

Engine Acquisition Limited

Directors' Report and Consolidated
Financial Statements
31 December 2021



Registered Number 09080182

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Company Information

Registered Number	09080182
Registered Office	60 Great Portland Street, London, W1W 7RT
Directors	P J Harris J A Peachey
Company Secretary	M J Sanford

Group Strategic Report

Principal activity

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

Business review and key performance indicators

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group ended the year with £88.4m (2020: £76.8m) revenue from continuing operations. The profit for the year amounted to £3.9m (2020: £10.2m loss).

The Group uses a range of measures to assess performance, including new business wins, secured revenue percentages, and employee compensation as a percentage of revenue. However, the most significant KPI is Adjusted EBITDA (adding back restructuring costs and other one-off costs). Adjusted EBITDA from continuing operations for the year is £14.6m (2020: £12.3m). The Adjusted EBITDA increased by 19%, driven by an increase in revenue (15%) coupled with improved operating margins.

	2021 £m	2020 £m
Continuing operations		
Adjusted EBITDA	14.6	12.3
Depreciation and amortisation	(7.8)	(8.1)
Restructuring expenses and non-recurring expenses	(1.7)	(2.7)
Gain on disposal of subsidiary undertaking	0.3	-
Impairment of ROU asset	-	(8.7)
Gain on re-measurement of lease liabilities	0.5	0.8
	<hr/>	<hr/>
Operating profit/(loss) from continuing operations	5.9	(6.4)
	<hr/>	<hr/>

The Group's strong focus in generating cash from operating activities and maintaining discipline in capital expenditure will be key to making further progress in strengthening the balance sheet going forward and ensuring sufficient level of headroom to its financial covenants.

Risk factors

General economic and industry-specific factors beyond our control may adversely affect our business by causing demand for our services to decline.

A number of factors beyond our control could decrease the demand from our existing clients for our services and impair our ability to attract new clients. These include marketing budgets, general economic conditions, business consolidations, government spending, and other industry-specific trends. Changes in management or ownership of an existing client are also factors that could affect the client's demand for our services. As a result, we may provide

Group Strategic Report (*continued*)

Risk factors (*continued*)

different levels of services to our clients' from year to year, and these differences can cause a decline in or contribute to fluctuations in our operating results.

If we lose key management or are unable to attract and retain the personnel required for our business, our operating results could suffer.

We are a service business, and are therefore dependent upon the efforts and skills of our senior executives and other key employees. The cumulative effect of losing several of these individuals could harm our business. Competition for senior management is intense, and in future we may not be successful in retaining key personnel or in attracting and retaining other personnel that we may require.

Our clients' spending priorities may change in a manner which could negatively affect our revenues.

If our clients' budgets for discretionary spend on programs for which we provide services decreases and, if their priorities shift in a manner that could result in significant decline in marketing, communication and consultancy expenditures our business could be adversely affected by the loss of revenues.

The marketing, communication and consultancy services industries are vulnerable to general economic conditions which may cause our revenue to decline.

Many of our clients treat all, or a portion of, their marketing, communication and consultancy expenditures as discretionary. If general economic conditions worsen and these companies or organisations seek to control variable costs, projects for which we have been engaged may be delayed or cancelled, and new project bookings may decrease. As a result our revenue may decline.

Our industry is competitive, and larger, better financed competitors may be more successful in obtaining clients than we are.

We face competition in connection with most of the services we provide. Other companies, including some with greater financial resources than we have, may offer a range of services similar to those offered by us, or may otherwise compete more effectively in the marketing, communication and consultancy services industry. We regularly experience significant competition for clients seeking marketing, communication and consultancy services from a large number of our competitors. These competitors include market research companies, advertising agencies and business consulting firms. We compete for clients with a large number of firms that vary in size.

Financial risk management objectives and policies

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

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

Group Strategic Report (*continued*)

Post balance sheet events

On 8 March 2022, Next Fifteen Communications Group PLC ("Next 15") purchased the entire share capital of the Company.

During August 2022, the individual members of Engine Partners UK LLP resigned and accepted contracts of employment with Engine People UK Limited, a wholly owned subsidiary of The Engine Group Limited.

On 1 September 2022, Engine Partners UK LLP sold the trade and assets of its' Communications and Transformation divisions to MHP Group Limited and Transform UK Consulting Limited respectively, both of which are newly incorporated subsidiaries of Engine Partners UK LLP. The entire shareholdings in both MHP Group Limited and Transform UK Consulting Limited were subsequently transferred to Next Fifteen Communications Group Plc on 1 September 2022.

On 1 October 2022, Engine Partners UK LLP sold the trade and assets of its' Creative division to House 337 Limited, a newly incorporated subsidiary of Engine Partners UK LLP. The entire shareholding in House 337 Limited was subsequently transferred to Next Fifteen Communications Group Plc on 1 October 2022.

Outlook

The Group has seen a strong recovery from the Covid-19 pandemic, which has continued into 2022 with new client wins and improved revenue forecasts for existing clients.

The Group's acquisition by Next 15 brings with it investment to accelerate the Group's growth plans, and allowing the Group to continue to invest in key talent to enhance its services to clients. This is expected to benefit margins in the longer term. Cash generation remains a key focus and excluding the impact of one-off adjustments to property leases, net debt continues to fall.

