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Registered number: 04176016

ENGAGE ESM LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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COMPANY INFORMATION

Directors	Jayesh Maroo (resigned 1 February 2019) Philip Wray (appointed 1 February 2019) Ronald Bakhuis (resigned 1 May 2020) Richard Semple (appointed 1 May 2020) Matthew Middleton (appointed 1 May 2020)
Company secretary	James Loughrey (resigned 28 February 2020) Delphine Soria Sak Bun (appointed 28 February 2020)
Registered number	04176016
Registered office	Second Floor Mid City Place 71 High Holborn London WC1V 6EA
Independent auditor	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants Grant Thornton House 30 Finsbury Square London EC2A 1AG

ENGAGE ESM LTD

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present their Strategic Report for Engage ESM Ltd (the "Company") for the year ended 31 December 2019.

Business review

The results for the year which are set out in the Statement of Comprehensive Income show revenue of £19,323,895 (2018: £22,855,814) and the operating profit for the year was £1,310,319 (2018: £941,332). The Directors consider the performance for the year and the financial position at the year end to be satisfactory.

In 2020 the Company will continue to focus on providing IT enabled business processes to select national and international markets, thereby continuing to deliver added value to our clients.

Financial Key Performance Indicators

The Directors monitor the progress on the Company's overall strategy and its individual strategic elements by reference to the following Key Performance Indicator (KPI):

Movement in turnover (%)
This is defined as the year on year movement in turnover expressed as a percentage. The decrease in turnover was 15% (increase in 2018: 20%).

Headcount
This is defined as the number of full time equivalent staff employed by the Company. The average headcount increased by 7 from 31 December 2018 to 114 during the year to 31 December 2019. The average headcount increased by 14 from 31 December 2017 to 107 during the year to 31 December 2018.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped into Brexit risk, Covid-19 risk, credit risk, liquidity risk, interest rate risk.

Brexit risk
During the year the Board regularly discussed the risks and opportunities presented by Brexit, and developed robust planning for a potential hard Brexit scenario. The Company assessed the potential short term impact of an increase to business operational volumes and took action to deploy the additional resources required to mitigate the potential risk of contract milestones and service performance levels not being met. The most significant risk now attaching to the impact of Brexit is a medium term increase in the levels of regulatory change and the additional system and process change work that could result. The extent of the impact of this risk will depend on the transitional arrangements negotiated by the UK government and the Board will continue to monitor the position and plan its resources accordingly.

Covid-19 risk
The Company has undertaken detailed risk and mitigation analysis to assess the potential impact of the Covid-19 pandemic on the Company. This analysis focussed primarily on operational, liquidity and credit risk.

Operational Risk
The Company assessed several factors, including but not limited to; the ability of the Company to meet contractual obligations whilst placed under considerable stress, customer demand, continuity and integrity of customer services, staff capacity and failure of a critical supply chain partner. The Company has assessed mitigation plans for these risks, which included, but was not limited to; a detailed review of relevant contractual clauses, building a work from home capability and alternative delivery models following the failure of a key supplier. The Company concluded there is minimal residual risk, having considered the viability of these mitigation plans.

Credit risk
The Company's principal financial assets are cash and trade receivables. The principal credit risk arises therefore from trade receivables. The Company requires appropriate credit checks on customers before and after sales are made. The amount of exposure to any individual customer is reassessed periodically. The Board has assessed the recoverability of trade receivables as a result of Covid-19 pandemic. After undertaking analysis of the financial position of key customers, the Board believes there to be negligible credit risk at the current time. This position will be reviewed periodically.

Liquidity risk
The Company seeks to manage risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company ensures that at all times it maintains capital resources equal to or in excess of the Company's relevant capital resources requirement and it is able to meet its liabilities as they fall due. The Board has also assessed the Company's ability to regulatory liquidity requirements while under considerable stress. This analysis informed the board that comfortable levels of liquidity would be maintained even in a worst-case scenario.

