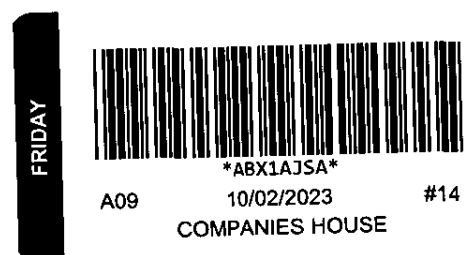


The Engine Group Limited

Directors' Report and Financial Statements

For the year ended 31 December 2021



ENGINE®

Registered number 05015446

Company information

Registered number

05015446

Registered office

60 Great Portland Street
London
W1W 7RT

Directors

P J Harris
J A Peachey

Company Secretary

M J Sanford

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Strategic Report

Principal activity and business review

The principal activity of The Engine Group Limited (the 'Company') is that of a holding company, who facilitate the activities of its subsidiaries. The subsidiary companies of The Engine Group Limited advise clients across a wide spectrum of marketing, communication and consultancy services in the UK and overseas.

The Company holds the leases for the office space occupied by its subsidiaries. As a result of changing working conditions due to the COVID-19 pandemic, the operations of the Company's subsidiaries were conducted on a hybrid basis during the year, with employees able to split their time between working from home and the office. Not all of the office space was used during the year, but the right-of-use ("ROU") asset for this particular space had been impaired in the previous year. Therefore no further impairments/reversal of impairments were made to the Company's ROU assets during the year.

On 23 December 2021, the Company disposed of its shareholding in The Engine Group GmbH to a group undertaking.

The loss after taxation for the year amounted to £3,154,000 (2020: £12,021,000). The Company considers Adjusted EBITDA (adding back interest, depreciation, and other non-cash one-off costs) as the most significant KPI. Adjusted EBITDA for the year amounted to £3,461,000 (2020: £3,225,000).

	2021 £m	2020 £m
Adjusted EBITDA	3.5	3.2
Depreciation and amortisation	(3.1)	(3.5)
Impairment of lease assets	-	(8.7)
Re-measurement of lease liabilities	0.5	0.8
Finance expense	(4.0)	(4.2)
Disposal of subsidiary undertaking	(0.3)	-
Loss before taxation	(3.4)	(12.4)

The directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

The Company is exposed to a moderate level of price risk, foreign exchange risk, credit risk, liquidity risk and cash flow risk. The Company manages these risks by financing its operations through equity, retained profits and borrowings.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements, minimise the Company's exposure to fluctuating interest rates, and match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the Company's trading activities.

Strategic Report (continued)

Company Number: 05015446

Outlook

The management team remains confident that the Engine model and proposition for clients is highly relevant in the current environment, regardless of the market changes due to the global pandemic, and continue to believe that we have an exceptional platform from which to continue to build a market presence that delivers for clients, employees and shareholders alike.

The Strategic Report as set out on pages 3 to 4 was approved by the Board on 7 February 2023 and signed on its behalf by:


Jonathan Peachey, Director

J A Peachey
Director
8 February 2023

Directors' Report

The directors present their Directors' Report and Financial Statements for the year ended 31 December 2021.

Principal activities

The principal activities of the Company and its subsidiaries are stated in the Strategic Report.

Business review

The statement of comprehensive income is set out on page 8 and shows a loss attributable to shareholders after tax of £3,154,000 (2020: £12,021,000).

Proposed dividend

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who held office during the year and at the date of approval of this directors' report, except as noted, were as follows:

C R Abert (resigned 8 March 2022)
P J Caine (resigned 8 March 2022)
L J Diamond (resigned 8 March 2022)
J N P Moffatt (resigned 31 August 2021)
W M Thompson (appointed 22 July 2021; resigned 8 March 2022)
J A Peachey (appointed 8 March 2022)
P J Harris (appointed 8 March 2022)

Company Secretary

The company secretaries who held office during the year and up to the date of this report were:

M L Cole (resigned 8 March 2022)
E L Wood (appointed 8 March 2022; resigned 30 April 2022)
M J Sanford (appointed 30 April 2022)

Going concern

The Company's working capital is dependent on funds provided to it by the Group. Next 15 Communications Group plc have indicated to the directors that for at least 12 months from the date of approval of these financial statements, it will continue to support the Company with the provision of funds as are required to enable the Company to meet its liabilities as they fall due for payment should they need it. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On this basis the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis being inappropriate.

