

The Engine Group Limited

Annual Report and Unaudited Financial Statements
For the period ended 31 January 2023

Registered Number: 05015446



The Engine Group Limited

**Annual report and financial statements
For the period ended 31 January 2023**

Contents

Page:

2	Company Information
3	Strategic Report
5	Report of the Directors
7	Directors' responsibilities statement
8	Profit and loss account
9	Balance Sheet
10	Statement of changes in equity
11	Notes to the financial statements

The Engine Group Limited

Company Information, Annual report and financial statements
For the period ended 31 January 2023

Directors

P J Harris
J A Peachey

Company Secretary

M J Sanford

Registered office

60 Great Portland Street, London, W1W 7RT, United Kingdom.

Registered number

05015446

The Engine Group Limited

Strategic Report For the period ended 31 January 2023

The Directors present their Strategic Report together with the unaudited financial statements of The Engine Group Limited (the "Company") for the period ended 31 January 2023.

The purpose of the Strategic Report is to inform shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company under section 172 of the Companies Act 2006.

Principal activities

The principal activity of the Company in the period under review was that of a holding company. The Company holds the leases for the office space occupied by the subsidiaries of the ultimate parent undertaking, Next 15 Group plc ("Next 15" or the "Group").

Review of the business and change in accounting reference date

The ultimate parent undertaking, Next 15 acquired Engine Acquisition Limited ("Engine") and its subsidiaries, including The Engine Group Limited, in March 2022.

The accounting reference date is 31 January which aligns to the ultimate parent undertaking, Next 15. The current period covered by the financial statements is 1 January 2022 to 31 January 2023. The prior period is the 12 months to 31 December 2021 and is therefore not entirely comparable.

The Company reported a loss of £8,768,000 for the period (2021: loss of £3,154,000). The Company's Balance Sheet at the period-end had a net liability position of £56,769,000 (2021: £47,693,000). Ongoing performance and future expectations of the subsidiary remains satisfactory and the state of the Company's affairs at the balance sheet date was in line with management's expectations.

Future developments

The Directors do not anticipate any changes to the principal activity of the Company in the foreseeable future.

Key performance indicators

The principal financial indicators which the Company uses to monitor performance throughout the period are operating profit and net current assets.

The key financial performance indicators for the period/year were as follows:

	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
Operating (loss)/profit	(1,083)	541
Net current liabilities	(96,959)	(107,093)

The Engine Group Limited

Strategic Report (continued)
For the period ended 31 January 2023

Registered number 05015446

Financial risk management objectives and policies

Liquidity risk

Net liabilities are £56,769,000 and there is no reliance on external debt or intercompany funding. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required.

Credit risk

The Balance Sheet of the Company includes intercompany and external balances. The Company is therefore exposed to credit risk on these balances, although credit is spread evenly across counterparties.

We have considered the impact of other risks such as interest rates and foreign exchange volatility but, whilst there is some exposure, we do not consider the risks to be material to the Company.

The Strategic Report as set out on pages 3 to 4 was approved by the Board on 26 October 2023 and signed on its behalf by:


Peter Harris (Oct 26, 2023 21:32 GMT+1)

P J Harris
Director
26 October 2023

The Engine Group Limited

Report of the Directors For the period ended 31 January 2023

The Directors present their annual report together with the unaudited financial statements for the period ended 31 January 2023. The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, to include such matters of strategic importance to the Group in the Strategic Report which otherwise would be required to be disclosed in the Directors' Report.

Results and dividends

The profit and loss account is set out on page 8 and shows a loss of £8,768,000 for the period (2021: loss of £3,154,000).

The Company has not paid a dividend in the period (2021: £nil). Subsequent to the balance sheet date and up to the date of signing, the Directors have not declared any dividend payments.

Directors

The Directors of the Company during the period and up to the date of signing were:

P J Harris	(appointed 8 March 2022)
J A Peachey	(appointed 8 March 2022)
C R Abert	(resigned 8 March 2022)
P J Caine	(resigned 8 March 2022)
L J Diamond	(resigned 8 March 2022)
W M Thompson	(resigned 8 March 2022)

Company Secretary

The Company Secretaries who held office during the period and up to the date of this report were:

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

Registered Office

On 8 March 2022, the registered office of the Company was changed from 60 Great Portland Street London W1W 7RT to 75 Bermondsey Street London SE1 3XF.

Subsequently, on 5 May 2022, the registered office of the Company was changed from 75 Bermondsey Street London SE1 3XF England to 60 Great Portland Street London W1W 7RT.