Section 172 Companies Act Statement

Key stakeholders

Employees are Engine's most valuable asset. The group's key strategy is to attract and retain high quality staff. 2021 continued to be a challenging year as national lockdowns due to the Covid-19 pandemic continued. Employee safety continued to be the top priority and our business premises remained closed throughout the national lockdown until 12th April when it was again opened up to employees on an entirely voluntary basis for those who preferred to work from the office. As in previous years, the group continued to make use of company-wide surveys to continually receive feedback and give employees influence over the safety measures in place ensuring that everyone felt comfortable if they chose to return to office-based working. Engine has formalised a hybrid working pattern which further facilitates fluid working whilst maintaining a performance led culture.

During the lockdown periods, Engine UK hosted several "after-hours" events whereby employees were invited to finish early and join company-wide zoom calls with well-known comedians.

Engine UK continues to invest in its sales offering to customers through the simplification and rationalisation of existing services.

All of Engine's services can be delivered with a low environmental impact. Employees are encouraged to work fluidly where it makes sense to do so thereby reducing the environmental impact.

Group Strategic Report (*continued*)

Principal decisions

There was further investment in technology and tools in 2021. Cloud Booking software enables employees to book socially distanced workspace in our office in advance. Advance booking is now mandatory and Engine has adopted a hot desking culture. Additionally, we launched Greenhouse, an integrated recruitment tool to assist with hiring, onboarding and collection of diversity metrics.

Inclusion-networks ("I-Networks") were launched in February 2021 to provide an informal social, emotional, professional and personal network for members. One of the asks of each network was to develop events and communication to help educate and inform everyone at Engine about the lived experience, history, culture and needs of its members.

Recognising the fact that many employees had not been able to travel during the year, the normal holiday carry-forward rules were extended from 5 to 8 days.

Greenhouse gas emissions and energy use

The year ended 31 December 2021 is the second year that the Group has published its Greenhouse Gas emissions. The Group's head office was closed in Q1 due to the UK lockdown, so all location-based emissions were at a minimum. From Q2 onwards, the Group's energy consumption returned to normal levels with the re-opening of the head office, and emissions directly from client work ramping up.

	2021	2020
	kWh	kWh
Energy consumption used		
Electricity	1,301,261	1,066,319
Gas	406,338	460,635
Transport fuel	5,809	4,081
Other energy sources	-	-
	<hr/>	<hr/>
	2021	2020
	tCO₂e	tCO₂e
Emissions – all location based		
<i>Scope 1</i>		
Emissions from combustion of gas	74.40	84.70
Emissions from combustion of fuel for transport purposes	-	-
<i>Scope 2</i>		
Emissions from purchased electricity	276.30	248.60
<i>Scope 3</i>		
Emissions from business travel in rental cars or employee vehicles, where company is responsible for purchasing the fuel	1.80	1.30
Emissions from upstream transport and distribution	115.50	69.70
Total location based emissions	468.00	404.30
Intensity (tCO₂e per employee/partner)	0.81	0.59
	<hr/>	<hr/>

Group Strategic Report (*continued*)

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Greenhouse gas emissions and energy use (*continued*)

During the year, the Group launched their climate action group which focused on 3 areas of strategic focus:

- Curbing emissions directly created from our client work
- Using our influence to bring about positive change & behaviours
- Continuing to get our own head office emissions down

The above data has been derived using the Greenhouse Gas Protocol Accounting and Reporting Standard.

The Group Strategic Report as set out on pages 3-7 was approved by the Board on 23 January 2023 and signed on its behalf by:

Peter Harris

Peter Harris, Director, 2023, 15th OCT

P J Harris

Director

Date: 23 January 2023

Group Directors' Report

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

Principal activities

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

Business review

The consolidated income statement is set out on page 14 and shows a profit after tax attributable to equity holders of the parent of £3.9m (2020: £10.2m loss).

Proposed dividend

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

Directors

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

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

Company Secretary

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

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

Going concern

Following the Group's acquisition by Next Fifteen Communications Group Plc, a new loan of £48.7m was advanced to The Engine Group Limited which carries an interest rate of base rate +2.0%. The loan was used to repay all amounts due to group undertakings at the balance sheet date.

The Group is taking steps to join Next 15's group banking facilities, which allows the Group to draw down on cash in order to meet its liabilities if required.

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

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

Equal opportunities

The Group's equal opportunities policy is not to discriminate on any grounds. This policy relates to recruitment, training, pay and benefits, promotions and transfers. Specifically, in the case of those with a disability we will make reasonable adjustments to working arrangements or to a physical aspect of the work place if the individual is placed at a substantial disadvantage compared to a non-disabled person.

Group Directors' Report (*continued*)

Company Number: 09080182

Employee consultation

The Group's policy is to consult and discuss with employees, through regular meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through internal communication channels and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Short term incentive plans are in place at present, as a means of further encouraging the involvement of employees in the Group's performance.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' indemnities

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

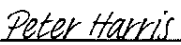
Strategic report

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

Auditor

As a result of the acquisition by Next 15, following the approval and filing of the accounts, the Company will resign RSM as the auditors.

The Group Directors' Report as set out on pages 8 and 9 was approved by the Board on 23 January 2023 and signed on its behalf by


Peter Harris Jan 23 2023 15:19 GMT

P J Harris

Director

Date: 23 January 2023

60 Great Portland Street
London
W1W 7RT

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

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

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that year.

In preparing the group and company financial statements, the directors are required to:

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

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

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

Independent Auditor's Report to the Members of Engine Acquisition Limited

Opinion

We have audited the financial statements of Engine Acquisition Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the statement of consolidated cash flows, the consolidated and company statements of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Conclusions relating to going concern

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 course of 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 this gives rise to 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.