Directors' Report (*continued*)

Company Number: 05015446

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company and any of its subsidiaries.

Audit Exemption

For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No member of the Company has deposited a notice pursuant to section 476 requiring an audit of these financial statements under the requirements of the Companies Act 2006.

Strategic report

In accordance with S414C (11) of the Companies Act; included in the Strategic Report is the review of the business and principal risks and uncertainties. This information would have otherwise been required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' Report.

Approved by the Board on 7 February 2023 and signed on their behalf by:


Jonathan Peachey, Director, 2023 100826077

J A Peachey
Director
8 February 2023

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected under company law to prepare financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and the financial performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Dividend income from subsidiaries		1,411	-
Administrative expenses		(3,357)	(4,052)
Disposal of subsidiary undertaking		(277)	-
Impairment of right-of-use asset		-	(8,726)
Gain on re-measurement of lease liability		476	838
Other operating income		2,288	3,750
Profit/(Loss) from operating activities	2	541	(8,190)
Finance expense	4	(3,970)	(4,169)
Loss before taxation		(3,429)	(12,359)
Taxation	5	275	338
Loss for the year		(3,154)	(12,021)

There was no other comprehensive income in the year (2020: £nil).

The notes on pages 13 to 28 form part of these financial statements.

Statement of Financial Position As at 31 December 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Tangible fixed assets	6	5,140		4,907	
Right-of-use assets	10	11,729		13,684	
Investments in subsidiaries	7	105,635		105,657	
Deferred tax	8	790		543	
			123,294		124,791
Current assets					
Cash and cash equivalents		10		-	
			10		-
Total assets			123,304		124,791
Non-current liabilities					
Trade and other payables	9	(43,537)		(44,182)	
Lease liabilities	10	(21,043)		(24,589)	
Provisions	11	(1,655)		(1,655)	
Deferred tax liabilities	8	(303)		(291)	
			(66,538)		(70,717)
Current liabilities					
Trade and other payables	9	(104,459)		(98,601)	
			(104,459)		(98,601)
Total liabilities			(170,997)		(169,318)
Net liabilities			(47,693)		(44,527)

Statement of Financial Position (continued)

As at 31 December 2021

Company registered number: 05015446

		2021	2020
	Note	£'000	£'000
Equity			
Share capital	12	3	3
Share premium		5	5
Merger reserve		34,918	34,918
Other reserve		(896)	(340)
Profit and loss account		(81,723)	(79,113)
Total equity		(47,693)	(44,527)

For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. No member of the Company has deposited a notice pursuant to section 476 requiring an audit of these financial statements under the requirements of the Companies Act 2006.

Directors' responsibilities

The directors acknowledge their responsibilities for ensuring the Company keeps accounting records which comply with Section 386 of the Act and for preparing financial statements which give a true and fair view of the state affairs of the Company as at the end of the financial year and of its profit and loss for the financial year, in accordance with the requirements of section 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as is applicable to the Company.

These financial statements were approved by the board of directors on 7 February 2023 and were signed on its behalf by:


Jonathan Peachey, 7 Feb 2023 10:08 GMT

J A Peachey
Director
8 February 2023

The notes on pages 13 to 28 form part of these financial statements.

Statement of Cash Flows

For year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities	14	9,412	7,575
Interest paid		(1,772)	(1,886)
Net cash from operating activities		7,640	5,689
Cash flows from investing activities			
Purchase of property, plant & equipment	6	(1,397)	(1,820)
Net cash used in investing activities		(1,397)	(1,820)
Cash flows from financing activities			
Payment of leases	10	(4,384)	(2,020)
Repayment of loans		(1,849)	(1,849)
Net cash used in financing activities		(6,233)	(3,869)
Net increase in cash and cash equivalent		10	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year		10	-

The notes on pages 13 to 28 form part of these financial statements.

Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	3	5	34,918	171	(67,605)	(32,508)
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(12,021)	(12,021)
Release of fair value on recognition in the year relating to loan from Group undertaking	-	-	-	(511)	511	-
Deferred tax on IFRS16 restatement	-	-	-	-	2	2
At 31 December 2020	3	5	34,918	(340)	(79,113)	(44,527)
At 1 January 2021	3	5	34,918	(340)	(79,113)	(44,527)
Total comprehensive income for the year:						
Loss for the year	-	-	-	-	(3,154)	(3,154)
Release of fair value on recognition in the year relating to loan from Group undertaking	-	-	-	(556)	556	-
Deferred tax on IFRS16 restatement	-	-	-	-	(12)	(12)
At 31 December 2021	3	5	34,918	(896)	(81,723)	(47,693)

The notes on pages 13 to 28 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Basis of preparation

The Engine Group Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK. The address of the Company's registered office is 60 Great Portland Street, London, W1W 7RT.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act 2006. On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The financial statements for the Company transition to UK-adopted international accounting standards on 1 January 2021.

The Company has taken the exemption available under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a wholly-owned subsidiary of Engine Acquisition Limited. Engine Acquisition Limited prepares consolidated financial statements which are publicly available. Copies can be obtained from Companies House.

These financial statements are presented in pounds sterling, which is the Company's functional currency.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a going concern basis. The Company's working capital is dependent on funds provided to it by the Group. Next 15 Communications Group PLC have indicated to the directors that for at least 12 months from the date of approval of these financial statements, it will continue to support the Company with the provision of funds as are required to enable the Company to meet its liabilities as they fall due for payment should they need it. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through profit or loss, or financial instruments classified as fair value through other comprehensive income.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Financial instruments

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets to collect contractual cash flows which arise on specified dates and that are solely principal and interest. Debt investments are measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss (FVPL) unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income (OCI).

Financial liabilities are measured at amortised cost unless they meet the criteria of being measured at FVPL. Liabilities are classified as financial liabilities at FVPL if they are held for trading.

Despite these requirements, a financial asset or liability may be irrevocably designated as measured at FVPL or FVOCI to reduce the effect of, or eliminate, an accounting mismatch.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at their original invoiced amounts, less an allowance for impairment based on the expected credit loss (ECL) model. This model focuses on an appraisal of the risk that a receivable will default rather than whether a loss has been incurred. Any movement in ECL allowances are recognised in the Statement of Comprehensive Income as other administrative expenses.

Trade and other payables

Trade and other payables are recognised initially at fair value and are subsequently carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Improvements to leasehold - over the length of the lease

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Impairment

Impairment tests on goodwill and other intangible assets with indefinite useful lives are undertaken annually at the reporting date. Other non-financial assets are subject to impairment tests if there is an indication of impairment.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of non-financial assets is the greater of their 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 assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss recognised for goodwill is not reversed.

Employee benefits

Defined contribution plans

The defined contribution pension plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of expected costs of terminating the contract and the expected net cost of continuing the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Expenses

Financing income and expenses

Financing expenses comprise interest payable and interest expense on leases that are recognised in the Statement of Comprehensive Income. Financing income comprises interest receivable on funds invested.

Interest income and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders.

Leases

Subject to exceptions, 'right-of-use' assets are capitalised in the Statement of Financial Position, measured at the present value of the unavoidable future lease payments to be made over the lease term and recognised as a tangible fixed asset. A corresponding liability (adjusted for prepayments, incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs) is recognised in the Statement of Financial Position. Straight-line operating lease expense recognition has been replaced by a depreciation charge on the leased asset (included in administrative expenses) and is charged over the life of the lease. An interest expense on the recognised lease liability is also charged to the Income Statement and is included in finance costs.

In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under IFRS 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component.

On adoption of IFRS16, the Company used the cumulative catch-up approach, and therefore did not restate prior year comparatives.

