of £0.3 million.

Purchase price allocation

The amounts recognised for each class of assets and liabilities at the acquisition date were as follows:

	Historical net assets £'000	Fair value adjustments £'000	Fair value of net assets £'000
Proprietary techniques	–	6,221	6,221
Customer relationship portfolio	–	1,800	1,800
Trademarks	–	1,170	1,170
Property, plant and equipment	17	–	17
Trade and other receivables	1,992	(83)	1,909
Bank balances and cash	562	–	562
Trade and other payables	(1,130)	–	(1,130)
Deferred tax liabilities	–	(1,793)	(1,793)
Net assets acquired	**1,441**	**7,315**	**8,756**
Total consideration			15,971
Goodwill			**7,215**

12. Acquisitions continued

The goodwill that arose on the combinations can be attributed to the value of future growth from new customers and the assembled workforce.

The gross contractual amount for trade receivables due is £2.0 million, of which £0.1 million is expected to be uncollectible, therefore the fair value of trade receivables is £1.9 million.

The fair value of the total amounts payable are as follows:

	Non-contingent consideration £'000	Contingent consideration £'000	Total consideration £'000
Cash consideration payments made in the current period	12,376	4,934	17,310
Working capital payment in the current period	318	–	318
Estimated future consideration payable in cash and shares	3,277	6,085	9,362
Total consideration	**15,971**	**11,019**	**26,990**

The maximum amount of the performance-related deferred consideration payable is £11.0 million and the minimum is £nil. Deferred amounts have been recognised as the maximum amount payable, which has not been discounted since the effect of discounting is not considered to be material. The fair value of deferred amounts payable is considered to be the maximum amount on the basis of projected performance of the acquired business.

Estimated future amounts payable to former shareholders in respect of the acquisition have been or will be accounted for as follows:

	Consideration £'000	Deemed remuneration £'000	Total £'000
Deferred consideration - current liability	3,277	–	3,277
Deferred consideration - non-current liability	–	624	624
Deferred consideration - liabilities	**3,277**	**624**	**3,901**
Share - based payment recorded within equity	–	624	624
Total accounted for at 31 July 2020	**3,277**	**1,248**	**4,525**
Not yet accrued	–	4,837	4,837
Total payable	**3,277**	**6,085**	**9,362**

Deemed remuneration amounts of £4.8 million not accrued at 31 July 2020 will be charged evenly to the income statement over the 31 months from 1 August 2020.

The Group incurred acquisition expenses of £0.7 million in relation to the acquisition, which were recognised in administrative expenses.

The acquisition had the following impact on cash outflows in the current period:

	£'000
Cash consideration	17,872
Less cash acquired	(562)
Investing cash outflows	**17,310**
Acquisition costs	669
Net cash outflow	**17,979**

Cash outflows in the period for businesses acquired in prior periods were £2.0 million in relation to the final tranche of TAB's deferred consideration.

Notes to the Consolidated Financial Statements continued

13. Dividends

	per share	2020 £'000	2019 £'000
Final dividend paid for the period ended 3 August 2018	**1.30p**	**–**	1,993
Interim dividend paid for the period ended 31 January 2019	**0.65p**	**–**	997
Final dividend paid for the period ended 31 July 2019	**1.30p**	**1,993**	–
Dividends paid during the period		**1,993**	2,990
Proposed final dividend at the period end of £nil (2019: 1.30p per share)		**–**	1,993

The Group suspended the interim and final dividend for 2020.

14. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	2020 £'000	2019 £'000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**163,871**	153,307
Effect of dilutive potential ordinary shares:		
Share options	**2,313**	842
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**166,184**	154,149

As there is a loss after tax arising for the statutory results for the year, the effect of the dilutive potential ordinary shares has been disregarded for the related diluted loss per share calculations, since its incorporation into the calculations would be anti-dilutive.

In the period, 15,333,582 shares were issued at a price of 89 pence per share through a share placing exercise, leading to cash proceeds, net of costs of issuance, of £13.2 million. The proceeds of the share placing were used to fund the acquisition of Spire Digital.

14. Earnings per share continued

	2020		2019	
	Earnings/ (loss) £'000	**Earnings/ (loss) per share pence**	Earnings/ (loss) £'000	Earnings/ (loss) per share pence
Continuing operations				
(Loss)/earnings and basic (loss)/earnings per share				
Adjusted earnings and adjusted basic earnings per share	**8,534**	**5.21**	13,790	9.00
Adjusting items	**(40,215)**	**(24.54)**	(12,443)	(8.12)
(Loss)/earnings and basic (loss)/earnings per share	**(31,681)**	**(19.33)**	1,347	0.88
(Loss)/earnings and diluted (loss)/earnings per share				
Adjusted earnings and adjusted diluted earnings per share	**8,534**	**5.21**	13,790	8.95
Adjusting items	**(40,215)**	**(24.54)**	(12,443)	(8.08)
(Loss)/earnings and diluted (loss)/earnings per share	**(31,681)**	**(19.33)**	1,347	0.87
Discontinued operations				
Loss and basic loss per share				
Adjusted earnings and adjusted basic earnings per share	**857**	**0.52**	338	0.22
Adjusting items	**(1,427)**	**(0.87)**	(564)	(0.37)
Loss and basic loss per share	**(570)**	**(0.35)**	(226)	(0.15)
Loss and diluted loss per share				
Adjusted earnings and adjusted diluted earnings per share	**857**	**0.52**	338	0.22
Adjusting items	**(1,427)**	**(0.87)**	(564)	(0.36)
Loss and diluted loss per share	**(570)**	**(0.35)**	(226)	(0.14)
Continuing and discontinued operations				
(Loss)/earnings and basic (loss)/earnings per share				
Adjusted earnings and adjusted basic earnings per share	**9,391**	**5.73**	14,128	9.22
Adjusting items	**(41,642)**	**(25.41)**	(13,007)	(8.49)
(Loss)/earnings and basic (loss)/earnings per share	**(32,251)**	**(19.68)**	1,121	0.73
(Loss)/earnings and diluted (loss)/earnings per share				
Adjusted earnings and adjusted diluted earnings per share	**9,391**	**5.73**	14,128	9.17
Adjusting items	**(41,642)**	**(25.41)**	(13,007)	(8.44)
(Loss)/earnings and diluted (loss)/earnings per share	**(32,251)**	**(19.68)**	1,121	0.73

Adjusted (loss)/earnings is calculated by adding back Adjusting Items, as adjusted for tax, to the (loss)/profit for the period.

Notes to the Consolidated Financial Statements continued

15. Property, plant and equipment

	Land and buildings Freehold £'000	Land and buildings Long leases £'000	Plant and machinery £'000
Cost or valuation:			
At 3 August 2018	**263**	**3,101**	**4,738**
Additions	–	647	1,587
Disposals	–	(186)	(1,678)
Reclassification	(263)	301	–
Reclassification – software	–	–	(341)
Reclassification – investment property	–	–	(656)
Foreign exchange	–	46	109
At 31 July 2019	**–**	**3,909**	**3,759**
Adoption of IFRS 16	–	–	–
Additions	–	855	507
Acquisitions	–	52	42
Disposals	–	(489)	(1,213)
Reclassification	–	–	110
Reclassified to assets held for sale	–	(249)	(21)
Foreign exchange	–	(116)	(249)
At 31 July 2020	**–**	**3,962**	**2,935**
Accumulated depreciation and impairment:			
At 3 August 2018	189	910	2,298
Charge for the period	–	635	1,189
Disposals	–	(186)	(1,648)
Impairment	–	159	–
Reclassification	(189)	319	–
Foreign exchange	–	18	74
At 31 July 2019	**–**	**1,855**	**1,913**
Adoption of IFRS 16	–	–	–
Charge for the period	–	669	1,141
Acquisitions	–	39	38
Impairment	–	427	7
Disposals	–	(413)	(1,207)
Reanalysis	–	–	99
Reclassified to assets held for sale	–	(249)	(20)
Foreign exchange	–	(64)	(153)
At 31 July 2020	**–**	**2,264**	**1,818**
Net book value:			
At 31 July 2020	**–**	**1,698**	**1,117**
At 31 July 2019	–	2,054	1,846

The amount of fully depreciated property, plant and equipment as at the period end was £4.4 million (2019: £2.8 million).

Fixtures, fittings, equipment and motor vehicles £'000	Right of use buildings £'000	Right of use plant and machinery £'000	Right of use vehicles £'000	Total £'000
2,632	**–**	**–**	**–**	**10,734**
445	–	–	–	2,679
(179)	–	–	–	(2,043)
(38)	–	–	–	–
–	–	–	–	(341)
–	–	–	–	(656)
121	–	–	–	276
2,981	**–**	**–**	**–**	**10,649**
–	30,955	42	16	31,013
74	759	–	–	2,195
10	517	–	–	621
(301)	(101)	–	–	(2,104)
(110)	–	–	–	–
(228)	(2,336)	–	–	(2,834)
(236)	(1,118)	–	–	(1,719)
2,190	**28,676**	**42**	**16**	**37,821**
1,036	–	–	–	4,433
578	–	–	–	2,402
(163)	–	–	–	(1,997)
–	–	–	–	159
(130)	–	–	–	–
61	–	–	–	153
1,382	**–**	**–**	**–**	**5,150**
–	11,475	13	3	11,491
506	3,389	14	8	5,727
9	–	–	–	86
62	2,036	–	–	2,532
(293)	(101)	–	–	(2,014)
(99)	–	–	–	–
(179)	(1,907)	–	–	(2,355)
(99)	(194)	–	–	(510)
1,289	**14,698**	**27**	**11**	**20,107**
901	**13,978**	**15**	**5**	**17,714**
1,599	–	–	–	5,499

Notes to the Consolidated Financial Statements continued

16. Leases

The group has leases for land and buildings. plant and machinery, and motor vehicles. These leases are included in Property, Plant and Equipment, with the exception of short-term and low value leases.