Interest rate risk
The Statement of Financial Position includes trade debtors and creditors, which do not attract interest and are therefore not subject to fair value interest rate risk. The Company policy throughout the year has been to manage this risk by the day-to-day involvement of management in business decisions designed to minimise the Company's borrowings.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

The Company has a number of governance boards which seek to deliver specific goals.

The UK Executive Board consists of the UK Executive Team and its purpose is to deliver market growth, deepen client relationships and strengthen the UK's competitive position in the market through developing the three year strategic plan. The Executive Board meets monthly to drive focus on delivering current year business objectives and implementing the in year actions related to the three year strategy as defined by the UK Executive Board as part of business planning.

This forum is responsible for the oversight of all operations and focuses, where necessary, on potential issues including risk related issues raised by the different parts of the UK business as part of monthly operational reviews covering either markets or service lines.

Clients
The Company continues to diversify its offerings across various markets in order to limit the impact of contract losses. The Company also continues to diversify its client base in order to minimise its reliance on a small set of clients.

Client relationship management is critical to ensure proper delivery of services, the renewal of contracts and mitigation of the risks of early termination. The Company has implemented detailed contract management processes to manage this risk.

Legal risks
Through the provision of IT services to clients, the risk of contract liability arises as a result of any inadequate implementation of IT systems, or any deficiency in the execution of services related to delays or unsatisfactory levels of service. The Company seeks to minimise such risks through a rigorous review at bid stage and throughout the contract life. Mitigating actions are taken where appropriate.

Supplier risks
The Company relies on key suppliers in its business with respect to software used in the design, implementation and running of IT systems. Major risks with key IT suppliers are managed centrally by the purchasing department. This department is responsible for relationships with suppliers including their identification and selection, contract negotiation, and the management and resolution of potential claims and litigations.

Partnerships and subcontractors
The Company relies from time to time on partnerships and subcontractors to deliver services in specific contractual situations. The use of third parties is common within the industry but represents a business risk that is carefully managed by the Company. All requests to enter into partnerships or to use subcontractors are initiated by the bid team evaluating the proposal.

Technology and IT risks
The Company has IT risk management processes, covering security and backup systems and effective insurance coverage.

This report was approved by the board on 23/12/2020 and signed on its behalf.

Philip Wray

Philip Wray
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 Directors confirm that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report and Strategic Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

Principal activity

The Company delivers technology services, system integration, business process outsourcing services, consulting and managed services.

Going concern

The Company's business activities, together with the factors likely to affect its future developments, its financial position, financial risk management objectives and its exposure to liquidity, credit, interest and currency risk are described in the Strategic Report.

The Company has access to considerable financial resources together with a broad spread of customer contracts. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

In addition to the risks set out above, the Company has undertaken detailed risk and mitigation analysis to assess the potential impact of the Covid-19 pandemic on the Company covering the period to 30 June 2021. In doing so, the Board reviewed the principal risks facing the Company, as well as the viability of mitigating actions. The Board considered how profits and liquidity would be impacted in a worst-case scenario and then modelled the impact of mitigating actions.

In addition, the Company's parent company, Atos IT Services UK Ltd intends to provide sufficient funding to the Company in order to ensure that the Company is able to meet all of its ongoing financial obligations as they fall due, and for it to be able to operate as a going concern for twelve months after the date of signing of the statutory accounts.

Based on the most recent business forecast and the additional stress testing undertaken in its Covid-19 risk and mitigation assessment, and the support to be provided by its parent company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period, at least 12 months from the date of signing our financial statements..

Results and dividends

The profit for the year, after taxation, amounted to £1,309,290 *(2018 - £952,289)*.

The Directors do not recommend payment of a dividend (2018 - £nil).

Environmental matters

As an information technology service provider, the Company's operations in themselves have minimal direct impact on the environment. However, the Board recognises that even office based working structures can have a negative impact on the environment and have adopted an environmental policy which has the following main features:

- to meet the statutory requirements which are placed on the Company in its various countries of operation;
- to recycle as much of the Company's waste products as is economically possible, recognising that office based environments produce quantities of waste paper;
- to dispose of any hazardous resources employed by the Company in an environmentally friendly manner;
- to apply good environmental practice in outsourcing and managed service businesses both to the level and beyond that required by contractual obligations; and
- to encourage staff to adopt environmentally friendly practices in their employment with the Company.