Events after the balance sheet date

There are no significant or material post balance sheet events between the financial year end date and the date of this report.

Going concern

The Company has net current liabilities £96,959,000 at the balance sheet date. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Charitable contributions

The Company has not made any charitable donations in the period (2021: £nil).

The Engine Group Limited

Report of the Directors (continued)
For the period ended 31 January 2023

Registered number 05015446

Audit exemption

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that Act. The ultimate holding company and controlling party is Next 15 Group plc. The consolidated financial statements of Next 15 are available to the public and can be obtained from the Company Secretary at the registered office at 60 Great Portland Street, London, W1W 7RT.

Approved by the Board on 26 October 2023 and signed on their behalf by:

Peter Harris
Peter Harris (Oct 26, 2023 21:32 GMT+1)

P J Harris
Director
26 October 2023

The Engine Group Limited

Directors' responsibilities statement For the period ended 31 January 2023

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 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.

The Engine Group Limited

Profit and loss account For the period ended 31 January 2023

	Note	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
Dividend income from subsidiaries	3	61	1,411
Administrative costs	4	(13,223)	(3,357)
Disposal of subsidiary undertaking	4	(65)	(277)
Gain on re-measurement of right of use asset and lease liability	4	8,144	476
Other operating income	4	4,000	2,288
Operating (loss)/profit		(1,083)	541
Interest payable and similar expenses	7	(3,845)	(3,970)
Loss before tax		(4,928)	(3,429)
Tax (charge)/credit on profit	8	(3,840)	275
Loss for the financial period/year		(8,768)	(3,154)

All amounts relate to continuing activities within this Company.

There were no items of comprehensive income in the current period or prior year other than the profit for the period and, accordingly, no separate statement of comprehensive income is presented.

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

The Engine Group Limited

Balance Sheet As at 31 January 2023

Registered number 05015446	Note	31 January 2023 £'000	31 December 2021 £'000
Fixed assets			
Tangible fixed assets	9	4,296	5,140
Right-of-use assets	9	17,044	11,729
Investments in subsidiaries	10	37,689	105,635
		59,029	122,504
Current assets			
Debtors	11	940	487
Cash and cash equivalents		640	10
		1,580	497
Creditors: Amounts falling due within one year	12	(98,539)	(107,590)
Net current liabilities		(96,959)	(107,093)
Total assets less current liabilities		(37,930)	15,411
Creditors: Amounts falling due after one year	13	-	(43,537)
Lease liabilities	15	(15,452)	(17,912)
Provisions	16	(3,387)	(1,655)
Net liabilities		(56,769)	(47,693)
Capital and reserves			
Called up share capital	17	3	3
Share premium		5	5
Merger reserve		-	34,918
Other reserve		(518)	(896)
Profit and loss account		(56,259)	(81,723)
Shareholders' funds		(56,769)	(47,693)

For the period ending 31 January 2023, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements were approved by the Board and authorised for issue on 26 October 2023. They were signed on its behalf by:

Peter Harris
Peter Harris 26 Oct 2023 21:32 GMT+1
P J Harris
Director
26 October 2023

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

The Engine Group Limited

Statement of changes in equity For the period ended 31 January 2023

	Share capital (note 17) £'000	Share premium £'000	Merger reserve £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	3	5	34,918	(340)	(79,113)	(44,527)
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)
Balance at 31 December 2021	3	5	34,918	(896)	(81,723)	(47,693)
Loss for the year	-	-	-	-	(8,768)	(8,768)
Transfer of merger reserve to retained earnings	-	-	(34,918)	-	34,918	-
Release of fair value on recognition in the year relating to loan from Group undertaking	-	-	-	378	(686)	(308)
Balance at 31 January 2023	3	5	-	(518)	(56,259)	(56,769)

The accompanying notes on pages 11 to 22 form an integral part of these financial statements.

The Engine Group Limited

Notes to the financial statements For the period ended 31 January 2023

1 General information

The Engine Group Limited is a private company limited by shares, incorporated and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 4. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. These financial statements are separate financial statements.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) and has applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2017.

2 Significant accounting policies

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related-party transactions.

The following principal accounting policies have been applied:

Adoption of new and revised standards

The Company has adopted all new accounting standards which were required to be adopted in the current period, none of which had a significant impact on the Company's results or financial position.

The Company has not yet adopted certain new standards which have been published but are only effective for accounting periods beginning on or after 1 February 2023 or later periods. The Directors do not expect that the adoption of these standards to have a material impact on the financial statements of the Company in the future.