The movement in the lease liabilities relating to right-of-use assets for the Group is as follows:

	£'000
Total lease liabilities recognised under IFRS 16 at 1 August 2019	23,879
Acquisitions	517
Additions	1,508
Repayments	(4,843)
Reduction due to exercise of break clause	(758)
Interest expense	1,100
Reclassified to liabilities relating to assets held for sale	(670)
Foreign exchange	(954)
At 31 July 2020	**19,779**
- Current liabilities	3,492
- Non-current liabilities	16,287

The following expenses were recognised in the consolidated income statement for continuing operations:

Continuing operations	**£'000**
Short-term lease expense	1,130
Low-value assets lease expense	41
Depreciation of right-of-use	3,178
Operating profit	4,349
Interest expense	1,100
Profit before tax	**5,449**

The following lease expenses were recognised in the consolidated cash flow statement:

	£'000
Total cash outflow for leases	(4,843)

The maturities of the lease liabilities are:

	£'000
Amounts payable:	
Within one year	3,492
In two to five years	8,963
After five years	7,324
Lease liability at 31 July 2020	**19,779**

17. Investment property

	Investment Property £'000
Cost:	
At 31 July 2019	**8,127**
Additions	17
At 31 July 2020	**8,144**
Accumulated depreciation:	
At 31 July 2019	3,170
Charge	267
At 31 July 2020	**3,437**
Net book value:	
At 31 July 2020	**4,707**
At 31 July 2019	4,957

As at 31 July 2020, the fair value of investment properties is not materially different from its net book value of £4.7 million. This was arrived at on the basis of a valuation carried out by CBRE on 25 November 2016, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards.

An amount in relation to rental income from investment properties of £0.8 million (2019: £0.8 million) has been recognised in the Consolidated Income Statement , recorded as a credit to administrative expenses.

The Group has freehold land with a net book value of £0.2 million (2019: £0.2 million). These assets have not been depreciated.

18. Goodwill and other intangible assets

	£'000
Cost and carrying amount of goodwill:	
At 3 August 2018	**84,742**
Foreign exchange	920
At 31 July 2019	**85,662**
Acquisition of businesses	7,316
Impairment – continuing operations	(17,544)
Impairment – discontinued operations	(886)
Reclassified to assets held for sale	(5,500)
Foreign exchange	(1,038)
At 31 July 2020	**68,010**

The exchange rate movement of £1.0 million (2019: £0.9 million) relates to goodwill balances held in respect of Solstice and Spire Digital which are denominated in US Dollars. £5.5 million of goodwill related to Hive was reclassified to Assets Held for Sale in the period.

Notes to the Consolidated Financial Statements continued

18. Goodwill and other intangible assets continued

Goodwill is allocated amongst the following cash-generating units ("CGUs"):

	2020 £'000	2019 £'000
Continuing operations:		
AmazeRealise	**31,294**	31,294
Edit	**5,978**	23,522
Hive	**–**	5,500
Incite	**601**	601
Pragma	**–**	886
Solstice	**14,443**	15,481
The App Business	**8,378**	8,378
Spire Digital	**7,316**	–
	68,010	85,662

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

Acquisitions and reclassifications

The Hive and Pragma goodwill values were reclassified to Assets Held for Sale in the period. The Spire Digital goodwill arose on the acquisition of Spire Digital in November 2019. Further details can be found in note 8.

Assumptions

The recoverable amounts of the CGUs are determined using a value-in-use calculation. The key assumptions for the value-in-use calculations are those regarding discount rates, terminal growth rates and cash flow forecasts in the medium term. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The Group prepares cash flow forecasts derived from five-year forecasts. These include Board-approved two-year forecasts for the financial periods 2020 and 2021, and forecasts based on a nominal revenue growth rate of 2.0% for the financial periods 2022, 2023 and 2024. A terminal nominal growth rate of 2% (2019: 2%) has been used in the value-in-use calculation to derive the terminal value for each CGU. The terminal assumption was applied for all CGUs including Solstice.

The pre-tax discount rate used for all of the CGUs, other than Solstice and Spire Digital, was 11.9% (2019: 10.3%). The pre-tax discount rate used for Solstice and Spire Digital, US-based subsidiaries, was 14.1%. (2019: 13.0%).

18. Goodwill and other intangible assets continued

The key assumptions used in the value-in-use calculations and the sensitivities to short term revenue growth and pre-tax discount rate assumptions are detailed below.

	Value-in-use assumptions:		Sensitivity of value-in-use to changes in key assumptions:	
			Reduction in value-in-use arising from:	
	Pre-tax discount rate	Excess of value-in-use over carrying value (£'000)	a reduction of the growth in revenue of 5%	an increase in pre-tax discount rate to 15%
AmazeRealise	11.9%	3,253	4,366	8,626
Edit	11.9%	–	2,698	1,751
Hive	11.9%	10,448	4,066	11,376
Incite	11.9%	23,028	1,648	6,047
Pragma	11.9%	–	Not tested	Not tested
Solstice	14.1%	131,019	6,317	20,093
The App Business	11.9%	58,199	15,744	16,189
Spire Digital	14.1%	53,474	4,443	7,668

Impairment

The impairment test resulted in a charge of £17.5 million of the Edit goodwill, following the decision to streamline and refocus the business activities on areas of profitable growth around data science and transformational CRM services. This led to the exit of the SEO and digital PR activities based in Leeds and to exit other less profitable business activities in Bath, resulting in a material reduction of forecast revenue and profits.

Following a severe downturn in the demand for airport and retail-related commercial space planning services, and uncertainty about the future of demand for these services, the goodwill for Pragma was written down to £nil, resulting in an impairment charge of £0.9 million. which is classified under discontinued operations. The Pragma business was sold on 31 August.

Reasonably possible changes in key assumptions:

The table above shows the impact on the value-in-use of a reduction of 5% in the growth of revenue and, separately, of an increase in the pre-tax discount rate to 15% for UK CGUs and 17% for US CGUs. The table shows that a reasonably possible reduction in the revenue growth rate of 5% or an increase in the discount rate to 15% would result in an impairment of the AmazeRealise goodwill and a further impairment of the Edit goodwill.

Notes to the Consolidated Financial Statements continued

18. Goodwill and other intangible assets continued

Other intangible assets

	Computer software £'000	Customer relationships £'000	Proprietary techniques £'000	Trademarks £'000	Total £'000
Cost:					
At 3 August 2018	6,945	29,663	46,115	3,251	85,974
Additions	279	–	–	–	279
Reclassification – property, plant and equipment	341	–	–	–	341
Disposals	(2,168)	–	–	–	(2,168)
Foreign exchange	7	121	644	69	841
At 31 July 2019	5,404	29,784	46,759	3,320	85,267
Acquisitions	5	1,800	6,221	1,170	9,196
Additions	213	–	–	–	213
Disposals	(26)	–	–	–	(26)
Reclassified to assets held for sale	(92)	–	–	(522)	(614)
Foreign exchange	(7)	(129)	(701)	(73)	(910)
At 31 July 2020	**5,497**	**31,455**	**52,279**	**3,895**	**93,126**
Accumulated amortisation:					
At 3 August 2018	6,505	22,584	24,280	1,112	54,481
Charge for the period	239	2,878	3,379	327	6,823
Disposals	(2,032)	–	–	–	(2,032)
Foreign exchange	3	118	273	28	422
At 31 July 2019	4,715	25,580	27,932	1,467	59,694
Charge for the period	236	2,805	6,620	1,137	10,798
Impairment (Note 7)	–	–	522	1,306	1,828
Disposals	(26)	–	–	–	(26)
Reclassified to assets held for sale	(89)	–	–	(326)	(415)
Foreign exchange	(5)	(157)	(459)	(80)	(701)
At 31 July 2020	**4,831**	**28,228**	**34,615**	**3,504**	**71,178**
Net book value:					
At 31 July 2020	**666**	**3,227**	**17,664**	**391**	**21,948**
At 31 July 2019	689	4,204	18,827	1,853	25,573

The research and development costs incurred during the period were estimated at £1.0 million (2019: £1.0 million). All research and development costs were expensed in the current and prior period.

18. Goodwill and other intangible assets continued

Customer relationship assets include customer contracts, order backlogs and non-contractual customer relationships. Proprietary techniques include models, algorithms and processes that are used to generate revenue from customers. These assets are recorded at fair value at the date of acquisition and are amortised over their estimated useful lives. Material customer relationships and proprietary techniques are disclosed below.

	Remaining Amortisation Period (Months)	2020 £'000	2019 £'000
Customer relationships:			
AmazeRealise	20	**803**	1,285
Edit	13	**1,219**	2,343
Incite	–	**–**	576
Spire	16	**1,205**	–
		3,227	4,204

	Remaining Amortisation Period (Months)	2020 £'000	2019 £'000
Proprietary techniques:			
AmazeRealise	43	**3,140**	4,016
Pragma	26	**–**	763
Solstice	55	**4,639**	6,057
TAB	66	**6,762**	7,991
Spire	28	**3,123**	–
		17,664	18,827

Customer relationships and proprietary techniques related to Spire arose in the context of the acquisition of Spire Digital as detailed in note 12.

The proprietary techniques of Pragma were fully impaired in the year following a downturn in the demand for airport and retail-related commercial space planning services, resulting in a charge of £0.5 million. This charge has been included in discontinued operations as an Adjusting item.

19. Investment in joint arrangement

	£'000
Balance at 31 July 2019	**547**
Loan repayment	(113)
Dividends received	(190)
Share of results of joint arrangement	721
Foreign exchange	(85)
Balance at 31 July 2020	**880**

The Group holds a 50% interest in Loop Integration LLC ("Loop"), incorporated in Delaware, USA. The business is an e-commerce consultancy specialising in Hybris software integration. During the period, there was a repayment of a loan from the Group to Loop of £0.1 million and a distribution from Loop of £0.2 million.

Notes to the Consolidated Financial Statements continued

20. Other financial assets

Trade and other receivables	2020 £'000	2019 £'000
Amounts receivable for the sale of goods and services	**15,437**	25,881
Less: provision for impairment of trade receivables	**(1,793)**	(988)
Trade receivables	**13,644**	24,893
Accrued income	**10,205**	10,379
Other receivables	**246**	258
Prepayments and other assets	**4,070**	5,381
	28,165	40,911

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

Non-current assets	2020 £'000	2019 £'000
Other receivables	**–**	18

Cash and cash equivalents	2020 £000	2019 £000
Cash and cash equivalents	**24,408**	22,017

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate to their fair value.

21. Derivative financial instruments

Derivative financial assets	2020 £'000	2019 £'000
Forward foreign currency contracts	**48**	–

Derivative financial liabilities	2020 £000	2019 £000
Forward foreign currency contracts	**40**	158

All forward foreign currency contracts are designated and effective as hedging instruments.