Independent Auditor's Report to the Members of Engine Acquisition Limited (*continued*)

Opinions 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 10, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's Report to the Members of Engine Acquisition Limited (*continued*)

The extent to which the audit was considered capable of detecting irregularities, including fraud (*continued*)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are IFRS / UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and employment related laws and regulations. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied in the income recognition.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Christopher Tate
CRS: 320114 Date: Jan 24 2022 11:06 GMT

Christopher Tate (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 24 January 2023

Consolidated Income Statement For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	2	88,363	76,814
Administrative expenses		(75,731)	(67,843)
Amortisation	10	(4,106)	(4,069)
Depreciation	9	(3,645)	(4,015)
Impairment of right-of-use asset	15	-	(8,726)
Gain on re-measurement of lease liability	15	476	838
Gain on disposal of subsidiary undertaking		289	-
Other income	3	255	609
Profit/(loss) from operating activities		5,901	(6,392)
Finance expense	7	(3,919)	(4,146)
Profit/(loss) before taxation		1,982	(10,538)
Taxation	8	1,887	375
Profit/(loss) for the year		3,869	(10,163)
Attributable to:			
Equity holders of the parent		3,869	(10,163)
Non-controlling interest		-	-

The notes on pages 23 to 51 form part of these financial statements.

Consolidated Statement of Comprehensive Income For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit/(loss) for the year	3,869	(10,163)
Other comprehensive income		
Items that may be subsequently reclassified to income statement		
Foreign exchange translation	59	34
Other comprehensive income for the year	59	34
Total comprehensive income/(loss) for the year	3,928	(10,129)
Attributable to:		
Equity holders of the parent	3,928	(10,129)
Non-controlling interest	-	-
	3,928	(10,129)

The notes on pages 23 to 51 form part of these financial statements.

Statement of Financial Position - Group

As at 31 December 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Tangible fixed assets	9	6,128		5,995	
Right-of-use assets	15	11,729		13,684	
Intangible assets	10	55,003		58,722	
Deferred tax	12	886		1,029	
Total non-current assets			73,746		79,430
Current assets					
Trade and other receivables	13	22,233		21,615	
Cash and cash equivalents		936		1,439	
Total current assets			23,169		23,054
Total assets			96,915		102,484
Non-current liabilities					
Trade and other payables	14	(43,537)		(44,182)	
Provisions	16	(1,655)		(1,655)	
Lease liabilities	15	(21,043)		(24,589)	
Deferred tax liabilities	12	(1,375)		(1,765)	
			(67,610)		(72,191)
Current liabilities					
Trade and other payables	14	(42,599)		(45,645)	
Corporation tax liabilities		(1,725)		(3,874)	
Provisions	16	(5)		(5)	
			(44,329)		(49,524)
Total liabilities			(111,939)		(121,715)
Net liabilities			(15,024)		(19,231)

Statement of Financial Position – Group (continued)

As at 31 December 2021

Company Number: 09080182

	Note	2021 £'000	2020 £'000
Equity attributable to equity holders of the parent			
Share capital	18	-	-
Share premium		18,763	18,763
Foreign exchange reserve		-	81
Other reserve		(896)	(340)
Accumulated losses		(32,891)	(37,735)
		<u>(15,024)</u>	<u>(19,231)</u>
Non-controlling interest		-	-
Total equity		<u>(15,024)</u>	<u>(19,231)</u>

These financial statements were approved by the board of directors on 23 January 2023 and were signed on its behalf by:

Peter Harris
Peter Harris, dated 23 January 2023 by CM*

P J Harris
Director
Date: 23 January 2023

The notes on pages 23 to 51 form part of these financial statements.

Statement of Financial Position - Company

As at 31 December 2021

Company Number: 09080182

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Investments	11	19,447		19,447	
Total non-current assets			19,447		19,447
Current assets					
Trade and other receivables	13	703		-	
Total current assets			703		-
Total assets			20,150		19,447
Current liabilities					
Trade and other payables	14	(1,899)		(1,214)	
Total liabilities			(1,899)		(1,214)
Net assets			18,251		18,233
Equity attributable to equity holders of the Company					
Share capital	18		-		-
Share premium			18,763		18,763
Retained earnings			(512)		(530)
Total equity			18,251		18,233

The Company's profit for the year was £18,211 (2020: loss of £638,111). There was no Other Comprehensive Income in either year.

These financial statements were approved by the board of directors on 23 January 2023 and were signed on its behalf by:

Peter Harris
DIRECTOR

P J Harris
Director
Date: 23 January 2023

The notes on pages 23 to 51 form part of these financial statements.

Consolidated Statement of Cash Flows For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities	20	10,358	8,785
Interest paid		(1,773)	(1,886)
Taxes paid		(527)	-
Net cash from operating activities		8,058	6,899
Cash flows from investing activities			
Purchase of tangible fixed assets	9	(1,867)	(2,555)
Purchase of intangible fixed assets	10	(387)	(447)
Proceeds of disposal of tangible fixed assets	9	7	-
Acquisition of trade and assets		-	(70)
Disposal of subsidiary undertaking		(141)	-
Net cash used in investing activities		(2,388)	(3,072)
Cash flows from financing activities			
Repayment of lease liabilities	15	(4,384)	(2,020)
Repayment of group loans		(1,849)	(1,849)
Dividends paid		-	-
Net cash used in financing activities		(6,233)	(3,869)
Net increase in cash and cash equivalent		(563)	(42)
Effects of exchange rate changes		60	41
Cash and cash equivalents at beginning of year		1,439	1,440
Cash and cash equivalents at end of year		936	1,439

The above represents the group statement of cash flows. The Company does not have any bank or cash holdings and therefore no Company Statement of Cash flows has been presented.

The notes on pages 23 to 51 form part of these financial statements.