Going concern

The financial statements have been prepared using the going concern basis of accounting. The Company's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The Strategic Report details the financial position of the Company, as well as the Company's objectives and financial risk management policies. After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that the Company will have access to adequate resources to continue in existence for the foreseeable future. The ultimate parent undertaking, Next 15, are able to provide support in relation to liquidity should it be required. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Engine Group Limited

Notes to the financial statements (*continued*) For the period ended 31 January 2023

2 Significant accounting policies (*continued*)

Revenue recognition

Revenue comprises commission and fees earned and is recognised when a performance obligation is satisfied, in accordance with the terms of the contractual agreement. Typically, performance obligations are satisfied over time as services are rendered.

Revenue recognised over time is based on the proportion of the level of service performed. Either an input method or an output method, depending on the particular arrangement, is used to measure progress for each performance obligation. In the majority of cases, relevant output measures such as the progress against the performance obligations 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 labour. 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.

The amount of revenue recognised depends on whether we act as an agent or as a principal. The Company acts as principal when we control the specified good or service prior to transfer. When the Company acts as a principal the revenue recorded is the gross amount billed. Out-of-pocket costs such as travel are also recognised at the gross amount billed with a corresponding amount recorded as a direct cost. Certain other arrangements with our clients are such that our responsibility is to arrange for a third party to provide a specified good or service to the client. In these cases, we are acting as an agent and we do not control the relevant good or service before it is transferred to the client. When the Company is acting as an agent, the revenue is recorded at the net amount retained. There is deemed to be no significant judgements in applying IFRS 15 and in evaluating when customers obtain control of the promised goods or services.

Direct costs comprise fees paid to external suppliers when they are engaged to perform part or all of a specific project and are charged directly to clients but where the Company retains quality control oversight, such as production or research costs.

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 Company's Balance Sheet. These balances are considered contract liabilities and are typically related to prepayments for third party expenses that are incurred shortly after billing.

The Engine Group Limited

Notes to the financial statements *(continued)* For the period ended 31 January 2023

2 Significant accounting policies *(continued)*

Tangible assets

Fixed assets are stated at cost, net of depreciation and accumulated impairment. Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Fixtures and fittings	- Over 5 years
Equipment	- Over 3 years

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments / hedge accounting).

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements 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 difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The Engine Group Limited

Notes to the financial statements *(continued)* For the period ended 31 January 2023

2 Significant accounting policies *(continued)*

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Leased assets

The Company recognises a right-of-use asset and a corresponding lease liability at the commencement date with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, where the Company has elected to use the exemption. The total rentals payable under these leases are charged to the profit and loss account on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease. When this rate cannot be determined, the Company uses the incremental borrowing rate for the same term as the underlying lease. The lease liability is subsequently remeasured when there is a change in future lease payments due to a renegotiation or market rent review, or a reassessment of the lease term. Lease modifications result in remeasurement of the lease liability with a corresponding adjustment to the related right-of-use asset. Interest expense is included within finance expense in the Profit and Loss Account.

The right-of-use asset is initially measured based on the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received, plus the estimated cost for any restoration costs the Group is obligated to at lease inception. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

The Engine Group Limited

Notes to the financial statements *(continued)* For the period ended 31 January 2023

2 Significant accounting policies *(continued)*

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Management believes there are no material critical accounting judgements or sources of estimation uncertainty present.

	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
3 Dividend income from subsidiaries		
Dividend income from subsidiaries	61	1,411

	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
4 Operating (loss)/profit		
Operating (loss)/profit for the period/year has been arrived at after crediting:		
Occupancy charge – charged to subsidiary undertaking	4,000	2,288

The Engine Group Limited

Notes to the financial statements (*continued*) For the period ended 31 January 2023

4 Operating loss (*continued*)

	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
Operating profit for the period/year has been arrived at after charging/(crediting):		
Depreciation of tangible assets (note 9)	929	1,164
Depreciation of right-of-use assets (note 9)	2,829	1,955
Foreign exchange (gain)/loss	(46)	149
Loss on disposal of subsidiary	65	277
Exceptional costs:		
Gain on re-measurement of right of use asset and lease liabilities	8,144	476

As a result of the Company being acquired by Next 15, the previously impaired portion of the office which was not in use started to be used again. Therefore the associated right of use asset was re-instated, leading to a current year gain in the profit and loss of £8.1m.