22. Trade and other payables

	2020 £'000	2019 £'000
Trade payables	**5,649**	5,533
Accruals for goods and services	**6,747**	7,742
Other taxes, social security and employee related liabilities	**10,969**	11,030
Other payables	**1,145**	3,174
	24,510	27,479

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

23. Loans

	2020 £'000	2019 £'000
Loans		
Bank loans - revolving credit facility	**49,286**	60,416
US Government loans	**6,721**	–
Non-current liabilities	**56,007**	60,416

Bank loans – revolving credit facility

The Group has access to a multi-currency credit facility of £85.0 million, which is committed until 30 November 2022, of which up to £7.5 million can be drawn as an overdraft facility. Interest on loan drawdowns is charged at LIBOR plus a margin that varies between 1.75% and 2.00%, depending on the ratio of the Group's net debt to EBITDA excluding Adjusting Items. Interest on overdraft drawdowns is charged at an average rate of 1.65% over the UK base rate, and 2.25% over the US base rate, dependent on the currency of the loan.

As at 31 July 2020, the Group's outstanding loans within this facility were £49.3 million (2019: £60.4 million). The undrawn portion of this facility at 31 July 2020 was £35.7 million (2019: £24.6 million).

US Government loans

In May 2020, two of the Group's US subsidiaries drew on $8.8 million of unsecured loans from the US federal government under the Paycheck Protection Program, provided as part of the US CARES Act. These loans are repayable in May 2022 and bear interest at 1% per annum, but may be partially forgiven under certain circumstances, provided they are applied to fund payroll costs and used to retain staff. The Group is eligible for forgiveness of $6.2 million of these loans under the program rules, and has submitted an application for forgiveness. It expects to receive confirmation of forgiveness in the course of the 2021 financial year. The balance of the unforgiven loan will be repaid on maturity in May 2022.

The directors consider that the carrying amount of the loans approximates to their fair value.

24. Deferred income

	2020 £'000	2019 £'000
Deferred income	**7,565**	5,195

There were no significant changes in the deferred income balances during the reporting period. All the brought forward deferred income was recognised as revenue in the current reporting period and deferred income carried forward is expected to be recognised as revenue in the next 12 months. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

Notes to the Consolidated Financial Statements continued

25. Provisions

	Provision for repairs £'000	Provision for reorganisation £'000	Total £'000
Balance at 3 August 2018	1,478	1,290	2,768
Charged to the Consolidated Income Statement	908	282	1,190
Utilised during the period	(73)	(482)	(555)
Release	(146)	–	(146)
Balance at 31 July 2019	**2,167**	**1,090**	**3,257**
Charged to the Consolidated Income Statement	491	1,402	1,893
Utilised during the period	(627)	(570)	(1,197)
Release	(833)	(475)	(1,308)
Reclassified to liabilities held for sale	(118)	–	(118)
Currency	–	(18)	(18)
Balance at 31 July 2020	**1,080**	**1,429**	**2,509**
Current	393	748	1,141
Non-current	687	681	1,368
	1,080	**1,429**	**2,509**

Provision for repairs

Where the Group is committed under the terms of a lease to make repairs to leasehold premises, a provision for repairs is made for these estimated costs over the period of the lease. It is anticipated that these liabilities will crystallise between 2021 and 2025.

Provision for reorganisation

The provision for reorganisation comprises redundancy payments, onerous property and other costs.

26. Other non current liabilities

Other non-current liabilities in the prior year of £2.2 million primarily relate to lease incentive accruals.

27. Deferred tax

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 19% for UK operations (2019: 17%) and 28.51% for US operations (2019:28.51%).

Deferred tax assets and liabilities are classified in the balance sheet as follows:

	2020 £'000	2019 £'000
Deferred tax assets	**(2,477)**	(2,528)
Deferred tax liabilities	**2,496**	3,845
	19	1,317

The net movement in the deferred tax assets and deferred tax liabilities is as follows:

	2020 £'000	2019 £'000
At the beginning of the period 1 August 2019/4 August 2018	**1,317**	3,054
Acquisitions	**1,793**	–
Reclassified to liabilities relating to assets held for sale	**45**	–
Credit to the Consolidated Income Statement (note 11)	**(2,314)**	(2,889)
Items taken to Other Comprehensive Income	**(917)**	1,599
Items taken directly to equity	**(75)**	(75)
Foreign exchange	**170**	(372)
At the end of the period 31 July	**19**	1,317

Notes to the Consolidated Financial Statements continued

27. Deferred tax continued

The individual movements in deferred tax liabilities/(assets) are as follows:

	Accelerated tax depreciation £'000	Retirement benefits obligations £'000	Rolled over capital gains £'000	Short-term timing differences £'000	Share options £'000	Acquired intangible assets £'000	Total £'000
Balance at 3 August 2018	**767**	**316**	**69**	**(1,146)**	**(179)**	**3,227**	**3,054**
(Credit)/charge to the Consolidated Income Statement	(138)	(782)	–	(767)	113	(1,315)	(2,889)
Items taken directly to Other Comprehensive Income	–	1,599	–	–	–	–	1,599
Items taken directly to equity	–	–	–	–	(75)	–	(75)
Foreign exchange	(56)	–	–	–	–	(316)	(372)
Balance at 31 July 2019	**573**	**1,133**	**69**	**(1,913)**	**(141)**	**1,596**	**1,317**
Acquisitions	–	–	–	–	–	1,793	1,793
(Credit)/charge to the Consolidated Income Statement	(1,662)	(603)	8	1,709	214	(1,979)	(2,314)
Items taken directly to Other Comprehensive Income	(103)	(814)	–	–	–	–	(917)
Items taken directly to equity	–	–	–	–	(75)	–	(75)
Reclassified to liabilities relating to assets held for sale	41	4	–	–	–	–	45
Foreign exchange	86	–	–	–	–	84	170
Balance at 31 July 2020	**(1,066)**	**(280)**	**77**	**(204)**	**(2)**	**1,494**	**19**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Unrecognised gross tax losses, all of which have an unlimited life, are as follows:

	2020 £'000	2019 £'000
Unrecognised trading losses	**820**	829
Unrecognised capital losses	**15,567**	15,567
	16,387	16,396

At the period end, the amount of future tax deductible charges in relation to goodwill amortisation in respect of which no deferred tax assets have been recognised is £42.5 million.

28. Retirement benefits

Defined contribution schemes

The Group operates defined contribution schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees. Payments to the schemes are expensed to the Consolidated Income Statement as they fall due. The total expense recognised in the Consolidated Income Statement for continuing operations of £1.8 million (2019: £2.3 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. At 31 July 2020, contributions of £0.9 million (2019: £0.1 million) due in respect of the 2020 reporting period had not been paid over to the schemes. The amounts were paid over subsequent to the balance sheet date, within the requisite time limits.

St Ives Defined Benefits Pension Scheme

The Group operates the St Ives Defined Benefits Pension Scheme ("the Scheme") with assets held in separate trustee administered funds. Pension benefits are linked to a member's final salary at retirement and their length of service. The Scheme was closed to new entrants from 6 April 2002, and closed to future benefit accruals with effect from 31 August 2008.

The Scheme is a registered scheme under UK legislation and is contracted out of the State Second Pension. The Scheme has one current participating employer, Kin and Carta plc.

The Scheme was established from 30 September 1988 under trust and is governed by the Scheme's trust deed and rules dated 23 April 1991 and subsequent amendments. The directors of St Ives Pension Scheme Trustees Limited ("the Trustees") are responsible for the operation and the governance of the Scheme, including making decisions regarding the defined benefits pension scheme's funding and investment strategy in conjunction with the Company.

The most recent actuarial valuation completed by the scheme had an effective date of 6 April 2019 prepared by XPS Pensions Limited. The Scheme's liability at 31 July 2020 has been estimated by updating the preliminary results as at 6 April 2019 by allowing for the passage of time, the expected benefits paid from the scheme and the change in assumptions. The bid value of the scheme's assets as at 31 July 2020 has been provided by River and Mercantile Solutions.

The present value of the defined benefits obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations are as follows:

	2020 per annum	2019 per annum
Discount rate	**1.40%**	2.15%
Expected rate of inflation	**2.80%**	3.15%
Expected rate of salary increases	**nil**	nil
Future pension increases	**2.75%**	3.05%

Assumed life expectancies for retirement at age of 65 are as follows:

	2020		2019	
	Male	**Female**	Male	Female
Members retiring immediately	**21.1**	**23.0**	20.9	22.9
Members retiring in 20 years time	**22.4**	**24.6**	22.3	24.4

Notes to the Consolidated Financial Statements continued

28. Retirement benefits continued

The amount recognised in the Consolidated Balance Sheet in respect of the Scheme is as follows:

	2020 £'000	2019 £'000
Present value of funded obligations	**395,547**	379,227
Fair value of scheme assets	**396,628**	385,892
Retirement benefits surplus	**1,081**	6,665

Amounts recognised in the Consolidated Income Statement in respect of the Scheme as Adjusting Items are as follows:

	2020 £'000	2019 £'000
Scheme administrative costs (note 7)	**624**	502
Interest costs on defined benefit pension scheme obligations (note 9)	**7,992**	9,358
Investment income on defined benefit pension scheme assets (note 9)	**(8,153)**	(9,388)
Service cost - past service cost (GMP equalisation uplift) (note 7)	**–**	4,126
	463	4,598

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the Scheme are as follows:

	2020 £'000	2019 £'000
Net measurement – losses – financial	**(26,850)**	(40,961)
Net measurement – gains – experience	**4,912**	3,034
Net measurement – (losses)/gains – demographic	**(1,497)**	9,591
Return on assets, in excess of interest income recorded in the Consolidated Income Statement	**16,077**	34,542
	(7,358)	6,206

Changes in the present value of the Scheme obligations are as follows:

	2020 £'000	2019 £'000
Opening defined benefits obligation	**379,227**	351,591
Interest cost	**7,992**	9,358
Net measurement – losses – financial	**26,850**	40,961
Net measurement – losses/(gains) – demographic	**1,497**	(9,591)
Net measurement – gains – experience	**(4,912)**	(3,034)
Benefits paid	**(15,107)**	(14,184)
Past service cost - GMP equalisation uplift	**–**	4,126
Closing defined benefits obligation	**395,547**	379,227

The Group has an unconditional right to a refund of any surplus at the end of the Scheme's duration.