Statement of Changes in Equity – Group

	Share capital £'000	Share premium £'000	Foreign exchange reserve £'000	Other reserve £'000	Retained earnings £'000	Total parent equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2020	-	18,763	47	171	(28,085)	(9,104)	-	(9,104)
Total comprehensive income for the year:								
Loss for the year	-	-	-	-	(10,163)	(10,163)	-	(10,163)
Deferred tax on IFRS16 restatement	-	-	-	-	2	2	-	2
Foreign exchange translation	-	-	34	-	-	34	-	34
Fair value interest on inter-company loan	-	-	-	(511)	511	-	-	-
Balance at 31 December 2020	-	18,763	81	(340)	(37,735)	(19,231)	-	(19,231)

The notes on pages 23 to 51 form part of these financial statements.

Statement of Changes in Equity – Group (continued)

	Share capital £'000	Share premium £'000	Foreign exchange reserve £'000	Other reserve £'000	Retained earnings £'000	Total parent equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2021	-	18,763	81	(340)	(37,735)	(19,231)	-	(19,231)
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	3,869	3,869	-	3,869
Deferred tax on IFRS16 restatement	-	-	-	-	(12)	(12)	-	(12)
Foreign exchange translation	-	-	59	-	-	59	-	59
Fair value interest on inter-company loan	-	-	-	(556)	556	-	-	-
Disposal of subsidiary undertaking	-	-	(140)	-	431	291	-	291
Balance at 31 December 2021	-	18,763	-	(896)	(32,891)	(15,024)	-	(15,024)

The notes on pages 23 to 51 form part of these financial statements.

Statement of Changes in Equity – Company

Balance at 1 January 2020				
Total comprehensive income for the year:				
Loss for the year	-	18,763	108	18,871
	-	-	(638)	(638)
Balance at 31 December 2020	-	18,763	(530)	18,233
Balance at 1 January 2021	-	18,763	(530)	18,233
Total comprehensive income for the year:				
Profit for the year	-	-	18	18
Balance at 31 December 2021	-	18,763	(512)	18,251

The notes on pages 23 to 51 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

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

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The parent company financial statements present information about the Company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006

On publishing the parent company financial statements here, together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

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

Amounts in this report have been rounded to the nearest thousand £.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 23.

Going concern

The financial statements of the Group and Company are prepared on a going concern basis.

The Directors are of the opinion that the Group and Company will have sufficient cash resources to fund its activities based on group forecast cash flow information for a period in excess of twelve months from the date of these financial statements. Management continues to monitor all working capital commitments and balances on a regular basis and believe that they have secured appropriate levels of financing for the Group and Company to continue to meet their liabilities as they fall due for at least the next twelve months from the date of approval of these financial statements.

As with any Group or Company placing reliance on future forecasts, the directors acknowledge that there can be no certainty that forecasts will be met and if the amount or timing of forecast inflows and outflows were to change adversely the Directors believe that the Group and Company has the flexibility to reconsider certain working capital decisions to operate within the existing facilities. At the date of approval of these financial statements, the Directors have no reason to believe that it will not meet its forecasts.

These forecasts indicate that the Directors are comfortable that the Group and Company can continue to operate within existing facilities for the foreseeable future.

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

Notes to the financial statements (continued)

1 Accounting policies (*continued*)

Measurement convention

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

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency gains and losses are reported on a net basis.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the foreign exchange reserve. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the foreign exchange reserve is recognised in the statement of comprehensive income.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign exchange reserve. Foreign currency differences arising on the retranslation of a hedge of a net investment in a foreign operation are recognised directly in equity, in the foreign exchange reserve, to the extent that the hedge is effective. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Financial instruments

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

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

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

Non-derivative financial instruments

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

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently impaired if, in the opinion of the directors, this amount is no longer fully recoverable. At the year end, trade and other receivables are assessed for expected credit losses under the simplified approach.

Trade and other payables

Trade and other payables, excluding derivative liabilities, are recognised initially at fair value and are subsequently carried at amortised cost.

Investments in debt and equity securities

Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Investments in subsidiaries are carried at cost less impairment in the parent company financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

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

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss, unless they are designated as cash flow hedges. Changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income.

Property, plant and equipment

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

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

- Improvements to leasehold - over the length of the lease
- Computer equipment - 33 to 100% per annum
- Office fixtures & equipment - 10 to 20% per annum

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

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill represents the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Brands - 10 years
- Customer relationships - 10 years
- Software - 3 to 5 years

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Impairment

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

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

Calculation of recoverable amount

The recoverable amount of the receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

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

Employee benefits

Defined contribution plans

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

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own, or its ultimate parent's, equity instruments, including those which relate to capital interests in the Group's subsidiaries, are accounted for as either cash-settled or equity-settled share-based payment transactions, depending on how the equity instruments are obtained by the Group.

The grant date fair value of share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity and/or liability, over the period that the employees become unconditionally entitled to the awards. If the share-based payment incorporates the ultimate parents equity instruments then a corresponding increase in a liability to the ultimate parent is recorded. The fair value of the share-based instruments granted is measured using an appropriate valuation model, taking into account the terms and conditions upon which the share-based instruments were granted. The amount recognised as an expense is adjusted to reflect the expected value of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the value of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Provisions

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

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

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for providing services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration; allocates the transaction price to the separate performance obligations; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

The Group will either recognise a contract asset (accrued income) or a contract liability (deferred income) for the difference between the revenue recognised in the year and the cumulative amounts billed for that contract.

Dividend income

Dividend income is recognised on the date the entity's right to receive payments is established.

