Registered number: 04176016

ENGAGE ESM LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

Directors	Philip Wray (resigned 1 May 2022) Richard Semple (resigned 5 February 2024) Matthew Middleton
Company secretary	Delphine Sak Bun
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
Bankers	Barclays Bank PLC 71 High Street Staines Middx TW18 4PS
	Bank Mendes Gans N.V. Herengracht 619 Amsterdam The Netherlands 1017

ENGAGE ESM LTD

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The Directors present their Strategic Report for Engage ESM Ltd (the "Company") for the year ended 31 December 2022.

Principal activity and business review

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

The results for the year which are set out in the Statement of Comprehensive Income show revenue of £32,752,473 (2021: £23,878,615) and operating profit of £3,680,156 (2021: £448,726).

Both external and internal revenue have increased in 2022, this is the main reason for the increase in operating profit. The Directors consider the performance for the year and the financial position at the year end to be satisfactory.

In 2023 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 its clients.

Financial Key Performance Indicators

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

Increase in turnover (%)
This is defined as the year on year movement in turnover expressed as a percentage. The increase in turnover was 42% (increase in 2021: 18%).

Increase in headcount
This is defined as the number of full time equivalent staff employed by the Company. The average headcount increased during the year by 1 to 140 from 31 December 2021 to 31 December 2022 (the average headcount increased by 11 to 139 from 31 December 2020 to 31 December 2021).

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are broadly grouped into credit risk, liquidity risk, interest rate 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 debtors. The principal credit risk arises therefore from trade debtors. The Company requires appropriate credit checks on customers before and after sales are made. The credit checks include review the customer repayment pattern and obtain their financial positions. The amount of exposure to any individual customer is reassessed periodically. 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.

Principal risks and uncertainties (Continued)

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 sufficient capital resources to meets its liquidity requirements and it is able to meet its liabilities as they fall due. The Board has also assessed the Company's ability to meet the 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.

Business risk
The wider Atos UK group has a number of governance boards which seek to deliver specific goals and which serves to cover the governance requirements of the Company.

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.

Subcontractors
The Company relies from time to time on 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 use subcontractors are initiated by the bid team evaluating the proposal.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (Continued)

Technology and IT risks
The visibility of the Company and its clients may attract malevolent third parties to conduct attacks on the Company's systems that could compromise the security of data. The loss of confidential information could result in undermining customers' confidence leading to he end of business relationships, as well as an imposition of fines and damages. IT system breakdowns could be critical both for the Company operations and its customers' needs.

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

This report was approved by the board on 30/3/2024 and signed on its behalf.

Mat Middleton

Matthew Middleton
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the Company for the year ended 31 December 2022.

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 United Kingdom Accounting Standards (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 and 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; 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 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is 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.

Results and dividends

The profit for the year, after taxation, amounted to £3,632,056 *(2021: £529,304)*.

The Company did not pay or receive a dividend in 2022 (2021: £nil).

Going concern

The Company has adopted the going concern basis in preparation of its financial statements for the year ended 31 December 2022.

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 operational, credit, liquidity, interest rate, business, clients, legal, supplier, subcontractors and technology & IT risk are described in the Strategic Report.

The Company's cash forecasts for the going concern period, being 12 months following the signing of the 2022 financial statements by the Directors show that the Company has sufficient access to liquidity to meet its needs over that period. This is reliant upon the Company's continuing access to the Atos SE Group (the "Group") cash-pooling arrangement.

In turn, the cash forecasts of the Group as a whole, which includes the cash requirement for the Company, demonstrate that the Group has sufficient access to finance to meet the entire Group's liquidity needs for this period and therefore shall be able to support the Company during the periods where an additional cash requirement exists.

The Group's cashflow forecasts, which are included in the Group's liquidity plan, have been prepared based on the following assumptions:

- The implementation of specific actions to optimise its working capital requirements, including continued access to a factoring program;
- The continuation of the €400 million asset divestment program that was announced on 28 July 2023; and
- The implementation of an additional disposal program as communicated by the Group to the market on 3 January 2024. In this respect, the Group is actively evaluating strategic alternatives, having received several expressions of interest or indicative offers relating to different divisions or segments of the Group.