28. Retirement benefits continued

Changes in the fair value of the Scheme assets are as follows:

	2020 £000	2019 £000
Opening fair value of scheme assets	**385,892**	353,449
Interest income on scheme assets	**8,153**	9,388
Return on assets, in excess of interest income, recorded in the Consolidated Statement of Comprehensive Income	**16,077**	34,542
Contributions by employer	**2,237**	3,199
Benefits paid	**(15,107)**	(14,184)
Scheme administrative cost	**(624)**	(502)
Closing fair value of scheme assets	**396,628**	385,892

The fair value of the Scheme assets at the balance sheet date is analysed as follows:

	Value at 31 July 2020 £'000	Value at 31 July 2019 £'000
Equity instruments	**172,903**	208,320
Bonds	**138,873**	161,047
Other	**84,852**	16,525
	396,628	385,892

The Scheme's assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by the Group. Included within the scheme assets noted above are £128.0m (2020: £148.2m) relating to pooled investment vehicles under a fiduciary management arrangement.

The Scheme exposes the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk and longevity risk. The defined benefits pension scheme does not expose the Group to any unusual scheme-specific or company-specific risk.

Investment risk: the Scheme holds some of its investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the best returns over the long term, any short term volatility could cause additional funding to be required. Derivative contracts are used from time to time which would limit losses in the event of a fall in equity markets.

Interest rate risk: the Scheme's liabilities are assessed using market rates of interest to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest. The net interest income or expense recognised as an Adjusting Item in the Consolidated Income Statement is also calculated using the market rate of interest. The Scheme's swap investments are expected to provide a degree of protection from any movement in the market rate of interest.

Inflation risk: a significant proportion of the benefits under the Scheme are linked to inflation. Although the Scheme's assets are expected to provide a hedge against inflation over the long term, rising inflation over the short term could lead to an increase in the deficit. The Scheme's swap investments are expected to provide a degree of protection from any short-term inflationary movements.

Longevity risk: in the event that members live longer than assumed, the liabilities may be understated, and thus increasing any deficit.

Notes to the Consolidated Financial Statements continued

28. Retirement benefits continued

A sensitivity analysis of the principal assumptions used to measure the defined benefits pension obligation as at 31 July 2020 is analysed as follows. Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below. Assumption changes in the opposite direction would reduce liabilities by a similar magnitude.

	Change in assumption	Change £'000	31 July 2020 £'000
Discount rate	Reduce by 0.25%	15,822	**411,369**
Rate of Inflation (RPI)	Increase by 0.25%	13,273	**408,820**
Assumed life expectancy at age 65	Increase by 1 year	20,703	**416,250**

The Scheme's investment strategy is to invest broadly 65% in return-seeking assets and 35% in matching assets (mainly government bonds). The strategy reflects the Scheme's liability profile and the Trustees' and Group's attitude to risk.

The last funding valuation of the Scheme was as at 6 April 2019 and revealed a funding deficit of £28.4 million. The Company has agreed to pay the following contributions to eliminate the deficit:

FY21 - £1 million plus 15% of free cash flow adjusted for pension items

FY22 - £2 million plus 7.5% of free cash flow adjusted for pension items

FY23 - £2.7 million

FY24 to FY26 - £3.6 million per annum, adjusted downwards for the level of any contingent contributions paid in FY21 and FY22

FY27 - £1.4 million

It is estimated that these payments will eliminate the shortfall by February 2027. The Company has also agreed to pay £400,000 per year towards the cost of running the Scheme.

The liabilities of the Scheme are based on the current value of expected benefit payment cash flows to members of the Scheme over the next 75 years. The average duration of the liabilities is approximately 18 years.

The Scheme has one current participating employer: Kin and Carta plc. Kin and Carta plc is responsible for paying all contributions to the Scheme. Kin and Carta plc has an unconditional right to a refund of any surplus in the defined benefits pension scheme at the end of the Scheme's duration. Kin and Carta plc is also liable for all the liabilities on wind-up or withdrawal from the Scheme in accordance with the Scheme's trust deed and rules.

29. Financial instruments

The financial instruments by category and maturity profile are as follows:

Financial instrument category	Note	Amortised cost £'000	Fair value through profit and loss £'000	Maturity profile
Trade and other receivables	20	28,165	–	Less than 12 months
Cash and cash equivalents	20	24,408	–	Less than 12 months
Trade and other payables	22	24,510	–	Less than 12 months
Derivative financial instruments – assets	21	–	47	Less than 12 months
Derivative financial instruments – liabilities	21	–	40	Less than 12 months
Deferred consideration payable	12	–	3,901	More than 12 months
US Government Loans	23	6,721	–	More than 12 months
Bank borrowings	23	49,286	–	Less than 12 months

The maturity profile is based on the remaining period between the balance sheet date and the contractual maturity date of the Group's financial assets/ liabilities at 31 July 2020, based on contractual undiscounted receipts/ payments:

30. Financial risk management

The Group's Treasury function is responsible for managing the Group's exposure to financial risk and operates within a defined set of policies and procedures reviewed and approved by the Board.

These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments for speculative purposes.

At the 2020 period end, the Group's borrowings consisted of loan drawdowns under the Group's revolving multi-currency credit facility as well as US Government loans. As at 31 July 2020, all of the Group's borrowings were set to mature within one to four months. The loan drawdowns are interest bearing and are recorded on an undiscounted basis. Under the terms of the facility, the Group has the right to renew these borrowings until the expiration of the facility.

Interest rate risk

The Group carries a cash flow risk where there are changes in the interest rate levied on the Group's borrowings as currently interest on the Group's borrowings is at floating rates. The Group finances its operations through a mixture of retained earnings and bank borrowings. Group policy is to constantly review the exposure risk to interest rate fluctuations in relation to the risk as a proportion of Group earnings and, wherever possible, with matching short-term deposits of surplus funds. The Group is not subject to fair value interest rate risk as the majority of debt is at floating rates.

Notes to the Consolidated Financial Statements continued

30. Financial risk management continued

Interest rate management

An analysis of financial assets and liabilities exposed to interest rate risk by currency is set out below:

Financial assets subject to interest rate risk

	2020 £'000	2019 £'000
US Dollar	**18,108**	14,796
Sterling	**5,797**	5,912
Euro	**331**	984
Argentine Peso	**172**	236
Singapore Dollar	**–**	67
Chinese Yuan	**–**	22
	24,408	22,017

The Group's financial assets comprise cash and cash equivalents, all of which attract interest at the relevant base rate.

Financial liabilities subject to interest rate risk

	2020 £'000	2019 £'000
Sterling bank loans	**15,000**	40,000
US Dollar bank loans	**34,286**	20,416
	49,286	60,416

The Group's bank liabilities comprise loan borrowings, which bear interest at floating rates based upon Sterling and US Dollar LIBOR, and overdraft borrowings, which bear interest at floating rates based upon UK bank base rate.

The Group's finance lease liabilities and US government loans are not subject to interest rate risk.

Interest rate sensitivity analysis

The analysis shows the additional charge to the Consolidated Income Statement assuming that the amount of the liability outstanding at the balance sheet date was outstanding for the entire period.

	2020 £'000	2019 £'000
100% movement in Sterling LIBOR	**45**	465
100% movement in US Dollar LIBOR	**104**	692

The changes would not have impacted other equity reserves as all interest bearing financial assets and liabilities are subject to floating interest rates and their fair values do not fluctuate with changes in interest rates.

30. Financial risk management continued

Foreign exchange risk

From time to time, the Group enters into contracts to supply material services to customers trading in the following regions:

Europe at prices denominated in Euros

USA at prices denominated in US Dollars

Singapore at prices denominated in Singapore Dollars

Canada at prices denominated in CAD Dollars.

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to cover specific foreign currency payments and receipts and to manage the risk associated with anticipated sale and purchase transactions. Forward foreign exchange contracts have been used to hedge the exchange rate risk arising from these commitments, which are designated as cash flow hedges. As at 31 July 2020, the aggregate amount of unrealised loss under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on trade receivables and anticipated sale transactions amounted to £52,000. It is anticipated that the sales receipts will occur in the 12 months following the balance sheet date.

The following table details the forward currency contracts outstanding at the period end:

	Average exchange rate Sterling : foreign currency	Foreign currency £'000	Contract value £'000	Notional value £'000
Sell US dollars (up to 12 months)	1.25	1,340	1,070	1,021
Sell Euros (up to 12 months)	1.18	800	679	721

Exchange rate sensitivity analysis

As at 31 July 2020, $40 million were drawn in US dollars on the revolving credit facility and $8.8 million were drawn on US government loans.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Balance Sheet are net of provision for impairment of trade receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group's credit risk is relatively low as the Group maintains credit insurance for all of its UK and US operations up to a maximum aggregate claim in any one year of £8.5 million. In addition, its UK subsidiaries' sales are principally with a large number of counterparties and customers in the UK, and are denominated in Sterling.

Before accepting any new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly.

Included in the Group's trade receivables balance are debtors with a carrying amount of £3.8 million (2019: £4.4 million), which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements continued

30. Financial risk management continued

Ageing of impaired receivables

	2020 £'000	2019 £'000
Between 0 and 59 days	**170**	65
Between 60 and 89 days	**167**	312
Between 90 and 119 days	**240**	535
120 days and above	**454**	76
	1,031	988

Movement in provision for impairment of trade receivables

	2020 £'000	2019 £'000
Balance at the beginning of the period	**988**	1,456
Impairment losses recognised	**190**	193
Impairment losses reversed	**(147)**	(661)
Balance at the end of the period	**1,031**	988

Consideration of expected credit losses

In determining the recoverability of a trade receivable, the Group considers any change in the quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated, and being covered by credit insurance arrangements. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for impairment of trade receivables already recognised.

Liquidity risk

The Group's policy is to maintain flexibility with respect to its liquidity position, by utilising short-term cash deposits and, where necessary, short-term bank borrowings for working capital and longer-term borrowings for capital expenditure requirements. The Group has access to a revolving credit facility of £85.0 million. Up to £7.5 million of this facility can be drawn as an overdraft facility. The facility agreement will expire on 30 November 2022. The contractual maturities of drawn down borrowings, as well as undrawn facilities, are detailed in note 23.

Capital risk management

The Group manages its capital to ensure that entities in the Group will each be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. Additional equity of £13.1 million net of costs was raised in the period to fund the initial consideration for Spire Digital. The board have reviewed and discussed the Group's funding requirements and concluded that the group is well served by its current funding arrangements and do not see any need to adjust the Group's capital in order to meet its objectives.

Interest on loan drawdowns is charged at LIBOR plus a margin, which varies between 1.75% and 2.00%, depending on the ratio of the Group's net debt to EBITDA excluding Adjusting Items. Interest on overdraft drawdowns is charged at an average rate of 1.65% over the UK base rate and 2.25% over the US base rate dependent on the currency of the loan.