5 Employees

The monthly average number of employees during the period/year was as follows:

	2023 Number	2021 Number
Management and administration	4	4
	<u>4</u>	<u>4</u>

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

6 Directors' remuneration

P J Harris and J A Peachey are directors of more than one Group company and are employees and directors of the ultimate parent Next 15. They received emoluments from other entities within the Next 15 Group during the period, but it is not practicable to allocate this between their services as Directors of the Company and as directors of other Group companies. The costs of their services is paid by Next 15. Included within this amount are amounts accruing under individual pension schemes for their services to the Group.

7 Interest payable and similar expenses

	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
Interest expense on leases (note 15)	2,429	1,314
Interest expense on loan from group undertaking	1,327	2,100
Fair value interest expense on loan from group undertaking	89	556
	<u>3,845</u>	<u>3,970</u>

The Engine Group Limited

Notes to the financial statements (continued) For the period ended 31 January 2023

8 Tax charge

	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
a) Analysis of tax credit in the period/year		
Current tax for the year		
Adjustments in respect of prior years	3,838	(28)
Deferred taxation (note 14)		
Origination and reversal of timing differences	365	855
Adjustment in respect of prior periods	(363)	(1,102)
Total tax charge/(credit) for the period/year (note 8b)	3,840	(275)
b) Factors affecting total tax credit		
The tax assessed for the period/year differs from the standard rate of corporation tax in the UK. The differences are explained below:		
	Period ended 31 January 2023 £'000	Year ended 31 December 2021 £'000
Loss on ordinary activities before tax for the period/year	(4,928)	(3,429)
Tax on loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	(936)	(652)
Effects of:		
Income not subject to tax	(12)	(286)
Expenses not deductible for tax purposes	59	228
Trading loss allocated from subsidiary undertaking	(95)	632
Group relief surrendered for no consideration	1,349	821
Tax rate differences on deferred tax credit	-	72
IFRS 16 transitional adjustment charged to reserves	-	40
Adjustments in respect of prior years – corporation tax	3,838	(28)
Adjustments in respect of prior years – deferred tax	(363)	(1,102)
Total tax charge/(credit) for the period/year (note 8a)	3,840	(275)

The UK income tax expense is based on the statutory rate of UK corporation tax during the period to 31 January 2023 of 19% (2021: 19%). An increase in the UK corporation tax rate from 19% to 25% effective 1 April 2023 was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 31 January 2023 has been calculated based on these rates, reflecting the expecting timing of reversal of the related temporary differences.

The Engine Group Limited

Notes to the financial statements (*continued*) For the period ended 31 January 2023

9 Tangible assets

	Right of use asset £'000	Computer equipment £'000	Office fixtures £'000	Improvements to leasehold £'000	Total £'000
<i>Cost</i>					
At 1 January 2022	28,812	-	-	8,598	37,410
Additions	-	288	132	783	1,203
Disposals	-	-	-	(1,355)	(1,355)
At 31 January 2023	28,812	288	132	8,026	37,258
<i>Accumulated depreciation</i>					
At 1 January 2022	17,083	-	-	3,458	20,541
Charge for the period	2,829	81	34	814	3,758
Revaluation	(8,144)	-	-	(237)	(8,381)
At 31 January 2023	11,768	81	34	4,035	15,918
<i>Net book value</i>					
At 31 January 2023	17,044	207	98	3,991	21,340
At 31 December 2021	11,729	-	-	5,140	16,869

As a result of the Company being acquired by Next 15, the previously impaired portion of the office which was not in use started to be used again. Therefore the associated right of use asset was re-instated, leading to an increase in the value and reversal of the previously impairment by £8.1m.

10 Investments

	£'000
<i>Cost</i>	
At 1 January 2022	105,635
Disposal	(67,946)
At 31 January 2023	37,689

The disposal during the year relates to a reduction in the members capital in Engine Partners UK LLP ('Engine Partners') which was distributed to the Company, leading to a reduction in the Company's investment in Engine Partners.

The subsidiaries of the Company can be found in the related undertakings note 19.