Short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) are exempt from the treatment under IFRS16. Payments for exempt leases are expensed to profit or loss as incurred.

Notes to the financial statements (*continued*)

2 Operating loss

Other operating income	Note	2021 £'000	2020 £'000
Occupancy charge - charged to subsidiary undertaking		2,288	3,750
Operating loss		2021 £'000	2020 £'000
<i>Operating loss is stated after charging:</i>			
Administrative expenses			
Depreciation - tangible fixed assets	6	(1,164)	(327)
Depreciation - right-of-use assets	10	(1,955)	(3,201)
Foreign exchange gain/(loss)		(149)	489
Loss on disposal of subsidiary	7	(277)	-
Exceptional costs			
Gain on re-measurement of lease liabilities	10	476	838
Impairment of right-of-use assets	10	-	(8,726)

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year was as follows:

	Number of employees	
	2021	2020
Management and administration	4	4

No employees (including directors) received remuneration in 2021 (2020: £nil) in respect of their services to the Company during the year.

Notes to the financial statements *(continued)*

4 Finance expense

	2021 £'000	2020 £'000
Interest expense on leases (IFRS 16)	1,314	1,422
Interest expense on loan from group undertaking	2,100	2,236
Fair value interest expense on loan from group undertaking	556	511
	3,970	4,169

5 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior years	(28)	-
	(28)	-
Deferred tax		
Origination and reversal of timing differences	855	(338)
Adjustments in respect of prior years	(1,102)	-
	(247)	(338)
Total income tax credit	(275)	(338)

Factors that may affect future tax charges:

The UK corporation tax rate for the year was 19% (2020: 19%). The UK Budget in March 2021 announced an increase in the UK corporation tax rate from 19% to 25% with effect from April 2023. However, this rate increase has not been reflected in these financial statements as the necessary legislation has yet to be enacted.

Notes to the financial statements (*continued*)

5 Taxation (*continued*)

	2021 £'000	2020 £'000
Loss on ordinary activities before tax	(3,429)	(12,359)
Tax on ordinary activities at 19% (2020: 19%)	(652)	(2,348)
Effects of:		
Income not subject to tax	(286)	-
Expenses not deductible for tax purposes	228	1,744
Trading profits allocated from subsidiary undertaking	632	99
Group relief surrendered for no consideration	821	24
Tax rate differences on deferred tax credit	72	24
Restricted interest not recognised	-	17
IFRS 16 transitional adjustment charged to reserves	40	-
Adjustments in respect of prior years - corporation tax	(28)	-
Adjustments in respect of prior years - deferred tax	(1,102)	-
(Utilisation) generation of tax losses not recognised in deferred tax	-	102
Total tax credit for the year	(275)	(338)

Notes to the financial statements *(continued)*

6 Property, plant and equipment

	Improvements to leasehold £'000
Cost	
At 1 January 2021	7,201
Additions	1,397
	<hr/>
At 31 December 2021	8,598 <hr/>
Depreciation	
At 1 January 2021	(2,294)
Charge for the year	(1,164)
	<hr/>
At 31 December 2021	(3,458) <hr/>
Carrying amounts	
At 1 January 2021	4,907
	<hr/>
At 31 December 2021	5,140 <hr/>

Notes to the financial statements (*continued*)

7 Investments

Investments in subsidiaries

	£'000
Cost	
At 1 January 2021	105,657
Capital contribution to subsidiary undertaking	277
Disposal of subsidiary undertaking	(299)
	<hr/>
At 31 December 2021	105,635
	<hr/>

The subsidiaries of the Company at the balance sheet date are as follows:

Entity	Country of incorporation	Principal activity	Ownership of ordinary shares at year end
Engine Partners UK LLP *	UK	Marketing & corporate communications Provision of services to Engine Partners	See below
Engine People UK Limited	UK	UK LLP	100%
Fuel Data Strategies Limited	UK	Dormant	100%
Mischief PR Limited	UK	Dormant	100%
MHP Communications Limited	UK	Dormant	100%
WCRS & Co. Limited	UK	Dormant	100%
Creator Visions Limited	UK	Dormant	100%

*The Company is a corporate partner of Engine Partners UK LLP ("LLP"), through which trading activities in the UK are undertaken.