30. Financial risk management continued

The Group is subject to covenants on its borrowings (further discussed in the financial review on page 46), which could be considered an externally imposed capital requirement. The Board continually monitor the Group's performance against its banking covenants and undertake monthly reviews of working capital, cash forecasts, and headroom on banking covenants. At the period end, the Group's leverage ratio for bank covenant purposes was 1.4 times (2019: 1.7 times) against a maximum limit of 4 times, and interest cover was 6 times (2019: 9 times) against a minimum of 4 times. The Group has fully complied with the requirements of these covenants during the period under review and expects to continue to do so.

31. Share capital

	Number of shares	Ordinary shares of 10p each £'000
Issued and fully paid:		
At 31 July 2019	153,426,476	15,343
Issued during the period	15,333,582	1,533
At 31 July 2020	**168,760,058**	**16,876**

All authorised and issued share capital is represented by equity shareholdings. The number of authorised and issued Kin and Carta plc ordinary shares as at 4 November 2020 was 168,760,058.

32. Additional paid-in capital

	Share premium £'000	Merger Reserve £'000	Capital redemption reserve £'000	Total £'000
Balance at 3 August 2018	60,237	9,062	1,238	70,537
Transfer of contingent consideration deemed as remuneration	–	128	–	128
Balance at 31 July 2019	60,237	9,190	1,238	70,665
Shares issued during the period	11,651	–	–	11,651
Balance at 31 July 2020	**71,888**	**9,190**	**1,238**	**82,316**

The additional paid in capital includes share premium, the capital redemption reserve and the merger reserve. The capital redemption reserve represents the buyback of the Kin and Carta plc ordinary shares in prior periods. The merger reserve was derived from acquisitions made in prior periods.

33. Other reserves

Other reserves in the Consolidated Statement of Changes in Equity is made up of additional paid in capital as detailed in note 32 above along with the following:

ESOP reserve representing Kin and Carta plc ordinary shares held in the Group's Employee Benefit Trust.

A portfolio of treasury shares consisting of 90,637 Kin and Carta plc ordinary shares held by the Company as at 31 July 2020 (2019: 90,637 Kin and Carta plc ordinary shares).

Share option reserve representing the cumulative charge related to the options granted to Group's employees over Kin and Carta plc ordinary shares.

Hedging and translation reserve which includes amounts relating to foreign translation differences arising on the retranslation of reserves due to the Group's presentation in Sterling.

Notes to the Consolidated Financial Statements continued

34. Notes to the consolidated cash flow statement

Reconciliation of cash generated from operations

	2020 £'000	2019 £'000
Operating (loss)/profit from continuing operations	**(30,716)**	4,593
Operating loss from discontinued operations	**(328)**	(328)
Adjustments for:		
Depreciation of property, plant and equipment	**5,995**	2,648
Share of profit from joint arrangement	**(721)**	(169)
Disbursement from joint arrangement	**303**	–
Impairment losses related to continuing operations	**21,325**	159
Impairment losses related to discontinued operations	**1,465**	–
Amortisation of intangible assets	**10,789**	6,823
Profit on disposal of property, plant and equipment	**92**	(1,766)
Share-based payment charge/(credit)	**272**	(650)
Non-cash reductions in lease liabilities	**(758)**	–
Settlement of share-based payment	**–**	172
(Decrease)/increase in defined benefits pension scheme obligations	**(1,614)**	1,429
Charge for contingent consideration required to be treated as remuneration	**6,186**	2,375
(Decrease)/increase in provisions	**(628)**	491
Operating cash inflows before movements in working capital	**11,662**	15,777
Decrease/(increase) in receivables	**11,003**	(181)
Decrease in payables	**(2,189)**	(6,856)
Increase in deferred income	**2,374**	249
Cash generated from operations	**22,850**	8,989

Analysis of financing liabilities

	1 August 2019 £'000	Draw down £'000	Repayment £'000	Foreign exchange gains £'000	**31 July 2020 £'000**
Bank loans – Revolving credit facility	60,416	–	(9,615)	(1,515)	**49,286**
US Government Loans	–	7,135	–	(414)	**6,721**
Bank loans - non-current	**60,416**	**7,135**	**(9,615)**	**(1,929)**	**56,007**

Cash and cash equivalents (which are presented as a single class of assets on the face of the Consolidated Balance Sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

The effective interest rates on cash and cash equivalents are based on current market rates.

35. Share-based payments

The Company operates a number of share-based payment schemes for certain employees of the Group.

Long term Incentive Plan 2010 ("LTIP")

Executive directors and certain members of senior management have been granted nil-cost share options under the Company's LTIP. Details of the LTIP are included on pages 120 and 123 of the Directors' Remuneration Report.

	2020 '000	2019 '000
Number of options		
Outstanding at the beginning of the period	**3,724**	4,364
Granted during the period	**2,977**	2,266
Lapsed during the period	**(845)**	(2,906)
Outstanding at the end of the period	**5,856**	3,724
Exercisable at the end of the period	**–**	–
Estimated % of options vesting over next three years	**63%**	83%

The fair value of the options granted in the current period under the LTIP scheme were measured using a Black-Scholes options pricing model. The inputs to the model are:

	LTIP
Weighted average mid-market share price (pence)	1.01
Weighted average exercise price	£nil
Expected life	3 years
Expected volatility	29.17%
Risk free rate	2.00%
Dividend yield	4.00%
Weighted average fair value of the options (pence)	0.89

Save As You Earn Share Option Plan ("Sharesave Plan")

The Company has granted share options to eligible employees under an HMRC-approved all-employee Sharesave Plan. Details of the plan are included on pages 130 to 152 of the Directors' Remuneration Report.

Notes to the Consolidated Financial Statements continued

35. Share-based payments continued

A reconciliation of the movement in the share options is shown below:

	Number of options		Weighted average exercise price	
	2020 '000	2019 '000	**2020**	2019
Outstanding at the beginning of the period	**651**	919	**0.94**	0.94
Granted during the period	**–**	454	**–**	0.83
Lapsed during the period	**(198)**	(722)	**1.18**	1.18
Outstanding at the end of the period	**453**	651	**0.83**	0.94
Exercisable at the end of the period	**–**	–	**–**	–
Estimated % of options vesting in the future years	**100%**	100%		

The Group recognised a charge of £0.3 million (2019: charge of £0.7 million) relating to equity-settled share-based payments other than in the context of acquisitions. The exercise price of options outstanding at 31 July 2020 ranges between £nil and £0.83.

Share-based contingent consideration required to be treated as remuneration

The Group recognised a charge for share-based payment of £0.6 million (2019: £0.7 million) relating to contingent consideration for acquisitions made in the current period, which is recorded as part of deemed remuneration in Adjusting Items (note 7)

36. Hedging and translation reserves

Hedging reserve and translation reserve

The reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges and the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being Sterling.

Gains and losses transferred from the hedging and translation reserves into Consolidated Income Statement during the period are included in the following line items in the Consolidated Income Statement:

	2020 £'000	2019 £'000
Revenue	**(52)**	(201)

37. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. No material related party transactions have been entered into during the period, which might reasonably affect the decisions made by the users of these financial statements.

No executive officers of the Company or their associates had transactions with the Group during the period.

The Group earned revenue of £nil million (2019: £0.5 million) from Loop Integration LLC and the Group incurred £0.6 million charges (2019: £6,000) for services received. The Group also received a dividend of £0.2 million (2019: £nil) and a loan of £0.1 million was repaid in the period (2019: £nil). At the reporting date, the Group owed Loop Integration LLC £0.4 million (2019: £nil), Loop Integration LLC owed the Group £0.1 million (2019: £0.1 million) for services rendered and £nil (2019: £0.1 million) in respect of a loan.

Aggregate directors' remuneration

The Group considers the directors of Kin and Carta plc to be the key management personnel whose remuneration is disclosed in the Remuneration Report on page 138.

38. List of undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation, the registered office address and the percentage of equity owned is disclosed below, as at 31 July 2020.

Subsidiaries

Unless otherwise stated the subsidiary undertakings below are wholly owned and the share capital disclosed comprises ordinary shares (or the local equivalent thereof), which are directly or indirectly held by Kin and Carta plc. These undertakings were controlled by the Group on 31 July 2020, and their results are fully consolidated into the Group's financial statements.

As of 31 July 2020, the trading subsidiaries were as follows:

Principal subsidiaries	Note	Place of incorporation	Nature of business
Edit Agency Limited	a	England and Wales	Digital Transformation
Incite Marketing Planning Limited	a	England and Wales	Digital Transformation
Incite Marketing Planning Singapore Pte. Ltd.	b	Singapore	Digital Transformation
Incite New York LLC	c, k	United States of America	Digital Transformation
Kin and Carta Advise Europe Limited	a, q	England and Wales	Digital Transformation
Kin and Carta Connect Europe Limited	d, r	Scotland	Digital Transformation
Kin and Carta Create Europe Limited	a, s	England and Wales	Digital Transformation
Kin and Carta Partnerships Limited	a, t	England and Wales	Digital Transformation
Kin and Carta Partnerships LLC	e, k	United States of America	Digital Transformation
Occam DM Limited	a, l	England and Wales	Digital Transformation
Pollen Health Limited	a	England and Wales	Digital Transformation
Pragma Consulting Limited	a, y	England and Wales	Digital Transformation
Relish Agency Limited	a	England and Wales	Digital Transformation
Solstice Consulting LLC	f, k	United States of America	Digital Transformation
Solstice Mobile Argentina Srl	g	Argentina	Digital Transformation
SpireMedia, Inc. (d/b/a Spire Digital)	h, m	United States of America	Digital Transformation
The Health Hive Limited	a	England and Wales	Digital Transformation

Notes to the Consolidated Financial Statements continued

38. List of undertakings continued

As of 31 July 2020, the other subsidiaries were as follows:

Other subsidiaries	Note	Place of incorporation
Amaze Limited	a	England and Wales
Amaze (Europe) Limited	a	England and Wales
Amaze Communication Services Limited	a	England and Wales
Amaze (Holdings) Limited	a	England and Wales
Amaze Communication Services (Holdings) Limited	a	England and Wales
Amaze Technology Limited	a	England and Wales
Branded3 Search Limited	a, n	England and Wales
Fripp, Sandeman and Partners Limited	a	England and Wales
Kin and Carta Advisory LLC	c, k	United States of America
Kin and Carta Belgium SPRL	i	Belgium
Kin and Carta Former HoldCo Limited	a, u	England and Wales
Kin and Carta Group Limited	a, v	England and Wales
Kin and Carta Illinois LLC	e, k	United States of America
Kin and Carta Investments Limited	a, w	England and Wales
Kin and Carta Marketing Services (Singapore) Pte. Ltd.	b, x	Singapore
Kin and Carta Marketing Services (Delaware) LLC	c, k	United States of America
Okana Systems Limited	a, o	England and Wales
Pollen Health (US) LLC	c, k	United States of America
Realise Holdings Limited	d	Scotland
Response One Holdings Limited	a, p	England and Wales
Solstice Consulting Argentina LLC	j, k	United States of America
Solstice Consulting Latin America LLC	j, k	United States of America
The Health Hive (US) LLC	c, k	United States of America
The Health Hive Group Limited	a	England and Wales

Non-trading subsidiaries	Note	Place of incorporation
eBee Limited	a	England and Wales
Kin and Carta Advise Legacy Limited	a	England and Wales
Kin and Carta Connect Legacy Limited	a	England and Wales
Kin and Carta Create Legacy Limited	a	England and Wales
SouthWest Mailing Limited	a	England and Wales
St Ives Blackburn Limited	a	England and Wales
St Ives Burnley Limited	a	England and Wales
St Ives Direct Edenbridge Limited	a	England and Wales
St Ives Direct Leeds Limited	a	England and Wales
St Ives Financial Limited	a	England and Wales
St Ives Pension Scheme Trustees Limited	a	England and Wales
St Ives Westerham Press Limited	a	England and Wales

38. List of undertakings continued

Other related undertaking

The related undertaking below is recognised using the equity method of accounting and the membership interest disclosed is held by a subsidiary of the Group.