The Company's leadership role in the digital transformation of businesses enables it to improve the environmental efficiency of its operations by reducing energy and carbon intensity, as well as to develop collaborative tools that will enable it and its clients to reduce their overall global footprint.

Continuous improvements to the energy efficiency of operations and ambitious targets achieved in reducing the carbon intensity footprint and a sharp increase in the use of decarbonised electricity in the strategic datacentres

Engagement with employees

The Company is people driven and we put people at the heart of everything we do. We provide regular (weekly/monthly/annually) communication updates through various forums to employees and encourage feedback.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Directors

The Directors who served during the year were:

Jayesh Maroo (resigned 1 February 2019)
Philip Wray (appointed 1 February 2019)
Ronald Bakhuis (resigned 1 May 2020)

D Sak Bun was appointed as a Company secretary on 28 February 2020, Matthew Middleton was appointed as a Director on 1 May 2020 and Richard Semple was appointed as a Director on 1 May 2020.

Qualifying third party indemnity provisions

The Company has granted indemnities to all of its Directors against any potential liability in respect of proceedings brought by third parties, subject to the conditions set out in sections 234 and 235 of the Companies Act 2006. Such qualifying third party indemnity provisions remain in force as at the date of approving the Directors' Report.

Events after the reporting date

In light of the information available as at the reporting date, the Covid-19 outbreak is considered a non-adjusting event. The Company has considered the impact of this pandemic on the business and this is set out within the principal risks and uncertainties on pages 2-3.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 23/12/2020 and signed on its behalf.

Philip Wray

Philip Wray
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGAGE ESM LTD

Opinion

We have audited the financial statements of Engage ESM Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of the macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGAGE ESM LTD (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Directors' conclusions, we considered the risks associated with the Company's business including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGAGE ESM LTD (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 Auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ENGAGE ESM LTD (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

William McMullan BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor & Chartered Accountants
London
Date: 23/12/2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	*2018* *£*
Revenue	4	**19,323,895**	*22,855,814*
Cost of sales		**(13,562,013)**	*(17,748,205)*
Gross profit		**5,761,882**	*5,107,609*
Administrative expenses		**(4,451,563)**	*(4,166,277)*
Operating profit	5	**1,310,319**	*941,332*
Other income	6	**-**	*268,815*
Exceptional expenses	9	**-**	*(269,115)*
Profit before tax		**1,310,319**	*941,032*
Tax on profit	10	**(1,029)**	*11,257*
Profit for the financial year		**1,309,290**	*952,289*
Total comprehensive income for the year		**1,309,290**	*952,289*

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	11		**3,309,894**		*3,309,892*
Tangible assets	12		**4,195**		*-*
			3,314,089		*3,309,892*
Current assets					
Debtors: amounts falling due within one year	13	**6,952,635**		*10,232,870*	
Cash at bank and in hand	14	**3,306,653**		*2,248,656*	
		10,259,288		*12,481,526*	
Creditors: amounts falling due within one year	15	**(5,342,759)**		*(8,870,090)*	
Net current assets			**4,916,529**		*3,611,436*
Total assets less current liabilities			**8,230,618**		*6,921,328*
Net assets			**8,230,618**		*6,921,328*
Capital and reserves					
Called up share capital	17		**92**		*92*
Revaluation reserve	18		**8**		*8*
Profit and loss account	18		**8,230,518**		*6,921,228*
			8,230,618		*6,921,328*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23/12/2020

Philip Wray

Philip Wray
Director

The notes on pages 14 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	92	8	6,921,228	6,921,328
Comprehensive income for the year				
Profit for the year	-	-	1,309,290	1,309,290
Total comprehensive income for the year	-	-	1,309,290	1,309,290
At 31 December 2019	92	8	8,230,518	8,230,618

The notes on pages 16 to 34 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	92	8	5,968,939	5,969,039
Comprehensive income for the year				
Profit for the year	-	-	952,289	952,289
Total comprehensive income for the year	-	-	952,289	952,289
At 31 December 2018	92	8	6,921,228	6,921,328

The notes on pages 16 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Engage ESM Ltd is incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is disclosed in the introduction to the financial statements. The principal activities of the Company are described in the Directors' Report.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the basis that group accounts are prepared for its ultimate parent undertaking, Atos SE, a company incorporated in France. These financial statements present information about the Company as an individual undertaking and not about any wider group.