Expenses

Financing income and expenses

Financing expenses comprise interest payable and finance leases that are recognised in the statement of comprehensive income. Financing income comprises interest receivable on funds invested.

Interest income and interest payable is recognised in income statement as it accrues, using the effective interest method.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Taxation

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

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

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

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

Dividends

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

Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Leases

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

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

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

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

Notes to the financial statements (*continued*)

2 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Nature of goods and services

The following is a description of principal activities – separated by reportable segments – from which the Group generates its revenue.

- i. Retainer-based revenue
- ii. Project-based revenue
- iii. Time and materials-based revenue

Products and Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Retainer based contract	All retainer-based contracts can be product and/or service-based contracts however, the deliverables on each of these contracts may vary. Certain contracts require Engine to create set number of adverts where as others would require Engine to support websites for a set timeframe. The performance obligations for each contract may be different. The Group recognises revenue based on actual/budgeted hours based on stages of completion.
Project based contract	Project based contracts have set deliverables and have a definite end date. Revenue is recognised based on stages of completion based on actual/budgeted hours
Time and material	Time and material contracts are those where the invoices are billed on actual hours and materials used. The performance obligations on these contracts are the timesheet filled by individuals working on these contracts.

Disaggregation of revenue from contracts with customers

Revenue is derived from the transfer of goods and services in the following segments:

	2021 £'000	2020 £'000
Retainer	23,362	25,200
Project	44,221	37,331
Time and materials	20,780	14,283
	88,363	76,814

Notes to the financial statements (*continued*)

2 Revenue from contracts with customers (*continued*)

Open Contracts at the year-end:

	Value of open contracts £'000	Revenue Recognised in the year £'000	Accrued income £'000	Deferred income £'000
At 31 December 2021	39,928	27,241	187	3,543

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and does not disclose information relating to performance obligations for contracts that had an original expected duration of one year or less.

The expected revenue with respect to the above contracts are as follows:

	2022 £'000	2023 £'000	2024 £'000
Expected revenue	12,687	-	-

Notes to the financial statements (*continued*)

3 Operating profit/loss

Operating profit/loss is stated after charging/(crediting):

Administrative expenses

Amortisation - intangible assets	10	4,106	4,069
Depreciation - tangible fixed assets	9	1,690	814
Depreciation - right of use assets	15	1,955	3,201
Foreign exchange loss/(gain)		68	(903)
		<hr/>	<hr/>

Exceptional costs

Gain on re-measurement of lease liabilities	15	(476)	(838)
Impairment of right-of-use assets	15	-	8,726
		<hr/>	<hr/>

Other income

Government grant		145	609
Rental income		47	-
Other income		63	-
		<hr/>	<hr/>

Coronavirus Job Retention Scheme (CJRS)

During the year, the group made a successful application under the government Coronavirus Job Retention Scheme to aid businesses with the financial impact of the Covid-19 pandemic. The amount claimed at the year-end totalled £145,000 (2020: £609,000) and has been recognised in the statement of comprehensive income as other income.

4 Auditors remuneration

	2021	2020
	£'000	£'000
Audit of these financial statements	100	94
	<hr/>	<hr/>

Included in this total is £50,000 (2020: £47,000) relating to the audit of a subsidiary undertaking.

Notes to the financial statements (*continued*)

5 Staff numbers and costs

Group

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2021	2020
Client services	498	525
Sales and marketing	16	12
Management and administration	94	66
	<hr/> 608	<hr/> 603

Group employee costs (including directors) during the year amounted to:

	2021 £'000	2020 £'000
Wages and salaries	44,965	40,861
Social security costs and other payroll taxes	4,488	4,168
Pension costs	1,446	1,358
Insurance and other benefits	292	280
Termination benefits	336	2,680
	<hr/> 51,527	<hr/> 49,347

Company

The average number of persons employed by the Company (including directors) during the year was 3 (2020: 3) and all of them were in the management and administration category.

Notes to the financial statements (*continued*)

6 Directors' remuneration

No director received remuneration in 2021 (2020: £nil) in respect of their services to the Group during the year.

7 Finance expense

	2021 £'000	2020 £'000
Interest expense on leases (IFRS 16)	1,314	1,422
Interest expense on inter-company loan	2,064	2,198
Fair value interest expense on inter-company loan	556	511
Net movement in other interest accrual	(15)	15
	<hr/> 3,919 <hr/>	<hr/> 4,146 <hr/>

8 Income tax

	2021 £'000	2020 £'000
Current tax		
United Kingdom		
Corporation tax	-	-
Adjustment in respect of prior years	(1,623)	-
Overseas		
Adjustment in respect of prior years	(5)	-
	<hr/> (1,628) <hr/>	<hr/> - <hr/>
Deferred tax		
United Kingdom		
Origination and reversal of temporary differences	524	(375)
Adjustment in respect of prior years	(783)	-
	<hr/> (259) <hr/>	<hr/> (375) <hr/>
Total income tax credit	<hr/> (1,887) <hr/>	<hr/> (375) <hr/>

Notes to the financial statements (*continued*)

8 Income tax (*continued*)

Factors that may affect future tax charges:

The UK corporation tax rate for the year was 19% (2020: 19%). The UK Budget in March 2021 announced an increase in the UK corporation tax rate from 19% to 25% with effect from April 2023.