Other related undertaking	Note	Percentage
Loop Integration LLC	c, k	50

e. Registered office: One Tudor Street, London EC4Y 0AH, United Kingdom.
f. Registered office: 38 Beach Road, #29-11 South Beach Tower, 189767, Singapore
g. Registered office: 200 Bellevue Parkway, Suite 210, Wilmington, Delaware 19809, United States
h. Registered office: Quay House, 142 Commercial Street, Edinburgh EH6 6LB, United Kingdom
i. Registered office: 100 N. LaSalle, Suite 500, Chicago, Illinois 60602-3554, United States
j. Registered office: 208 South LaSalle Street, Suite 814, Chicago, Illinois 60604, United States
k. Registered office: Solstice Argentina, Aguirre 1169, Ciudad Autonoma de Buenos Aires, Argentina
l. Registered office: 400 S. Colorado Blvd., Suite 600, Denver, Colorado 80246-1239, United States
m. Registered office: 1000 Bruxelles, Avenue du Port 86C, Boîte 204, Belgium
n. Registered office: 160 Greentree Drive, Suite 101, Dover, Delaware 19904, United States
o. Membership interest
p. Ordinary, A Preferred Ordinary, B Ordinary, C Ordinary, D Ordinary, Deferred Ordinary
q. Class A Common Stock
r. Ordinary, A Ordinary, B Ordinary
s. Ordinary and A Ordinary
t. A Ordinary, B Ordinary
u. On 29 July 2020, Kin and Carta Advisory Limited changed its name to Kin and Carta Advise Europe Limited
v. On 21 July 2020, Realise Limited changed its name to Kin and Carta Connect Europe Limited
w. On 29 July 2020, The App Business Limited changed its name to Kin and Carta Create Europe Limited
x. On 19 August 2019, My Bench Limited changed its name to Kin and Carta Partnerships Limited
y. On 1 September 2020, Pragma Holdings Limited changed its name to Kin and Carta Former HoldCo Limited
z. On 7 February 2020, Kin and Carta Marketing Services Limited changed its name to Kin and Carta Group Limited
aa. On 7 February 2020, Kin and Carta Holdings Limited changed its name to Kin and Carta Investments Limited
ab. On 30 December 2019, St Ives Marketing Services (Singapore) Pte. Ltd. changed its name to Kin and Carta Marketing Services (Singapore) Pte. Ltd.
ac. On 31 August 2020, the entire issued share capital of Pragma Consulting Limited was sold to a third party

Company Balance Sheet

No. 01552113

Registered in England and Wales

	Note	31 July 2020 £'000	31 July 2019 £'000
Fixed assets			
Intangible assets	6	**541**	458
Tangible assets	5	**167**	467
Investment property	7	**4,857**	5,106
Investments	8	**209,168**	211,348
Retirement benefit surplus	14	**1,083**	6,665
		215,816	224,044
Current assets			
Debtors	10	**11,070**	4,736
Cash at bank and in hand		**26**	1,559
Assets held for sale	9	**9,791**	–
		20,887	6,295
Creditors: Amounts falling due within one year			
Bank loans and overdrafts	12	**(11,358)**	–
Trade and other creditors	12	**(16,756)**	(15,979)
Finance Lease payable	12	**(71)**	–
Derivative financial instruments	11	**(40)**	(136)
Net current liabilities		**(7,338)**	(9,820)
Total assets less current liabilities		**208,478**	214,224
Creditors: Amounts falling due after more than one year			
Bank loans and overdrafts	13	**(49,286)**	(60,416)
Provisions for liabilities	15	**(234)**	(1,605)
Deferred taxation	12	**(245)**	(1,347)
Net assets		**158,713**	150,856
Capital and reserves			
Called up share capital	16	**16,876**	15,343
Share premium account	16	**71,888**	60,237
Other reserves	17	**11,919**	11,048
Profit and loss account		**58,030**	64,228
Total equity		**158,713**	150,856

The profit for the financial year for the Company was £1.5 million (2019: £0.6 million).

These financial statements were approved by the board of directors on 5 November 2020 and signed on its behalf by

J Schwan
Chief Executive Officer

Chris Kutsor
Chief Financial Officer

Company Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Capital redemption reserve £'000	ESOP reserve £'000	Treasury shares £'000	Share option reserve £'000	Profit and loss account £'000	Total £'000
Balance at 4 August 2018	**15,343**	**60,237**	**9,062**	**1,238**	**–**	**(163)**	**7,150**	**53,509**	**146,376**
Profit for the period	–	–	–	–	–	–	–	577	**577**
Other comprehensive income:									
Actuarial gain on defined benefits pension scheme	–	–	–	–	–	–	–	6,206	**6,206**
Tax charge on items taken directly to equity	–	–	–	–	–	–	–	(991)	**(991)**
Total comprehensive income	–	–	–	–	–	–	–	5,792	**5,792**
Dividends	–	–	–	–	–	–	–	(2,990)	(2,990)
Purchase of own shares	–	–	–	–	(185)	–	–	–	**(185)**
Recognition of share-based contingent consideration deemed as remuneration	–	–	–	–	–	–	1,669	–	**1,669**
Transfer of share-based contingent consideration deemed as remuneration	–	–	128	–	–	–	(7,440)	7,909	**597**
Settlement of share-based payments	–	–	–	–	164	–	(650)	8	**(478)**
Tax on share-based payments	–	–	–	–	–	–	75	–	**75**
Balance at 31 July 2019	**15,343**	**60,237**	**9,190**	**1,238**	**(21)**	**(163)**	**804**	**64,228**	**150,856**
Implementation of IFRS16	–	–	–	–	–	–	–	(204)	**(204)**
Balance at 1 August 2019 restated	**15,343**	**60,237**	**9,190**	**1,238**	**(21)**	**(163)**	**804**	**64,024**	**150,652**
Profit for the year	–	–	–	–	–	–	–	1,499	**1,499**
Other comprehensive expense:									
Actuarial loss on defined benefits pension scheme	–	–	–	–	–	–	–	(7,359)	**(7,359)**
Tax charge on items taken directly to equity	–	–	–	–	–	–	–	1,858	**1,858**
Total comprehensive expense	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,002)**	**(4,002)**
Dividends	–	–	–	–	–	–	–	(1,993)	**(1,993)**
Recognition of share-based contingent consideration deemed as remuneration	–	–	–	–	–	–	647	–	**647**
Purchase of own shares	–	–	–	–	(47)	–	–	–	**(47)**
Share Placement	1,533	11,651	–	–	–	–	–	–	**13,185**
Recognition of share-based payments	–	–	–	–	–	–	271	–	**271**
Balance at 31 July 2020	**16,876**	**71,888**	**9,190**	**1,238**	**(68)**	**(163)**	**1,722**	**58,029**	**158,713**

Notes to the Company Financial Statements

1. Accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006 as applicable to companies using FRS 101 'Reduced Disclosure Framework'. The financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Financial Reporting Standard 1 – reduced disclosure exemptions

The Company is taking advantage of the applicable disclosure exemptions permitted by FRS 101 in its financial statements, which are summarised below:

Standard	Disclosure exemption
IFRS 2, 'Share-based Payment'	• Para 45(b) – number and weighted average exercise prices of share options • Para 46-52 – fair value disclosures for share options
IFRS 7, 'Financial Instruments: Disclosures'	• Full exemption
IFRS 13, 'Fair Value Measurement'	• Para 91-99 – disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
IAS 1, 'Presentation of the Financial Statements'	• Para 10(d) – statement of cash flows • Para 10(f) – a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statements, or when it reclassifies items in its financial statements • Para 16 – statement of compliance with all IFRS • Para 38 – present comparative information in respect of paragraph 79(a)(iv) of IAS 1 • Para 38A – requirement for minimum of two primary statements, including cash flow statements • Para 38B-D – additional comparative information • Para 40A-D – requirements for a third statement of financial position • Para 111 – cash flow statement information • Para 134-136 – capital management disclosures
IAS 7, 'Statement of Cash Flows'	• Full exemption
IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'	• Para 30 & 31 – requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
IAS 24, 'Related Party Disclosures'	• Para 17 and 18A– key management compensation • The requirements to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The equivalent disclosures are given in the consolidated financial statements on pages 172 to 176 and notes 1 to 37.

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows.

Going Concern

The Group's funding is provided by a revolving credit facility agreement of £85m entered into during the prior period which expires in November 2022. At 31 July 2020, the Group held cash balances of £24.4 million and had available undrawn amounts on the facility of £35.5 million. There was significant headroom on the lender banks' leverage and interest cover covenants throughout FY20. As a precautionary measure, the Group obtained from its lender banks relief on its covenants through to April 2021. with an increase in the maximum permissible bank leverage, measured as the ratio of net borrowings to Adjusted EBITDA, from a previous ceiling of 2.5X to a level of up to 5X. This has resulted in substantially increased projected headroom on this measure in the forecast period.