The Group has continued to meet the requirements of the covenants on external borrowings and bonds, however attention should be drawn to the maturity dates of these borrowings and the risks associated with its refinancing. The maturities of the Group borrowings are as follows:

- €1.5 billion term loan A, maturing in July 2024, provides for another 6-month extension option until January 2025 under standard conditions;
- €500 million bond (Optional Exchangeable Bond) maturing in November 2024;
- €750 million bond maturing in May 2025;
- €900 million revolving credit facility maturing in November 2025;
- €350 million bond maturing in November 2028; and
- €800 million bond (Sustainability-Linked Bond) maturing in November 2029.

The ability of the Group to meet its financing maturities relies on the assumption that the relationship with major third parties (customers, suppliers, etc.) with which the Group operates is not altered, as well as the implementation of the following actions, either individually or in combination:

- pursue specific actions to optimise its working capital requirement, including continued factoring;
- implement a major asset disposal program;
- obtain new bank financing; and
- access capital markets (debt and/or equity).

Going concern (continued)

The Group has initiated discussions regarding its factoring program, aiming to have a recurring factoring program available initially for a duration of six months and in an amount of € 300 million. However, the Group cannot rule out that the outcome of those discussions may be unsuccessful or that the solutions arising from those discussions prove insufficient to cover the Group's financing maturities and cash requirements on a long-term basis.

In addition, the Group has decided to implement an additional asset disposal program beyond the €400 million mentioned in the press release of 28 July 2023. The anticipated sale of the Big Data & Security business ("BDS") to Airbus was a key factor in the Group liquidity plan. Following the Group's announcement on 19 March 2024 that discussions related to the sale of BDS to Airbus will not proceed, the Group has stated that other divestments are now included in the Group's liquidity plans which are projected to generate sufficient liquidity to support the continued operation of the Group.

The Group has entered into discussions with its financial creditors to reach a refinancing plan for its financial debt. As part of this process, the Group has requested the appointment of a *mandataire ad hoc*, as announced on 5 February 2024. The *mandataire ad hoc* is an independent third party who will assist the Group in its discussions, in order to agree an appropriate financial solution as soon as possible, in the Group's corporate interests as part of an amicable and confidential framework under French Law. Those discussions are ongoing.

The Group has sufficient liquidity to continue to operate whilst a refinancing plan is agreed and is also in discussions with its financial creditors regarding interim financing arrangements, which would provide additional liquidity headroom to the Group until a global agreement on the refinancing plan is reached.

As a result of the circumstances described above regarding the ability of the Group to support the Company's access to liquidity, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In the event of the Group failing to meet or renegotiate its financing maturities, or if the ongoing discussions regarding the asset disposal program were unsuccessful, the Company may not be able to realise its assets or settle its liabilities within the ordinary course of its operations, and the application of the going concern basis of accounting, in particular with regards to the valuation of assets and liabilities, may be inappropriate.

Directors

The Directors who served during the year and subsequently were:

Philip Wray (resigned 1 May 2022)
Richard Semple (resigned 5 February 2024)
Matthew Middleton

Political donations

The Company did not make any political donations during the year (2021: £Nil).

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.

Future development

During the year the Atos group announced its strategic transformation plan, which resulted in the carve out of the Big Data and Digital business lines of the Atos business into a newly created Eviden business on 1 May 2023. The Company will continue to trade with the remaining core business (Eviden) and has continued to focus upon growth opportunities across all business lines and industries throughout the year. The Atos group will continue to operate Tech Foundations and Eviden as separate businesses with a coordinated go-to-market strategy, and will continue to consider strategic options that are in the best interest of its customers, employees and shareholders.

The Company will focus on organic revenue growth within its core portfolio of offerings, as announced by the Atos group at the Eviden analyst day held June 7 2023.

Management is also continuing actions to pursue efforts on cost savings, especially in automation, increased productivity, third party cost control, as well as tight project management on large contracts.

Information regarding this forecast performance for the Atos group is available within the Investor Relations section on the Atos Group website: https://atos.net/en/investors/financial information.

Research and development

There is a series of software & technology developments to ensure the Company can continue to offer new solutions and value add propositions to our customers.

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 is 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.

The Company has made continuous improvements to the energy efficiency of its operations and has achieved ambitious targets in reducing its carbon intensity footprint as a result of its sharp increase in the use of decarbonised electricity in the strategic datacentres.

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 statement of financial position date

There are no events after the statement of financial position date.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30/3/2024 and signed on its behalf.

Mat Middleton

Matthew Middleton
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 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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.