The income tax expense for the year can be reconciled to the profit before tax:

	2021 £'000	2020 £'000
Reconciliation of effective tax rate		
Profit/(loss) on ordinary activities before tax	1,982	(10,538)
Tax on ordinary activities at 19% (2020: 19%)	377	(2,002)
Effects of:		
Expenses not tax deductible	293	1,774
Income not taxable	(132)	-
Generation of tax losses not recognised	(54)	158
Tax rate differences on deferred tax	-	152
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	(20)
Group relief not paid for	-	(437)
IFRS16 transitional adjustment to charged reserves	40	-
Adjustments in respect of prior years – current tax	(1,628)	-
Adjustments in respect of prior years – deferred tax	(783)	-
Total income tax	(1,887)	(375)

Notes to the financial statements (*continued*)

9 Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Office fixtures and equipment £'000	Total £'000
Cost				
At 1 January 2021	7,201	2,477	681	10,359
Additions	1,397	400	70	1,867
Disposals	-	(103)	(148)	(251)
At 31 December 2021	8,598	2,774	603	11,975
Depreciation				
At 1 January 2021	(2,294)	(1,639)	(431)	(4,364)
Charge for the year	(1,164)	(438)	(88)	(1,690)
Disposals	-	59	148	207
At 31 December 2021	(3,458)	(2,018)	(371)	(5,847)
Carrying amounts				
At 1 January 2021	4,907	838	250	5,995
At 31 December 2021	5,140	756	232	6,128

Notes to the financial statements (*continued*)

10 Intangible assets

	Goodwill £'000	Brands £'000	Customer relationships £'000	Computer software £'000	Total £'000
Cost					
At 1 January 2021	50,458	15,626	21,163	10,085	97,332
Additions	-	-	-	387	387
At 31 December 2021	50,458	15,626	21,163	10,472	97,719
Amortisation					
At 1 January 2021	-	(15,626)	(13,403)	(3,927)	(32,956)
Charge for the year	-	-	(2,116)	(1,990)	(4,106)
At 31 December 2021	-	(15,626)	(15,519)	(5,917)	(37,062)
Accumulated impairment					
At 1 January 2021	(5,654)	-	-	-	(5,654)
Charge for the year	-	-	-	-	-
At 31 December 2021	(5,654)	-	-	-	(5,654)
Carrying amounts					
At 1 January 2021	44,804	-	7,760	6,158	58,722
At 31 December 2021	44,804	-	5,644	4,555	55,003

Notes to the financial statements (*continued*)

10 Intangible assets (*continued*)

Goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to the Group's cash generating units. The recoverable amounts of the cash generating units have been projected using value-in-use calculations. Due to the restructure of the business in 2018 from 12 agencies to 3 divisions, cash flows have been forecast at a divisional CGU basis, rather than on an agency basis, using detailed budgets produced at cash generating unit level, based on past experience and known and expected future business levels. The unit forecasts revenue based upon an assessment of industry growth, current trading conditions and specific unit circumstances. Costs have been forecast at running levels including all major operating costs.

A terminal growth rate of 1% (2020: 1%) has been applied beyond the five-year projected period, with the value-in-use calculation based on an extrapolation of the budgeted cash flows for future years. The post-tax discount rate applied in discounting projected cash flows to net present value is 8.3% (2020: 5.8%).

The review process resulted in no impairment charge of goodwill for the current year (2020: £nil).

Sensitivity analysis:

The Group had £141.0m of headroom with regards to Goodwill. A 1% decrease in the estimated growth rate resulted in a £22.6m decrease in headroom to £118.4m. A 1% increase in the estimated growth rate resulted in a £29.7m increase in headroom to £170.7m.

11 Investments

Company

Investments in subsidiaries

	2021 £'000	2020 £'000
Cost		
At 1 January / 31 December	19,447	19,447
Accumulated Impairment		
At 1 January	-	-
Charge for the year	-	-
At 31 December	-	-
 Carrying Value at 1 January / 31 December	 19,447	 19,447

Notes to the financial statements (*continued*)

11 Investments (*continued*)

The subsidiaries of the Company are as follows:

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

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

The address of the registered office of all UK incorporated subsidiaries is 60 Great Portland Street, London, W1W 7RT.

Notes to the financial statements (*continued*)

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021	2020
	£'000	£'000
Deferred tax assets		
Tangible fixed assets	(35)	401
Losses	1,024	538
Others	(103)	90
	886	1,029
Deferred tax liabilities		
Intangible assets	(1,072)	(1,474)
IFRS16 transition	(303)	(291)
	(1,375)	(1,765)
Net deferred tax liabilities	(489)	(736)

Movement in deferred tax during the year

	1 January 2021	Recognised	Recognised	Acquisition of	31 December
	£'000	in income	in equity	trade &	2021
		£'000	£'000	assets	£'000
				£'000	
Movement in net deferred tax liability	(736)	259	(12)	-	(489)
	(736)	259	(12)	-	(489)

At year end the Group had £5,390,000 (2020: £2,830,000) of unrecognised tax losses to carry forward for use against future periods.

Notes to the financial statements (*continued*)

13 Trade and other receivables

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Trade receivables	14,519	-	14,816	-
Other receivables	247	-	418	-
Prepayments	1,359	-	1,149	-
Accrued income	643	-	1,037	-
Amount due from group undertakings	5,465	703	4,195	-
	22,233	703	21,615	-

At year end expected credit losses on trade and other receivables amount to £143,000 (2020: £65,000).

14 Trade and other payables

	Group 2021 £'000	Company 2021 £'000	Group 2020 £'000	Company 2020 £'000
Current liabilities				
Trade payables	6,192	-	3,894	-
Social securities and other taxes	3,156	-	7,278	-
Other payables	11,191	-	12,374	-
Accruals	8,197	-	6,588	-
Deferred income	3,543	-	3,435	-
Amount due to group undertakings	10,320	1,899	12,076	1,214
	42,599	1,899	45,645	1,214
Non-current liabilities				
Amount due to group undertakings	43,537	-	44,182	-

Notes to the financial statements (*continued*)

15 Leases

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

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

For details of the undiscounted contractual maturity profile relating to lease payments, see note 19.