In order to assess the Group's ability to continue to trade as a going concern and to be viable over the medium term, detailed business and cash flow forecasts covering a three year period from 1 August 2020 have been prepared by the Directors based on 'bottom up' inputs from the individual business units. The resulting projected debt levels, debt leverage and interest cover ratios have been compared to the current covenant limits prevailing under the revolving credit facility order to ensure that the Group has both sufficient liquidity and will be able to operate within the covenants so as to continue as a going concern for a period of at least 12 months from the date of these financial statements.

The base case model prepared by the Directors is based on management's best estimates of future trading at the time of the assessment. The base case assumes very modest revenue growth in FY21 compared to FY20, with improved levels of profitability following the actions taken to reduce costs in the fourth quarter of FY20. In addition to the base case forecast, a number of stress scenarios have also been modelled to assess the Group's ability to cope with potential downsides without breaching covenant ratios or debt volume limits. These have been combined to create a severe but plausible downside scenario for the purpose of the going concern assessment. The circumstances modelled in the stress scenarios are set out in the Viability Statement on page 154 of the Directors' report.

The Group projects that it will continue to operate within covenant limits and has sufficient liquidity in both the base case forecast and in the severe but plausible downside scenario. The Company can access this liquidity which is committed until November 2022 and thus the Net Current Liability position of the Company at 31 July 2020 does not give rise to a concern about the Company's liquidity.

Therefore, at the time of approving the financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a minimum of twelve months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below. The accounting policies have been applied consistently throughout the financial statements.

(a) Investments

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Loans to subsidiaries are classified as investments where they are long term funding in nature.

(b) Critical accounting judgements and key sources of estimation uncertainty

In the course of applying the Group's accounting policies the following estimations and accounting judgements have been made which could have a significant effect on the results of the Group were they subsequently found to be inappropriate.

Carrying value of investments

The assessment of the carrying value of investments requires the estimation of future cash flows from the businesses owned and operated by the subsidiaries which compose the Company's investments. These forecast cash flows are subject to uncertainty and if the actual cash flows are lower than those forecast, this could result in an impairment in the investments.

Notes to the Company Financial Statements continued

1. Accounting policies continued

Assets held for sale

The reclassification of investments as Assets held for sale involves a judgment of the likelihood of a sale taking place within 12 months of the balance sheet date which is not entirely within the control of the Company.

Retirement benefits obligations

The calculation of retirement benefits obligations requires estimates to be made of discount rates, inflation rates, future salary and pension increases and mortality. The net surplus in the Consolidated Balance Sheet for the retirement benefits scheme was £1.1million (2019: surplus of £6.7 million). A sensitivity analysis can be found in note 28 to the consolidated Financial Statements.

2. Profit from operations

As permitted by Section 408 of the Companies Act 2006, no profit and loss account of the Company is included in these financial statements. The profit for the financial year for the Company was £1.5 million (2019: £0.6 million).

3. Auditors' remuneration

Fees paid to the auditors in respect of their audit of the Company were £240,000 (2019: £178,000).

4. Employee information

The average monthly number of employees (including executive directors) was:

	2020 Number	2019 Number
Administration	**55**	51

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	**3,685**	4,671
Social security costs	**258**	248
Other pension costs	**103**	53
	4,046	4,972

Disclosure of individual directors' remuneration, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those elements specified for audit by the Financial Conduct Authority are shown in the tables in the Remuneration Report on pages 120 to 152 and form part of these parent company financial statements. Further details of share-based payments are contained in note 2 in the notes to the consolidated financial statements.

5. Tangible assets

	Land and buildings Short leases £'000	Plant and machinery £'000	Asset under construction £'000	Fixtures, fittings, equipment and motor vehicles £'000	Right of use buildings £'000	Total £'000
Cost:						
At 4 August 2018	700	1,964	656	379	–	3,699
Additions	122	35	400	74	–	631
Disposals	–	(1,326)	–	(50)	–	(1,376)
Transfer to Software	–	–	(341)	–	–	(341)
Transfers to Investment Property	–	–	(715)	–	–	(715)
At 31 July 2019	822	673	–	403	–	1,898
Adoption of IFRS16	–	–	–	–	2,772	2,772
Additions	–	–	–	3	–	3
Disposals	–	(298)	–	–	–	(298)
At 31 July 2020	**822**	**375**	**–**	**406**	**2,772**	**4,375**
Accumulated depreciation and impairment:						
At 4 August 2018	461	1,807	–	272	–	2,540
Charge	136	62	–	37	–	235
Disposals	–	(1,299)	–	(45)	–	(1,344)
At 31 July 2019	597	570	–	264	–	1,431
Adoption of IFRS16	–	–	–	–	2,425	2,425
Charge	147	41	–	32	185	405
Disposals	–	(293)	–	–	–	(293)
Impairment	78	–	–	–	162	240
At 31 July 2020	**822**	**318**	**–**	**296**	**2,772**	**4,208**
Net book value:						
At 31 July 2020	**–**	**57**	**–**	**110**	**–**	**167**
At 31 July 2019	225	103	–	139	–	467

The Company adopted IFRS16 effective 1 August 2019 which led to the recognition of Right of Use Assets with a net book value of £0.2m at 31 July 2020, relating to a property lease. Following the decision to vacate the property permanently, the Right of use asset was impaired in full. Impairments were also recorded in leasehold improvements in the property.

Notes to the Company Financial Statements continued

6. Intangible assets

	Software £'000
Cost:	
At 4 August 2018	2,334
Additions	141
Disposals	(2,168)
Transfer from assets under construction	341
At 31 July 2019	648
Additions	209
Disposals	(18)
At 31 July 2020	**839**
Accumulated amortisation and impairment:	
At 4 August 2018	2,136
Charge	86
Disposals	(2,032)
At 31 July 2019	190
Charge	126
Disposals	(18)
At 31 July 2020	**298**
Net book value:	
At 31 July 2020	**541**
At 31 July 2019	458

7. Investment property

	Investment Property £'000
Cost:	
At 4 August 2018	7,193
Additions	18
Transfer from assets under construction	715
At 31 July 2019	7,926
Additions	18
At 31 July 2020	**7,944**
Accumulated depreciation and impairment:	
At 4 August 2018	2,575
Charge	245
At 31 July 2019	2,820
Charge	267
At 31 July 2020	**3,087**
Net book value:	
At 31 July 2020	**4,857**
At 31 July 2019	5,106

At 31 July 2020, the fair value of investment properties is not materially different from its net book value of £4.9 million. This was arrived at on the basis of a valuation carried out by CBRE, independent valuers not connected with the Group. The valuation conforms to International Valuation Standards.

Within Investment Property, the Company has freehold land with a net book value of £0.2 million (2019: £0.2 million), these assets have not been depreciated.

Rental income of £0.8 million (2019: £0.8 million) in relation to the investment properties have been recorded to the profit and loss account in the current year.

8. Investments

	Shares in subsidiaries at cost £'000	Loans to subsidiaries £'000	Total £'000
At 1 August 2019	76,381	134,967	211,348
Transfer to asset held for sale	(9,791)	–	(9,791)
Loan advances	–	20,818	20,818
Loan repayments	–	(7,902)	(7,902)
Impairment	–	(1,936)	(1,936)
Foreign exchange revaluation	–	(3,369)	(3,369)
At 31 July 2020	**66,590**	**142,578**	**209,168**

All of the above are unlisted investments. The principal trading subsidiaries are listed in note 38 of the consolidated financial statements. The transfers to assets held for sale relate to the reclassification of the investment in Health Hive Group, following the decision, prior to the end of the year, to dispose of this business.

A loan to a subsidiary in Singapore was fully provided for in the year following the decision to close operations in that territory.

9. Assets held for sale

The Health Hive Group, our healthcare communications consultancy is currently being marketed for sale and we expect to complete the divestment in the next 12 months. This business is classified as an asset held for sale in the balance sheet at 31 July 2020 and has been reclassified as discontinued operations in the current and prior periods.

10. Debtors

	2020 £'000	2019 £'000
Within one year		
Trade Debtors	**435**	–
Amounts owed by Group undertakings	**9,815**	3,365
Other debtors	**33**	62
Prepayments and accrued income	**787**	1,309
	11,070	4,736

Amounts owed by group undertakings are repayable on demand. They are non-interest bearing and unsecured.

Notes to the Company Financial Statements continued

11. Derivative financial instruments

Derivative financial liabilities

	2020 £'000	2019 £'000
Forward foreign currency contracts	**40**	136

12. Creditors and finance lease liability

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Bank loans and overdrafts (note 13)	**11,358**	–
Trade and other creditors:		
Amounts owing to Group undertakings	**10,340**	4,943
Consideration payable on purchase of subsidiaries	**–**	2,000
Trade creditors	**771**	1,101
Corporation tax payable	**1,534**	1,967
Tax and social security	**235**	366
Other creditors	**1,027**	263
Accruals and deferred income	**2,849**	5,339
	16,756	15,979

	2020 £'000	2019 £'000
Amounts falling due after more than one year:		
Bank loans and overdrafts (note 13)	**49,286**	60,416
Deferred tax	**245**	1,347
	49,531	61,763

Amounts owed by group undertakings are repayable on demand. They are non-interest bearing and unsecured.

During the year the Company adopted IFRS16. The impact on Right of Use assets is shown in Note 5. The movement on the lease liability following adoption was as follows:

	£'000
Lease liability recognised under IFRS16	
Recognised at 1 August 2019	593
Repayments	(539)
Interest expense	17
Balance at 31 July 2020	**71**

The difference between the total operating lease commitments at 31 July 2019 and the lease liabilities recognised at 1 August 2019 following the adoption of IFRS16 was not material. The lease liability is recorded within current liabilities at 31 July 2020.

13. Borrowings and finance obligations

	2020 £'000	2019 £'000
Amounts falling due within one year		
Bank overdrafts	**11,358**	–
Amounts falling due after more than one year		
Bank loans	**49,286**	60,416

The Company has access to a multi-currency credit facility of £85 million which is committed until 30 November 2022, of which up to £7.5 million can be drawn as an overdraft facility. Interest on loan drawdowns is charged at LIBOR plus a margin which varies between 1.75% and 2.00%, depending on the ratio of the Group's net debt to EBITDA excluding Adjusting Items. Interest on overdraft drawdowns is charged at an average rate of 1.65% over UK base rate.

As at 31 July 2020, the Group's outstanding loans within this facility were £49.3 million (2019: £60.4 million). The undrawn portion of this facility at 31 July 2020 was £35.7 million (2019: £24.6 million).