The Engine Group Limited

Notes to the financial statements (*continued*)
For the period ended 31 January 2023

11 Debtors		
	2023	2021
Amounts falling due within one year	£'000	£'000
Deferred tax asset	489	487
Prepayments	7	-
Social securities and other taxes	444	-
	<hr/>	<hr/>
	940	487
	<hr/>	<hr/>
12 Creditors		
	2023	2021
Amounts falling due within one year	£'000	£'000
Trade creditors	89	-
Amount due to group undertakings	91,688	103,883
Social securities and other taxes	-	179
Accruals and deferred income	713	209
Corporation tax liabilities	2,298	188
Lease liabilities (note 15)	3,751	3,131
	<hr/>	<hr/>
	98,539	107,590
	<hr/>	<hr/>
13 Creditors		
	2023	2021
Amounts falling due after one year	£'000	£'000
Amounts due to group undertakings	-	43,537

The Engine Group Limited

Notes to the financial statements (*continued*) For the period ended 31 January 2023

14 Deferred taxation

	2023 £'000	2021 £'000
The deferred tax asset included in the Balance Sheet is as follows: Included in debtors (note 11)	489	487
The movement in the deferred taxation account during the period/year was:		
Balance at beginning of year	487	252
Credit to the profit and loss account for the period/year (note 8)	2	247
Recognised in equity	-	(12)
Balance at end of period/year	489	487
The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:		
Depreciation in excess of capital allowances	166	(234)
IFRS16 transition	323	(303)
Tax losses	-	1,024
	489	487

15 Lease liabilities

	Total £'000
At 1 January 2022	21,043
Interest expense related to lease liabilities	2,429
Repayment of lease liabilities	(4,269)
Closing balance at 31 January 2023	19,203
The maturity of the lease liabilities is as follows:	
Amounts payable:	
Within one year	4,269
In two to five years	16,364
Total gross future liability	20,633
Effect of discounting	(1,430)
Lease liability at 31 January 2023	19,203

The Engine Group Limited

Notes to the financial statements (continued) For the period ended 31 January 2023

16	Provision for liabilities	£'000
	Opening balance at 1 January 2022	1,655
	Charged in year	1,732
	Closing balance at 31 January 2023	3,387

The provision at 31 January 2023 relate to dilapidations and tax provisions from the acquisition of the Company by Next 15.

17	Called up share capital	2023 Number	2021 Number	2023 £'000	2021 £'000
	Called up, allotted and fully paid				
	Ordinary shares of £0.01 each	287,344	287,344	3	3
	Ordinary B shares of £0.01 each	1	1	-	-

18 Controlling party

The immediate parent company is Engine Acquisition Limited, a company incorporated in England and Wales.

The ultimate parent undertaking, controlling party and parent of the smallest and largest group in which the Company is consolidated is Next 15 Group plc, which is incorporated and registered in England and Wales and is the immediate parent company of Engine Acquisition Limited. The consolidated financial statements of Next 15 are available to the public and can be obtained from the Company Secretary at their registered office at 60 Great Portland Street, London, W1W 7RT.

19 Related undertakings disclosure

The parent company and the Company have investments in the following subsidiary undertakings, associates and other investments.

Subsidiary undertakings	Country of incorporation	Holding	Registered Office
Engine Partners UK LLP*	England and Wales	100%	60 Great Portland Street, London W1W 7RT.
Engine People UK Limited	England and Wales	100%	60 Great Portland Street, London W1W 7RT.
Fuel Data Strategies Limited	England and Wales	100%	60 Great Portland Street, London W1W 7RT.
Mischief PR Limited	England and Wales	100%	60 Great Portland Street, London W1W 7RT.
MHP Communications Limited	England and Wales	100%	60 Great Portland Street, London W1W 7RT.
WCRS & Co. Limited	England and Wales	100%	60 Great Portland Street, London W1W 7RT.
Creator Visions Limited**	England and Wales	100%	60 Great Portland Street, London W1W 7RT.

*The Company is a Designated Member of Engine Partners UK LLP ("LLP"), through which trading activities in the UK were undertaken, prior to the acquisition of Engine Acquisition Limited by Next 15.

**Creator Visions Limited was dissolved post year end on 5 September 2023

The Engine Group Limited

Notes to the financial statements (*continued*) For the period ended 31 January 2023

20 Contingent liabilities

The Company participates in a multilateral guarantee ("RCF") with HSBC and Bank of Ireland relating to the overdraft facilities of the parent and certain Group companies. The maximum amount of the contingent liability which could arise from this guarantee at 31 January 2023 was limited to £100,000,000 (2022: £60,000,000). At the start of the year, £20m of the Next 15 accordion was committed and available within the RCF. Subsequent to this, the Group entered into an amendment and restatement agreement, amending and restating the existing facility agreement on 20 May 2022 and increasing the RCF to £100m. Therefore the maximum amount of the contingent liability which would arise from this guarantee is now £100,000,000.