Notes to the financial statements (*continued*)

16 Provisions

	Vacant property £'000	Dilapidations £'000	Total £'000
At 1 January 2021	5	1,655	1,660
Charge for the year	-	-	-
Used during the year	-	-	-
At 31 December 2021	5	1,655	1,660
Analysis of provisions			
Current	5	-	5
Non-current	-	1,655	1,655
	5	1,655	1,660

The vacant property provision relates to provision for onerous leases in a subsidiary of the Group. The provision is expected to be fully utilised by 2022 when the final agreement is in place with the current landlord.

The dilapidation provision relates to potential terminal dilapidations liability of the Group's leasehold property. The provision of £1,655,000 is expected to be fully utilised upon the expiry of the leasehold.

Notes to the financial statements (*continued*)

17 Employee benefits

Defined contribution plans

The Group operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the Group to the scheme and amounted to £1,446,000 (2020: £1,358,000). Contributions amounting to £nil (2020: £nil) are outstanding at the year-end.

Engine Holding, LLC Phantom Equity Plan

Engine Holding, LLC, the former ultimate parent undertaking of the Company had a stock option plan that was put in place in 2011 which was replaced by a phantom equity plan in April 2015. The plan provides for phantom units of Engine Holding, LLC to be awarded based on achieving certain financial performance target. The redemption of the phantom units is contingent upon a sale of over 50% of the assets of Engine Holding, LLC and will be payable in a form of a special cash bonus.

Certain employees/partners of the Group are participants of the plan. The directors have assessed that the redemption of the phantom units is unlikely in the foreseeable future and therefore consider that the value of the phantom units is not material. The total expenses recognised for the year arising from the phantom equity plan was £nil (2020: £nil).

As a result of the acquisition of the Company by Next 15, these were not redeemed and remain outstanding. The value of the phantom units is still considered not material.

Partnership Capital Interests

During 2014 Engine Partners UK LLP, a subsidiary undertaking of the Company, issued partnership capital interests to its members ('PCI'). The value of award under the PCI has an equity only component and is accounted for as a share-based payment. The PCI has a maturity date only when the ultimate parent entity is affected by a change of control. The directors have assessed that this is unlikely in the foreseeable future and therefore consider that the value of the award is not material. The total expense recognised for the year arising from PCI was £nil (2020: £nil).

18 Share capital

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

	Ordinary shares	
	2021	2020
	Number	Number
In issue at 31 December	101	101
	<hr/>	<hr/>
	2021	2020
	£	£
Allotted, called up and fully paid		
Ordinary shares of £0.01 each	1	1
	<hr/>	<hr/>

Notes to the financial statements (*continued*)

19 Financial instruments

19 (a) Financial risks

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

- Credit risk
- Liquidity risk
- Foreign currency risk

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

Credit risk

The Group is mainly exposed to credit risk from credit sales if a customer fails to meet its contractual obligation. It is Group policy to assess the credit risk of new customers before entering into contracts. The ageing profile of receivables is reviewed regularly (see note 19b).

Liquidity risk

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

Cash forecasts are updated and reviewed on a weekly basis.

Foreign currency risk

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. It is general Group policy that all transactions with overseas clients are transacted in the base currency of that country. Forward currency contracts are entered into in respect of material exposures.

Capital management

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

Capital comprises the following components of equity; share capital, share premium, non-controlling interests, and retained earnings.

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

Notes to the financial statements (*continued*)

19 Financial instruments (*continued*)

19 (b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

	Group 2021 £'000	Group 2020 £'000
Trade and other receivables	20,875	20,466
Cash and cash equivalents	936	1,439
	<hr/> 21,811 <hr/>	<hr/> 21,905 <hr/>

Exposure to credit risk

The carrying amount of financial assets that represents the maximum credit exposure was £21,811,000 (2020: £21,905,000) at the balance sheet date.

Credit quality of financial assets and impairment losses

The ageing of trade receivables by billing date but not impaired at the balance sheet date was:

	Group 2021 £'000	Group 2020 £'000
90-120 days	38	35
More than 120 days	267	14
	<hr/> 305 <hr/>	<hr/> 49 <hr/>

Notes to the financial statements (*continued*)

19 Financial instruments (*continued*)

Movement in allowance for expected credit losses in the year was:

	Expected credit losses provision £'000
At 1 January 2021	(65)
Provided during the year	(143)
Utilised during the year	65
At 31 December 2021	(143)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable set out above. The Group reviews the recoverability of its aged debt periodically and management make judgements as to whether the aged debt is fully recoverable. Where the recoverable amount is less than the amount disclosed in the accounts, a provision is recorded in the income statement against that aged debt. The amounts presented in the balance sheet are stated net of provisions for expected credit losses.

19 (c) Liquidity risk

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

Group

	2021 Carrying amount £'000	Contractual cash flows £'000	<1 year £'000	1-2 years £'000	2-5 years £'000	>5 years £'000
Lease liabilities	21,043	24,903	4,269	4,269	12,807	3,558
Amount due to group undertakings	43,536	50,313	18,685	3,401	28,227	-
	64,579	75,216	22,954	7,670	41,034	3,558

Post year-end, the amount due to group undertakings were repaid in full as part of the Group's acquisition by Next 15.