The Group is subject to covenants on its borrowings, specifically maximum permitted limits on leverage, measured quarterly as Group net borrowings divided by trailing 12 month Adjusted Group EBITDA, and minimum permitted limits on interest cover, measured quarterly as Adjusted Group EBIT divided by group interest charges. Both covenants are measured on a pre-IFRS 16 'frozen GAAP' basis and include pro forma adjustments for acquisitions and disposals. In the year, the Group agreed a relaxation to the covenant with its lenders in order to increase headroom, as a precautionary measure, to the levels note below:

	Leverage – maximum	Interest cover – minimum
Prior to 31 July 2020	2.5X	4.0X
31 July 2020	4.0X	4.0X
31 October 2020	4.5X	4.0X
31 January 2021	5.0X	2.0X
30 April 2021	5.0X	2.0X
31 July 2021 and thereafter	2.5X	4.0X

The Board continually monitor the Group's performance against its banking covenants and undertake monthly reviews of working capital, cash forecasts, and headroom on banking covenants. At the year end the Group's leverage ratio for bank covenant purposes was 1.4 times (2019 – 1.7 times) against a maximum limit of 4 times, and interest cover was 6 times (2019 – 9 times) against a minimum of 4 times. The Group has fully complied with the requirements of these covenants during the year under review and expects to continue to do so.

The Company's overdraft and loans are guaranteed by certain UK subsidiary undertakings and the Company guarantees the loans and overdrafts of those UK subsidiary undertakings. At 31 July 2020, the aggregate liability for the Company under this guarantee amounted to £60.6 million (2019: £60.4 million). The aggregate value of overdraft liabilities related to those subsidiaries which are guaranteed by the Company amounted to £nil (2019: £8.2m).

At 31 July 2020, there was no loan or overdraft secured against the assets of the Company (2019: £Nil). The directors consider that the carrying amount of the loans and overdrafts approximates their fair value.

The Company has guaranteed amounts payable to certain property landlords and suppliers and customers of its trading subsidiaries. The maximum aggregate liability under these financial guarantees is £20.6 million (2019: £26.7 million).

Notes to the Company Financial Statements continued

14. Retirement benefits

	2020 £'000	2019 £'000
Retirement benefit surplus	**1,083**	6,665

The Company participates in both the defined benefit and defined contribution schemes operated by Kin and Carta plc. The assets and liabilities of the defined benefit scheme are held in separate trustee-administered funds. The pension costs are based on pension costs across the Group as a whole. For the defined contribution scheme, the income statement charge represents contributions payable.

The Group is required to account for the defined benefit scheme under International Accounting Standard 19 – Employee Benefits ('IAS 19'). The IAS 19 disclosures are included in note 28 of the notes to the consolidated financial statements.

15. Provisions for liabilities

	2020 £'000	2019 £'000
Provision for repairs	**130**	1,060
Provision for reorganisation	**104**	545
	234	1,605

	Provision for repairs £'000	**Provision for reorganisation £'000**	**Total £'000**
At 1 August 2019	1,060	545	1,605
Charge to profit and loss account	70	104	174
Release to profit and loss account	(541)	(149)	(690)
Utilisation	(459)	(396)	(855)
At 31 July 2020	**130**	**104**	**234**

The provision for repairs at 31 July 2020 relates to the dilapidation of a property for which the Company is responsible. Provisions held as at 31 July 2020 are estimated to be utilised in the financial year ending 31 July 2021.

The provision for reorganisation relates to costs on an onerous lease for a property.

16. Called up share capital and share premium account

	Number of shares	**Ordinary shares of 10p each £'000**	**Share premium account £'000**
Issued and fully paid at 1 August 2019	153,426,476	15,343	60,237
Share issue	15,333,580	1,533	11,651
At 31 July 2020	**168,760,056**	**16,876**	**71,888**

During the year the Company raised £13.2m, net of costs, through a share placement of 15.3m shares. All authorised and issued share capital is represented by equity shareholdings. Further information on equity can be found in note 32 of the Consolidated Financial Statements.

All authorised and issued share capital is represented by equity shareholdings. The number of authorised and issued Kin and Carta plc ordinary shares at 5 November 2020 was 168,760,056.

17. Other reserves

The movements in reserves are disclosed in the Company's Statement of Changes in Equity. At 31 July 2020, the Company held a portfolio of treasury shares consisting of 90,637 Kin and Carta plc ordinary shares. Details of dividends can be found in note 13 to the consolidated financial statements.

18. Related party transactions

Details on related party transactions can be found in note 38 to the Consolidated Financial Statements.

19. Statement of guarantee

The Company has signed a statement of guarantee in respect of the liabilities of a number of subsidiary companies as at 31 July 2020 under section 479C of the Companies Act 2006. As a result, the following subsidiaries are exempt from the requirements of the UK Companies Act 2006 in relation to the audit of individual accounts for the year ended 31 July 2020 by virtue of s479A of that Act:

Company	Company registration number
Amaze (Europe) Limited	6418202
Amaze (Holdings) Limited	6417738
Amaze Communication Services Limited	2051287
Amaze Communication Services (Holdings) Limited	2670935
Amaze Technology Limited	6385430
Branded3 Search Limited	6479012
eBee Limited	6844490
Fripp, Sandeman and Partners Limited	1284879
Kin + Carta Limited	11403627
Kin and Carta Advise Europe Limited	11442056
Kin and Carta Former HoldCo Limited	6831479
Kin and Carta Group Limited	8417677
Kin and Carta Investments Limited	190460
Kin and Carta Partnerships Limited	9569438
Occam DM Limited	5095081
Okana Systems Limited	3877530
Pollen Health Limited	7839170
Realise Holdings Limited	SC306420
Relish Agency Limited	11456907
Response One Holdings Limited	6724581
SouthWest Mailing Limited	5502768
St Ives Blackburn Limited	1396772
St Ives Burnley Limited	5464477
St Ives Direct Edenbridge Limited	565977
St Ives Direct Leeds Limited	3067683
St Ives Financial Limited	872411
St Ives Pension Scheme Trustees Limited	2286545
St Ives Westerham Press Limited	483880
The Health Hive Limited	6423579
The Health Hive Group Limited	7661730

Shareholder Information

Corporate information

Further information about the Group can be found on our website kinandcarta.com

This year's Annual Report and Accounts, as well as copies of past years' Annual Reports and Accounts, half year statements and shareholder circulars, are available to view and download from our investor website. Regulatory announcements and press releases made during the year, and in past years, are also available to view in the Regulatory News section of the investor website investors.kinandcarta.com.

Shareholding enquiries

The Company's share register is maintained by Link Asset Services, who are able to deal with shareholders' queries, including in respect of any of the following matters:

- transfer of shares;
- change of name or address;
- registering the death of a shareholder;
- lost share certificates;
- lost or out of date dividend warrants; and
- the payment of dividends directly into a bank or building society accounts.

Their contact details are: Kin and Carta plc Shareholder Services, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Link's shareholder helpline telephone number is 0371 664 0300. If you are outside the United Kingdom, please call +44 (0) 371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link's lines are open between 9.00am to 5.30pm, Monday to Friday excluding public holidays in England and Wales.

Alternatively, you can email your query to our registrars at shareholderenquiries@linkgroup.co.uk although, for legal reasons, they may subsequently require you to confirm any instruction in writing.

Dividend Reinvestment Plan

The Company operates a Dividend Reinvestment Plan ('DRIP') which enables shareholders to use their cash dividend to buy additional shares in Kin and Carta plc. Further information can be obtained from Link Asset Services ('Link'). The Plan is provided by Link Asset Services, a trading name of Link Market Services Trustees Limited, which is authorised and regulated by the Financial Conduct Authority ('FCA').

Unauthorised brokers ('Boiler Room Scams')

Shareholders should be very wary of any unsolicited calls or correspondence offering to buy or sell shares at a discounted price. These calls are typically from fraudsters operating 'boiler rooms'. Boiler rooms use increasingly sophisticated means to approach investors and often leave their victims out of pocket. If you are concerned that you may have been targeted by fraudsters please contact the FCA Consumer Helpline on 0800 111 6768.

Cautionary statement

This Annual Report and Accounts contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Kin and Carta plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

Glossary

Abbreviation	Definition
AGM	Annual general meeting
AI	Artificial intelligence
APM	Alternative performance measure
B Corporation or B Corp	A globally recognised assessment framework to assist companies to become more responsible by considering the impact of their decisions on their clients, community, people, suppliers and the environment
Board	The Board of Directors of Kin and Carta plc
Brexit	The withdrawal of the United Kingdom from the European Union
CAGR	Compound annual growth rate
Code	FRC's UK Corporate Governance Code published in July 2018, a copy of which can be found on the Financial Reporting Council's website (frc.org.uk)
Companies Act	Companies Act 2006 (as amended)
Company or Kin + Carta	Kin and Carta plc, a public limited company incorporated in England and Wales with registered number 1552113
Connective or Group	The Company and its subsidiary undertakings
COVID-19	The pandemic of the severe acute respiratory syndrome, coronavirus 2, which causes coronavirus disease 2019
CSR	Corporate Social Responsibility
DBS	Deferred Bonus Scheme
Dollar or $	Unless otherwise specified, all references to dollars or $ dollar symbol are to the currency of the US
eNPS	Employee net promoter score
EPS	Earnings per share
ESG	Environmental, social and corporate governance
EU	European Union
Forthcoming AGM	The annual general meeting of the Company to be held on 23 December 2020

Abbreviation	Definition
FRC	Financial Reporting Council
FTSE All-Share	The aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap indices
GDPR	General Data Protection Regulation (EU) 2016/679, a regulation in EU law on data protection and privacy
GMP	Guaranteed minimum pensions
IAS	International Accounting Standards
IDEA	Inclusion, diversity, equity and awareness
IFRS	International Financial Reporting Standards
IoT	Internet of things
IT	Information technology
KPI	Key performance indicator
LTIP	Long term incentive plan
Pillars	Our three distinct sets of digital transformation capabilities: Advise, Create and Connect.
Pragma	Pragma Consulting Limited, a leading commercial advisor for investors and operators in mixed use, airports and retail property, sold by the Group on 31 August 2020
PwC	PricewaterhouseCoopers LLP
ROI	Return on investment
Spire Digital	SpireMedia Inc. (doing business as Spire Digital), a digital transformation consulting firm, organised in Colorado and acquired by the Group on 26 November 2019
Triple bottom line	Giving consideration to people, profit and planet
Ventures	Edit (including its sister company, Relish) and Incite form our Ventures arm. Hive, a discontinued operation, and Pragma, divested in August 2020, were also operated as ventures during the year.

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