Material uncertainty related to going concern

We draw attention to note 2.4 in the accounting policies section of the financial statements, which indicates that the company is reliant on continuing access to the Atos SE Group ('the group') cash pooling arrangement during the going concern period. Note 2.4 also details that the ability of the group to meet its financing maturities and provide such financial support to the company relies on the implementation of various actions by the group. The outcome of discussions in respect of these actions may be unsuccessful or solutions arising from those discussions may prove insufficient to cover the group's financing maturities and cash requirements on a long-term basis. As stated in note 2.4, these events or conditions, along with the other matters as set forth in note 2.4, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual report. 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.

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 themselves. 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.

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

As explained more fully in the Directors' Responsibilities Statement set out 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and industry in which it operates through our general, commercial and sector experience, discussions with management and inspection of board minutes. We determined the following laws and regulations were most significant: FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:

  - Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;

  - Challenging assumptions and judgements made by management in its significant accounting estimates;

  - Identifying and testing journal entries, in particular, journal entries with characteristics that meet certain criteria assessed as higher risk;

  - Enquiries with management, the finance team and legal counsel about the company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations;

  - Assessing the extent of compliance with the relevant laws and regulations that are of significance as part of our audit procedures; and

  - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;

  - Knowledge of the industry in which the client operates; and

Auditor's responsibilities for the audit of the financial statements (continued)

- ° Understanding of the legal and regulatory requirements specific to the company, including the *provisions of the application legislation.*

- The engagement team's communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of the accounting for contracts they hold.

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.

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.

Lindsay Bergh

Lindsay Bergh ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 30/3/2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	*2021* £
Revenue	4	**32,752,473**	*23,878,615*
Cost of sales		**(25,041,446)**	*(18,950,555)*
Gross profit		**7,711,027**	*4,928,060*
Administrative expenses		**(4,030,871)**	*(4,479,334)*
Operating profit	5	**3,680,156**	*448,726*
Tax on profit	9	**(48,100)**	*80,578*
Profit for the financial year		**3,632,056**	*529,304*

There was no other comprehensive income for 2022 (2021: £nil).

The notes on pages 16 to 33 form part of these financial statements.

ENGAGE ESM LTD
REGISTERED NUMBER: 04176016

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	10		**4,068,240**		*3,867,830*
Tangible assets	11		**24,369**		*32,112*
			4,092,609		*3,899,942*
Current assets					
Debtors: amounts falling due after more than one year	12,15	**53,830**		*101,931*	
Debtors: amounts falling due within one year	12	**10,917,100**		*8,167,442*	
Cash at bank and in hand		**12,124,533**		*6,780,203*	
		23,095,463		*15,049,576*	
Creditors: amounts falling due within one year	14	**(14,426,765)**		*(9,820,267)*	
Net current assets			**8,668,698**		*5,229,309*
Total assets less current liabilities			**12,761,307**		*9,129,251*
Net assets			**12,761,307**		*9,129,251*
Capital and reserves					
Called up share capital	16,17		**92**		*92*
Revaluation reserve			**8**		*8*
Profit and loss account	17		**12,761,207**		*9,129,151*
			12,761,307		*9,129,251*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30/3/2024

Mat Middleton

Matthew Middleton
Director

The notes on pages 16 to 33 form part of these financial statements.

ENGAGE ESM LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	92	8	9,129,151	9,129,251
Profit for the year	-	-	3,632,056	3,632,056
Total comprehensive income for the year	-	-	3,632,056	3,632,056
At 31 December 2022	92	8	12,761,207	12,761,307

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	92	8	8,599,847	8,599,947
Profit for the year	-	-	529,304	529,304
Total comprehensive income for the year	-	-	529,304	529,304
At 31 December 2021	92	8	9,129,151	9,129,251

The notes on pages 16 to 33 form part of these financial statements.

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 'Company Information'. The principal activities of the Company are described in the Strategic Report.

The Company is wholly owned by Engage ESM Holding Limited and its ultimate parent company is Atos S.E., a company incorporated in France. The Company is exempt by virtue of section 401 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 S.E., and the Company is included in these Group accounts. These financial statements present information about the Company as an individual undertaking and not about any wider group (refer to note 20).

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 2.7).

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- 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;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- 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; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.3 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 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 Company sells the goods or services separately. Otherwise, the Company 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.