Notes to the financial statements *(continued)*

8 Deferred tax

Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2021 £'000	2020 £'000
Deferred tax assets		
Tangible fixed assets	(234)	5
Losses	1,024	538
	790	543
Deferred tax liabilities		
IFRS16 transition	(303)	(291)
	(303)	(291)
Net deferred tax asset/(liability)	487	252

Movement in deferred tax during the year

	1 January 2021 £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2021 £'000
Movement in net deferred tax liability	252	247	(12)	487

9 Trade and other payables

	2021 £'000	2020 £'000
Current liabilities		
Other payables	-	93
Amount due to group undertakings	103,883	94,677
Social securities and other taxes	179	3,213
Accruals and deferred income	209	401
Corporation tax liabilities	188	217
	104,459	98,601
Non-current liabilities		
Amount due to group undertakings	43,537	44,182

Notes to the financial statements (*continued*)

10 Leases

	2021 £'000	2020 £'000
Right-of-use assets		
Cost		
At 1 January and 31 December	28,812	28,812
Accumulated depreciation and impairment		
At 1 January	(15,128)	(3,201)
Depreciation charge for the year	(1,955)	(3,201)
Impairment charge	-	(8,726)
At 31 December	(17,083)	(15,128)
Carrying amounts		
At 1 January	13,684	25,611
At 31 December	11,729	13,684
Lease liabilities		
At 1 January	(24,589)	(26,025)
Interest expense for the year	(1,314)	(1,422)
Lease payments	4,384	2,020
Gain on re-measurement of lease liabilities	476	838
At 31 December	(21,043)	(24,589)

The Company's lease arrangements consist of operating leases for its leased office space. The depreciation charge and interest expense relating to leases are recorded in administrative expenses and finance expenses within the Statement of Comprehensive Income respectively.

For details of the undiscounted contractual maturity profile relating to lease payments, see note 13.

Notes to the financial statements *(continued)*

11 Provisions

	Dilapidations £'000
Balance at 1 January 2021	1,655
Additional provision	-
Provisions utilised during the year	-
Balance at 31 December 2021	1,655
Analysis of provisions:	
Current	-
Non-current	1,655
	1,655

The dilapidation provision relates to potential terminal dilapidations liability of the Company's leasehold property. The provision is expected to be fully utilised upon the expiry of the leasehold.

12 Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The ordinary B shares are non-voting and holders are not entitled to receive dividends.

	Ordinary 2021 Number	2020 Number	Ordinary B 2021 Number	2020 Number
In issue at 31 December 2021	287,344	287,344	1	1
	£'000	£'000	£	£
Allotted, called up and fully paid Ordinary shares of £0.01 each	3	3	-	-

Notes to the financial statements (*continued*)

13 Financial instruments

13 (a) Financial risks

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Foreign currency risk
- Liquidity risk

The policy for managing these risks is set by the board and managed centrally by the group treasury function. The policy for managing the above risks is described in more detail below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Foreign currency risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. It is the Company's general policy that all transactions are transacted in its base currency. Forward currency contracts are entered into in respect of material exposures.

Liquidity risk

All surplus cash is managed centrally to maximise returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the Company's forecast cash requirements.

Cash forecasts are updated and reviewed on a regular basis.

Capital management

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

Capital comprises the following components of equity; share capital, share premium, merger reserve and retained earnings.

The Company is funded using both capital and debt. The Company manages its funding structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and raise or repay debt.

13 (b) Fair values

Fair values of financial instruments

The fair value of amounts due to group undertakings included in note 13(d) has been calculated using the effective interest rate method. An adjustment to equity of £2,524,000 was recorded on inception of the loan representing the difference between the fair value and the book value of the loan.

With the exception of the above, in the opinion of the Directors, there is no significant difference between the fair values and book values of the financial assets and liabilities held by the Company.