The principal accounting policies adopted by the Company are set out below.

2. Accounting policies

2.1 Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Diclosure Framework' as issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

These financial statements are prepared on a going concern and under the historical cost convention. The Company's financial statements are presented in pounds sterling.

The Company has used a true and fair view override in respect of the non amortisation of goodwill (see note 2.8).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019. The Company has taken advantage of the following disclosure exemptions under FRS 101:

a) the requirements of IFRS 7 Financial Instruments: Disclosures;
b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
   (i) paragraph 79(a)(iv) of IAS 1;
   (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
   (iii) paragraph 118(e) of IAS 38 Intangible Assets;
(d) the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A-D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirement to prepare a Statement of Cash Flows and related notes;
(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(g) the requirements in IAS 24 Related Party Disclosures 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;
(h) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of assets;
(i) the requirements in IAS 8.30 and IAS 8.31 to disclose new standards and interpretations;
(j) the requirements of paragraph 5(c) of the FRS 101 Reduced Disclosure Framework; and
(k) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

2. Accounting policies (continued)

2.2 Revenue

Revenue is recognised if a contract exists between the Company and its customer. A contract exists if collection of consideration is probable, rights to goods or services and payment terms can be identified, and parties are committed to their obligations. Revenue from contracts with customers is recognised either against a contract asset or receivable, before effective payment occurs.

Multiple arrangements services contracts

The Company may enter into multiple-element arrangements, which may include combinations of different goods or services. Revenue is recognised for each distinct good or service which is separately identifiable from other items in the arrangement and if the customer can benefit from it.

When transition or transformation activities represent knowledge transfer to set up the recurring service and provide no incremental benefit to the customer (set up activities), no revenue is recognised in connection with these activities. The costs incurred during these activities are capitalised as contract costs if they create a resource that will be used in satisfying future performance obligations related to the contract and if they are recoverable. They are amortised on a systematic basis over the contractual period, taking into account any anticipated contract. The cash collected for such activities is considered as advance payment and recognised as revenue over the recurring service period.

In contrast, when these activities transfer to the customer the control of a distinct good or service and the customer could benefit from this good or service independently from the recurring services, they are accounted for separately as separate performance obligations and revenues relating to these activities are recognised.

When a single contract contains multiple distinct goods or services, the consideration is allocated between the goods and services based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices including usual discounts granted at which the Group sells the goods or services separately. Otherwise, the Group estimates stand-alone selling prices using a cost plus margin approach.

Principal versus agent

When the Company resells hardware, software and IT services purchased from third-party suppliers, it performs an analysis of the nature of its relationship with its customers to determine if it is acting as principal or as agent in the delivery of the good or service. The Company is a principal if it controls the specified good or service before it is transferred to the customer. In such case, revenue is recognised on a gross basis. If the Company is an agent, revenue is recognised on a net basis (net of suppliers costs), corresponding to any fee or commission to which the Company is entitled. When the Company is providing a significant service of integrating the specified good or service, it is acting as a principal in the process of resale. If the specified good or service is distinct from the other services promised to its customer, the Company is acting as a principal notably if it is primarily responsible for the good or service meeting the customer specifications or assumes inventory or delivery risks.

2. Accounting policies (continued)

2.2 Revenue (continued)

At a point in time versus over time recognition

Revenue is recognised when the Company transfers the control of a good or service to the customer, either at a point in time or over time.

For recurring services, the revenue is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Company's performance as the Company performs. If the Company has a right to invoice a customer at an amount that corresponds directly with its performance to date, the revenue is recognised at that amount. Otherwise, revenue is recognised based on the costs incurred if the entity's efforts are not expensed evenly throughout the period covered by the service.