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.

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.

2. Accounting policies (continued)

2.4 Going concern

The Company has adopted the going concern basis in preparation of its financial statements for the year ended 31 December 2022.

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 operational, credit, liquidity, interest rate, business, clients, legal, supplier, subcontractors and technology & IT risk are described in the Strategic Report.

The Company's cash forecasts for the going concern period, being 12 months following the signing of the 2022 financial statements by the Directors show that the Company has sufficient access to liquidity to meet its needs over that period. This is reliant upon the Company's continuing access to the Atos SE Group (the "Group") cash-pooling arrangement.

In turn, the cash forecasts of the Group as a whole, which includes the cash requirement for the Company, demonstrate that the Group has sufficient access to finance to meet the entire Group's liquidity needs for this period and therefore shall be able to support the Company during the periods where an additional cash requirement exists.

The Group's cashflow forecasts, which are included in the Group's liquidity plan, have been prepared based on the following assumptions:

- The implementation of specific actions to optimise its working capital requirements, including continued access to a factoring program;
- The continuation of the €400 million asset divestment program that was announced on 28 July 2023; and
- The implementation of an additional disposal program as communicated by the Group to the market on 3 January 2024. In this respect, the Group is actively evaluating strategic alternatives, having received several expressions of interest or indicative offers relating to different divisions or segments of the Group.

The Group has continued to meet the requirements of the covenants on external borrowings and bonds, however attention should be drawn to the maturity dates of these borrowings and the risks associated with its refinancing. The maturities of the Group borrowings are as follows:

- €1.5 billion term loan A, maturing in July 2024, provides for another 6-month extension option until January 2025 under standard conditions;
- €500 million bond (Optional Exchangeable Bond) maturing in November 2024;
- €750 million bond maturing in May 2025;
- €900 million revolving credit facility maturing in November 2025;
- €350 million bond maturing in November 2028; and
- €800 million bond (Sustainability-Linked Bond) maturing in November 2029.

The ability of the Group to meet its financing maturities relies on the assumption that the relationship with major third parties (customers, suppliers, etc.) with which the Group operates is not altered, as well as the implementation of the following actions, either individually or in combination:

- pursue specific actions to optimise its working capital requirement, including continued factoring;
- implement a major asset disposal program;
- obtain new bank financing; and
- access capital markets (debt and/or equity).

2. Accounting policies (continued)

2.4 Going concern (continued)

The Group has initiated discussions regarding its factoring program, aiming to have a recurring factoring program available initially for a duration of six months and in an amount of € 300 million. However, the Group cannot rule out that the outcome of those discussions may be unsuccessful or that the solutions arising from those discussions prove insufficient to cover the Group's financing maturities and cash requirements on a long-term basis.

In addition, the Group has decided to implement an additional asset disposal program beyond the €400 million mentioned in the press release of 28 July 2023. The anticipated sale of the Big Data & Security business ("BDS") to Airbus was a key factor in the Group liquidity plan. Following the Group's announcement on 19 March 2024 that discussions related to the sale of BDS to Airbus will not proceed, the Group has stated that other divestments are now included in the Group's liquidity plans which are projected to generate sufficient liquidity to support the continued operation of the Group.

The Group has entered into discussions with its financial creditors to reach a refinancing plan for its financial debt. As part of this process, the Group has requested the appointment of a *mandataire ad hoc*, as announced on 5 February 2024. The mandataire ad hoc is an independent third party who will assist the Group in its discussions, in order to agree an appropriate financial solution as soon as possible, in the Group's corporate interests as part of an amicable and confidential framework under French Law. Those discussions are ongoing.

The Group has sufficient liquidity to continue to operate whilst a refinancing plan is agreed and is also in discussions with its financial creditors regarding interim financing arrangements, which would provide additional liquidity headroom to the Group until a global agreement on the refinancing plan is reached.

As a result of the circumstances described above regarding the ability of the Group to support the Company's access to liquidity, there is a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. In the event of the Group failing to meet or renegotiate its financing maturities, or if the ongoing discussions regarding the asset disposal program were unsuccessful, the Company may not be able to realise its assets or settle its liabilities within the ordinary course of its operations, and the application of the going concern basis of accounting, in particular with regards to the valuation of assets and liabilities, may be inappropriate.

2.5 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. Accounting policies (continued)

2.6 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.

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 years

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 profit or loss.