Notes to the financial statements *(continued)*

13 Financial instruments *(continued)*

13 (c) Credit risk

Credit risk arises principally from the Company's receivables and cash balance.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure which at the balance sheet date was £10,000 (2020: £nil), being the Company's cash balance at the balance sheet date.

13 (d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The carrying amounts of financial liabilities, all of which are exposed to cash flow or fair value interest rates risk, are repayable as follows:

	2021 Carrying amount £'000	Contractual cash flows £'000	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000
Lease liabilities	21,043	24,903	4,269	4,269	12,807	3,558
Amount due to group undertakings	43,537	35,335	3,707	3,401	28,227	-
	64,580	60,238	7,976	7,670	41,034	3,558

An analysis of the Company's financial assets and liabilities by accounting classification is set out below:

	2021 Carrying amount £'000	Amortised cost £'000
Trade and other payables - current	(604)	(604)
Amounts due to group undertakings - current	(103,883)	(103,883)
Amounts due to group undertakings - non-current	(43,537)	(43,537)
Lease liabilities	(21,043)	(21,043)
	(169,067)	(169,067)

Notes to the financial statements (*continued*)

14 Cash flow from operations

	Note	2021 £'000	2020 £'000
Loss before taxation		(3,429)	(12,359)
<i>Adjustments for:</i>			
Depreciation	2	3,119	3,528
Finance expense	4	3,970	4,169
Movement in provisions	11	-	120
Non-trading foreign exchange gain	2	-	(489)
Lease impairment charge		-	8,726
Gain on re-measurement of lease liabilities		(476)	(838)
Loss/(gain) on disposal of subsidiary		277	(49)
		3,461	2,808
 Increase in trade and other payables		 5,951	 4,767
 Cash flows from operating activities		 9,412	 7,575

15 Related parties

The following transactions were carried out with related parties:

	2021 £'000	2020 £'000
Occupancy charge to group undertaking	2,288	3,750
Interest expense of loan from group undertaking	(2,100)	(2,236)
Fair value interest expense on loan from group undertaking	(556)	(511)

At year end, the following balances were payable to related parties:

	2021 £'000	2020 £'000
Amount due to group undertaking	147,420	138,859

Notes to the financial statements (*continued*)

16 Accounting estimates and judgements

The Company makes a number of assumptions regarding future events. Estimates and judgements are continually evaluated based upon historical experience and other factors. Actual future developments may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investments

The Company is required to test, on an annual basis whether investments have suffered any impairment. The recoverable amount is determined based upon value in use calculations. This method requires the estimation of future cash flows and choice of a discount rate in order to calculate the present value of cash flows. Actual outcomes may vary.

Engine Holding, LLC Phantom Equity Scheme

Engine Holding, LLC, the ultimate parent undertaking of the Company had a stock option plan that was put in place in 2011 which was replaced by a phantom equity plan in April 2015. The plan provides for phantom units of Engine Holding, LLC to be awarded based on achieving certain financial performance target. Certain key employees in the Company's subsidiary companies are participants of the plan. The phantom equity scheme is measured at fair value at each accounting period date, with any movement being reflected in the statement of comprehensive income.

17 Post balance sheet events

On 8 March 2022, Next Fifteen Communications Group plc purchased the entire share capital of Engine Acquisition Limited, the Company's immediate parent undertaking. As a result of the acquisition, the ultimate controlling party of the Company is Next Fifteen Communications Group plc.

18 Ultimate parent company

The Company's immediate parent undertaking is Engine Acquisition Limited, a company incorporated in England and Wales, which is the parent of the smallest group in which the results of the Company are consolidated.

At the balance sheet date, the Company's ultimate parent undertaking was Engine Holding, LLC, which is incorporated in the United States of America. As a result of the acquisition of Engine Acquisition Limited on 8 March 2022, at the date of approval of these financial statements, the Company's ultimate parent undertaking is Next Fifteen Communications Group plc, incorporated in the UK.

Copies of the consolidated financial statements of Engine Acquisition Limited are available from their registered office, at 60 Great Portland Street, London, W1W 7RT.