When the Company builds an asset or provides specific developments, revenue is recognised over time, generally based on costs incurred, when the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced or when the performance does not create an asset with an alternative use and the Company has an enforceable right to payment for the performance completed to date by the contract and local regulations. Otherwise, revenue is recognised at a point in time.

Contract costs - Costs to obtain and fulfil a contract

Incremental costs to acquire a multi-year service contracts are capitalised and amortised over the life of the contract. Transition & Transformation costs that do not represent a separate performance obligation of a contract are capitalised as contract costs if they create a resource that will be used to perform other performance obligations embedded in the contract, and are recoverable. Other costs incurred to obtain or fulfil a contract are expensed when incurred.

Statement of Financial Position Presentation

Contract assets primarily relate to the Company's rights to consideration for work completed but not yet billed at the reporting date. When the rights to consideration are unconditional, they are classified as trade receivables.

Contract liabilities relate to upfront payments received from customers in advance of the performance obligation. Contract costs are presented separately from contract assets.

Revenue recognition and associated costs on long-term contracts

Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs that have a direct influence on the level of revenue and possible forecast losses on completion that are recognised. A provision for onerous contract is booked if the future costs to fulfill a contract are higher than its related benefits.

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future developments, its financial position, financial risk management objectives and its exposure to liquidity, credit, interest and currency risk are described in the Strategic Report.

The Company has access to considerable financial resources together with a broad spread of customer contracts. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

In addition to the risks set out above, the Company has undertaken detailed risk and mitigation analysis to assess the potential impact of the Covid-19 pandemic on the Company covering the period to 30 June 2021. In doing so, the Board reviewed the principal risks facing the Company, as well as the viability of mitigating actions. The Board considered how profits and liquidity would be impacted in a worst-case scenario and then modelled the impact of mitigating actions.

In addition, the Company's parent company, Atos IT Services UK Ltd intends to provide sufficient funding to the Company in order to ensure that the Company is able to meet all of its ongoing financial obligations as they fall due, and for it to be able to operate as a going concern for twelve months after the date of signing of the statutory accounts.

Based on the most recent business forecast and the additional stress testing undertaken in its Covid-19 risk and mitigation assessment, and the support to be provided by its parent company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period, at least 12 months from the date of signing our financial statements.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2. Accounting policies (continued)

2.6 Taxation

Income tax expense represents the sum of the corporation tax and deferred tax charges. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss becasue 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 reporting date.

Deferred tax is recognised on differences arising 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 assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on the tax rates and laws enacted or substantively enacted at the reporting date.

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 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilties are offset when there is a legally enforceable right to set off the 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.

2.7 Exceptional items

The Company presents as exceptional items on the face of the Statement of Comprehensive Income, those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods to assess trends in financial performance more readily.

2. Accounting policies (continued)

2.8 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the Directors, not exceeding its useful economic life. It has been deemed, however, the non amortisation of goodwill is a required departure, for the overriding purpose of giving a true and fair view.

2.9 Investments

Investments are stated at cost less provision for any permanent impairment.

2.10 Defined contribution pension obligation

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Research and development

Expenditure on the research phase of projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

• the development costs can be measured reliably;
• the project is technically and commercially feasible;
• the Company intends to and has sufficient resources to complete the project;
• the Company has the ability to use or sell the intangible asset ;
• the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangilble asset; and
• intangible asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes.

Measurement of recognised deferred tax assets

Deferred tax assets are recognised when it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Estimates of taxable profits and utilisations of deferred tax assets are prepared on the basis of profit and loss forecasts as included in the 3-year business plans.

Revenue recognition and associated costs on long-term contracts

Revenue recognition and associated costs, including forecast losses on completion are measured according to policies stated. Total projected contract costs are based on various operational assumptions such as forecast volume or variance in the delivery costs. These have a direct influence on the level of revenue and possible forecast losses on completion that are recognised.

Financial instruments

Under IFRS 9 Financial Instruments, there are three principal classification categories for financial assets: measured at amortised cost, Fair Value through OCI (FVOCI), and Fair Value through Profit & Loss.