2.7 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 amortisation 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 from the Companies Act 2006 and has been applied, for the overriding purpose of giving a true and fair view. It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, the effect of the departure from the Companies Act 2006 is to increase profit for the financial year and to increase the carrying amount of goodwill.

2. Accounting policies (continued)

2.8 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 intangible asset; and
- the intangible asset will generate probable future economic benefits.

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

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which is 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Defined contribution pension obligation

Defined contribution pension plan

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 profit or loss 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. Accounting policies (continued)

2.10 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 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 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. Accounting policies (continued)

2.11 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 IFRS 9 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.

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 of financial assets and contract assets

IFRS 9 applies an "expected credit loss" model for assessing asset impairment. For trade receivables, the Company applies the IFRS 9 simplified approach. Cash and cash equivalents are held with bank and financial institution counterparties, the majority of which are rated from A- to AA-. Impairment on cash and cash equivalent is assessed based on the current default probability.

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.

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.

Goodwill impairment assessment

The valuation of goodwill is measured at the lower of cost less impairment and recoverable amount. The value in use for the goodwill is subject to estimation uncertainty in the forecasting of future profitability. In particular, the assumptions with regards to revenue and cost growth, plus discount rates, all factor into the estimation uncertainty. Management has used assumptions consistent with group wide benchmarks and approved business plans.

4. Revenue

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

	2022 £	*2021* £
Rendering of services	**23,084,580**	*18,768,129*
Hardware and licence resale	**9,667,893**	*5,110,486*
	32,752,473	*23,878,615*

Analysis of revenue by country of destination:

	2022 £	*2021* £
United Kingdom	**24,116,422**	*15,910,197*
Rest of Europe	**7,980,035**	*6,562,524*
Rest of the world	**656,016**	*1,405,894*
	32,752,473	*23,878,615*

5. Operating profit

Arrived at after charging/(crediting)

	2022 £	2021 £
Depreciation of tangible fixed assets (note 11)	**16,581**	*11,553*
Amortisation of intangible assets (note 10)	**185,979**	-
Exchange differences	**160,655**	*130,766*
Defined contribution pension cost (note 7)	**1,192,504**	*1,109,782*

6. 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:

	2022 £	2021 £
Audit fee	**23,000**	*20,000*
	23,000	*20,000*

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2022 **£**	*2021* *£*
Wages and salaries	**10,669,673**	*10,601,991*
Social security costs	**1,440,820**	*1,281,839*
Cost of defined contribution scheme	**1,192,504**	*1,109,782*
	13,302,997	*12,993,612*

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

	2022 **No.**	*2021* *No.*
Administration	**5**	*5*
Sales and marketing	**20**	*20*
Operations	**115**	*114*
	140	*139*

8. Directors' remuneration

	2022 **£**	*2021* *£*
Directors' emoluments	**338,639**	*329,379*
Company contributions to defined contribution pension schemes	**9,000**	*9,000*
Performance share	**46,038**	-
	393,677	*338,379*

The highest paid Director received remuneration of £338,639 (2021: £329,379).
The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,000 (2021: £9,000). There is performance share granted during the year of £46,038 (2021: £Nil)

The emoluments of the other Directors are paid by Atos UK International IT Services Limited and Atos International BV. The Directors' services to this Company are not significant compared to their services for other companies in the group and therefore their emoluments are deemed to be wholly attributable to Atos UK International IT Services Limited and Atos International BV; accordingly these Directors received no remuneration for the services to the Company (2021: £Nil).

9. Taxation

	2022 £	*2021* *£*
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	44,679	*(70,081)*
Impact of tax rate changes	-	*(6,743)*
Adjustment in respect of previous years	3,421	*(3,754)*
Total deferred tax	48,100	*(80,578)*
Taxation on profit on ordinary activities	48,100	*(80,578)*

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2021: lower than)* the standard rate of corporation tax in the UK of 19% *(2021: 19%)* multiplied by the profit before tax. The differences are explained below:

	2022 £	*2021* *£*
Profit on ordinary activities before tax	3,680,156	*448,726*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	699,230	*85,258*
Effects of:		
Disallowable costs	9,300	*8,298*
Adjustment in respect of previous years	3,421	*(3,755)*
Non-taxable income	(41,756)	-
Effect of tax rate change	10,723	*(23,562)*
Free group relief from other UK Group companies	(632,818)	*(146,817)*
Total tax charge for the year	48,100	*(80,578)*

Factors that may affect future tax charges

Following the introduction of Finance Act 2021 which was substentively enacted on 10 June 2021, the UK corporation tax rate is due to increase from 19% up to 25% from 1 April 2023. This rise in UK corporation tax rate has been factored into the calculations for deferred tax assets and liabilities.

10. Intangible assets

	Goodwill £	Development £	Total £
Cost			
At 1 January 2022	**4,728,415**	**557,936**	**5,286,351**
Additions	**-**	**386,389**	**386,389**
At 31 December 2022	**4,728,415**	**944,325**	**5,672,740**
Amortisation/Impairment			
At 1 January 2022	**1,418,521**	**-**	**1,418,521**
Charge for the year	**-**	**185,979**	**185,979**
At 31 December 2022	**1,418,521**	**185,979**	**1,604,500**
Net book value			
At 31 December 2022	**3,309,894**	**758,346**	**4,068,240**
At 31 December 2021	*3,309,894*	*557,936*	*3,867,830*

10. Intangible assets (continued)

The acquired goodwill of £4.7m relates to the acquisition in 2009 of two subsidiaries, Innovise ESM Limited and Innovise ESM Holdings Limited, both dissolved on 18 December 2018.

The benefits of these acquired businesses complemented a number of existing Engage ESM Ltd 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 four 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 a 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 13.0% (2021: 8.3%).

Based on the 2022 Goodwill impairment test, which was carried out at the reporting date, no impairment losses were recognised at 31 December 2022.

Development is a series of software & technology developments to ensure the Company can continue to offer new solutions and value add propositions to our customers, with the net book value of £758,346 at 31 December 2022 (2021: £557,936). R&D is amortized in 3 years and currently has 2 years remaining life.

11. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2022	**49,934**
Additions	**9,821**
Disposals	**(7,396)**
At 31 December 2022	**52,359**
Depreciation	
At 1 January 2022	**17,822**
Charge for the year	**16,581**
Disposals	**(6,413)**
At 31 December 2022	**27,990**
Net book value	
At 31 December 2022	**24,369**
At 31 December 2021	*32,112*

12. Debtors

	2022 £	2021 £
Due after more than one year		
Deferred tax asset	**53,830**	*101,931*
	53,830	*101,931*

	2022 £	2021 £
Due within one year		
Trade debtors	**2,016,615**	*2,096,413*
Amounts owed by group undertakings	**3,383,444**	*2,830,931*
Other debtors	**-**	*4,500*
Contract asset	**482,137**	*603,383*
Prepayments	**5,034,904**	*2,632,215*
	10,917,100	*8,167,442*

13. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	**12,124,533**	*6,780,203*
	12,124,533	*6,780,203*

As part of the cash pooling arrangement which the Company and other UK based group companies have with Barclays Bank PLC, the Company entered into the unlimited guarantee agreement in April 2017 which cross guarantees the indemnity of all the companies which are part of this agreement.

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	-	34,677
Trade creditors	4,733,838	2,950,601
Deferred income	5,828,716	3,360,515
Amounts owed to group undertakings	391,418	301,454
Other taxation and social security	1,243,950	893,117
Other creditors	105,462	190,108
Accruals	2,123,381	2,089,795
	14,426,765	9,820,267

15. Deferred taxation

	2022 £	2021 £
At beginning of year	101,931	21,353
Deferred tax charge in profit and loss account for the year	(48,101)	80,578
At end of year	53,830	101,931

The deferred tax asset is made up as follows:

	2022 £	2021 £
Short term timing differences	53,830	101,931
	53,830	101,931

16. Share capital

	2022 £	*2021 £*
Allotted, called up and fully paid		
919 *(2021: 919)* Ordinary shares of £0.10 each (2021: £0.10)	**92**	*92*

Each ordinary share has full rights in the Company with respect to voting, dividends and distributions (including on wind-up) and do not confer rights of redemption.

17. 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.

18. Related party transactions

During the year the Company entered into transactions in the ordinary course of business with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with wholly owned group undertakings.

A relative of a Director of the Company is employed by the Company under normal terms and conditions and with remuneration commensurate with the role. Total remuneration for 2022 was £267,500 (2021: £185,000).

19. Events after the statement of financial position date

There are no events after the statement of financial position date.

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.