With respect to financial liabilities, the classification categories under IFRS9 are measured at amortised cost or fair value through profit or loss (when they are held for trading). The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

3. Judgements in applying accounting policies (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

4. Revenue

An analysis of revenue by class of business is as follows:

	2019 £	2018 £
Rendering of services	**15,042,159**	*16,863,283*
Hardware and licence resale	**4,281,736**	*5,992,531*
	19,323,895	*22,855,814*

Analysis of revenue by country of destination:

	2019 £	2018 £
United Kingdom	**13,901,758**	*16,368,073*
Europe	**3,552,263**	*5,245,897*
Rest of the world	**1,869,874**	*1,241,844*
	19,323,895	*22,855,814*

The total revenue includes amount for Atos group undertakings of £6,286,083 (2018 - £7,413,384).

Timing of revenue recognition:

	2019 £	2018 £
Goods and services transferred over time	**19,323,895**	*22,855,814*
	19,323,895	*22,855,814*

5. Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Operating lease payments - property	**-**	*56,299*
Depreciation of tangible fixed assets	**2,097**	*-*
Exchange differences	**46,778**	*(12,801)*
Defined contribution pension cost	**783,973**	*631,499*

6. *Other income*

	2019 £	*2018 £*
Dividend income	-	*(268,815)*
	-	*(268,815)*

In 2018, the Company received dividends from Innovise ESM Ltd of £159,615; Innovise ESM Holdings Ltd of £55,991; and Abilitec Ltd of £53,209 on 12 October 2018.

7. **Auditor's remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements provided to the Company:

	2019 £	*2018 £*
Audit fee	**20,000**	*18,000*
	20,000	*18,000*

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	7,921,071	7,630,193
Social security costs	993,353	969,851
Cost of defined contribution scheme	783,973	631,499
	9,698,397	9,231,543

No Directors were remunerated through this entity in the 2019 and 2018.

The average monthly number of employees, including the Directors, during the year was as follows:

	2019 No.	2018 No.
Adminstration	6	11
Sales and marketing	23	18
Operations	85	78
	114	107

9. Fixed asset investments

	2019 £	*2018 £*
Investments in subsidiary companies		
At 1 January 2018	-	*269,115*
Amounts charged to exceptional expenses	-	*(269,115)*
At 31 December 2018	-	-

In 2018, the Company wrote off fixed asset investments held in the following dormant subsidiaries. Each of the subsidiaries was dissolved on 18 December 2018.

Innovise ESM Ltd
Innovise ESM Holdings Ltd
Abilitec Ltd

The registered office of all of the Company's subsidiary undertakings was:

Second Floor
Mid City Place
71 High Holborn
London
WC1V 6EA
United Kingdom

10. Taxation

	2019	2018
	£	£
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	1,029	1,094
Adjustment In respect of previous years	-	(12,351)
Total deferred tax	1,029	(11,257)
Taxation on profit on ordinary activities	1,029	(11,257)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)* multiplied by the profit before tax. The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	1,310,319	941,032
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	248,961	178,796
Effects of:		
Disallowable costs	3,800	55,882
Intercompany dividends not taxable	-	(51,075)
Adjustment in respect of previous years	-	(12,351)
Free group relief from other UK Group companies	(251,611)	(182,381)
Effect of tax rate change	(121)	(128)
Total tax charge for the year	1,029	(11,257)

At 31 December 2019, changes to the UK corporation tax were substantively enacted as part of Finance Bill 2017. These included reductions to the main corporation tax rate to reduce it to 17% with effect from 1 April 2020. Deferred taxes reflected in these financial statements have been measured using these enacted tax rates as at 31 December 2019.

The new Finance Bill (19 March 2020) eliminated the reduction of the tax rate to 17% and hence the tax rate will now remain at 19%. The impact of this will be an increase to deferred tax assets of £2k.

11. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	**4,728,415**
At 31 December 2019	**4,728,415**
Amortisation	
At 1 January 2019	**1,418,521**
At 31 December 2019	**1,418,521**
Net book value	
At 31 December 2019	**3,309,894**
At 31 December 2018	*3,309,894*

The acquired goodwill of £4.7m relates to the acquisition of the Engage subsidiaries; Harbrook Consulting and Abilitec Limited in 2009.

The benefits of these acquired businesses complements a number of existing Engage ESM activities. Therefore, goodwill is monitored and tested by the Company on an annual basis at a company level.

The recoverable amount of the Goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial business plans approved by management, covering a three year period. They are also based on the following assumptions:

- Terminal value is calculated after the three-year period, using an estimated perpetuity growth rate of 1%. This rate reflects specific perspectives of the IT sector in the UK, and
- Discount rate is applied based on the Company's weighted average costs of capital adjusted to take into account tax rates and risk related to the business. The Company considers the weighted average cost of capital should be determined based on an historical equity premium of 6.2% in order to reflect the long term assumptions factored in the impairment tests. As a result, the discount rate used was 9.8%.

Based on the 2019 Goodwill impairment test, which was carried out at the reporting date, no impairment losses were recognised at 31 December 2019.

An analysis of the calculation's sensitivity to a combined change in the key parameters (operating margin, discount rate and perpetuity growth rate) based on reasonable probable assumptions of the variations of +/- 50bp for each of these parameters was performed and did not identify any probable scenario where the goodwill recoverable amount would fall below its carrying amount.

12. Tangible fixed assets

	Computer equipment £
Cost	
Additions	6,292
At 31 December 2019	6,292
Depreciation	
Charge for the year on owned assets	2,097
At 31 December 2019	2,097
Net book value	
At 31 December 2019	4,195
At 31 December 2018	*-*

13. Debtors

	2019 £	*2018 £*
Trade debtors	1,362,207	*5,031,590*
Amounts owed by group undertakings	4,197,715	*4,036,408*
Other debtors	213	*2,332*
Contract fulfilment asset	259,974	*529,714*
Deferred taxation	17,633	*18,662*
Prepayments	1,114,893	*614,164*
	6,952,635	*10,232,870*

14. Cash and cash equivalents

	2019 £	*2018 £*
Cash at bank and in hand	**3,306,653**	*2,248,656*
	3,306,653	*2,248,656*

As part of the cash pooling arrangement the Company and other UK based group companies have with Barclays Bank PLC, the Company, along with the other UK based group companies entered into an unlimited guarantee agreement on 26 July 2013 which cross guarantees the indemnity of all the companies which are part of this agreement.

15. Creditors: Amounts falling due within one year

	2019 £	*2018 £*
Trade creditors	**1,341,846**	*3,287,282*
Deferred income	**1,278,998**	*1,545,017*
Amounts owed to group undertakings	**879,508**	*161,456*
Other taxation and social security	**792,578**	*1,435,966*
Other creditors	**70,312**	*78,316*
Accruals	**979,517**	*2,362,053*
	5,342,759	*8,870,090*

16. Deferred taxation

	2019 £	*2018 £*
At beginning of year	**18,662**	*7,405*
Deferred tax charge in profit and loss account for the year	**(1,029)**	*11,257*
At end of year	**17,633**	*18,662*

The deferred tax asset is made up as follows:

	2019 £	*2018 £*
Short term timing differences	**17,633**	*18,662*
	17,633	*18,662*

17. Share capital

	2019 £	*2018 £*
Allotted, called up and fully paid		
919 *(2018 - 919)* Ordinary shares of £0.10 each	**92**	*92*

18. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

19. Events after the reporting date

In light of the information available as at the reporting date, the Covid-19 outbreak is considered a non-adjusting event. The Company has considered the impact of this pandemic on the business and this is set out within the principal risks and uncertainties on pages 2-3.

20. Parent and ultimate parent undertaking

The Company's immediate parent Company is Engage ESM Holdings LTD. The ultimate parent undertaking and controlling related party is Atos SE, a company incorporated in France, by virtue of its ultimate controlling interest in Engage ESM Holdings LTD. The largest and smallest group of undertakings for which group accounts are drawn up is that headed by Atos SE. Copies of these accounts are available to the public and may be obtained from Atos SE, River Ouest, 80 Quai Voltaire, 95877 Bezons, Cedex - France.