Notes to the financial statements (*continued*)

19 Financial instruments (*continued*)

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

Group

	2021 Carrying amount £'000	Amortised cost £'000
Trade and other receivables	20,875	20,875
Cash and cash equivalents	936	936
Trade and other payables - current	(39,057)	(39,057)
Trade and other payables - non-current	(43,537)	(43,537)
Lease liabilities	(21,043)	(21,043)
	<hr/> (81,826) <hr/>	<hr/> (81,826) <hr/>

Company

	2021 Carrying amount £'000	Amortised cost £'000
Trade and other receivables - current	703	703
Trade and other payables - current	(1,899)	(1,899)
	<hr/> (1,196) <hr/>	<hr/> (1,196) <hr/>

Notes to the financial statements (*continued*)

20 Cash flow from operations

	Group 2021 £'000	Group 2020 £'000
Profit/(loss) before tax	1,982	(10,538)
<i>Adjustments for:</i>		
Depreciation	3,645	4,015
Amortisation	4,106	4,069
Impairment of right-of-use assets	-	8,726
Gain on re-measurement of lease liabilities	(476)	(838)
Bad debts written off	74	104
(Profit)/loss on disposal of investments	(289)	56
Loss on disposal of tangible fixed assets	34	-
Interest expense	3,932	4,145
Movement in provisions	-	120
Non-trading foreign exchange gains	60	(992)
Non-cash adjustments	50	(54)
	13,118	8,813
Decrease in trade and other receivables	484	101
Decrease in trade and other payables	(3,244)	(129)
Cash Flows from operating activities	10,358	8,785

Notes to the financial statements (*continued*)

21 Related parties

At the balance sheet date the Group has a loan due to a fellow subsidiary of Engine Holdings LLC of \$20,000,000 (2020: \$20,000,000) with a nominal interest rate of 1.84%. The loan was settled in full post year-end as part of the acquisition by Next 15.

In addition to this, the Group has two separate loans of £14,550,998 (2020: £15,473,378) and £14,575,775 (2020: £15,499,710) due to another fellow subsidiary of the Engine Holdings LLC, which carry interest rates of 5.79% and 5.92% respectively. Both loans were settled in full post year-end as part of the acquisition by Next 15.

At the balance sheet date, the following amounts are outstanding from/to fellow subsidiaries of the Engine Holdings LLC:

- £5,465,000 (2020: £4,195,000) due from fellow subsidiaries of the Group's ultimate parent undertaking as part of the enlarged group's short term cash management process and its normal trading activities; and
- £10,320,000 (2020: £12,559,000) due to fellow subsidiaries of the Group's ultimate parent undertaking as part of the enlarged group's short term cash management process and its normal trading activities.

The compensation paid or payable to key management for services rendered for the year is a total profit share of £4,270,000 (2020: £2,363,000). The Group has a phantom equity plan for certain key management personnel in the Group.

22 Post balance sheet events

On 8 March 2022, Next Fifteen Communications Group PLC ("Next 15") purchased the entire share capital of the Company.

During August 2022, the individual members of Engine Partners UK LLP resigned and accepted contracts of employment with Engine People UK Limited, a wholly owned subsidiary of The Engine Group Limited.

On 1 September 2022, Engine Partners UK LLP sold the trade and assets of its' Communications and Transformation divisions to MHP Group Limited and Transform UK Consulting Limited respectively, both of which are newly incorporated subsidiaries of Engine Partners UK LLP. The entire shareholdings in both MHP Group Limited and Transform UK Consulting Limited were subsequently transferred to Next Fifteen Communications Group Plc on 1 September 2022.

On 1 October 2022, Engine Partners UK LLP sold the trade and assets of its' Creative division to House 337 Limited, a newly incorporated subsidiary of Engine Partners UK LLP. The entire shareholding in House 337 Limited was subsequently transferred to Next Fifteen Communications Group Plc on 1 October 2022.

23 Accounting estimates and judgements

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

Impairment of goodwill and investments

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

Notes to the financial statements (*continued*)

23 Accounting estimates and judgements (continued)

Partnership Capital Interests

During 2014 Engine Partners UK LLP, a subsidiary undertaking of the Company, issued partnership capital interests to its members. These capital interests are measured at fair value at each accounting period date, with any movement being reflected in the statement of comprehensive income.

Engine Holding, LLC Phantom Equity Scheme

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

As a result of the acquisition of the Company by Next 15, these were not redeemed and remain outstanding. The value of the phantom units is still considered not material.

Valuation of intangible assets acquired in business combinations

The Group has calculated the values of intangible assets acquired on acquisition of subsidiaries using an excess earnings method and relief from royalty method. The excess earnings method requires the estimation of future client revenues using an estimated attrition rate then discounted to present values. The relief from royalty method requires the estimation of future client revenues and applying hypothetical royalty rate.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a profit or service to a customer.

Project based contracts have set deliverables and have a definite end date. Revenue is recognised on stages of completion based on actual/budgeted hours. Estimates and judgement are used to evaluate the stage of completion of the project at the balance sheet date.

24 Ultimate parent company

At the balance sheet date, the Company's ultimate parent undertaking was Engine Holdings LLC, which is incorporated in the United States of America. As a result of the acquisition post year-end, at the date of approval of these financial statements, the Company's ultimate parent undertaking is Next Fifteen Communications Group PLC, incorporated in England and Wales.

25 Statement of guarantee

For the year ended 31 December 2021, the following companies were wholly owned subsidiaries of Engine Acquisition Limited and were entitled to exemption from audit under section 479A of the Companies Act 2006.

Entity	Company number
The Engine Group Limited	05015446
Engine People UK Limited	05278995
Fuel Data Strategies Limited	04617236
MHP Communications Limited	01855944
Mischief PR Limited	05355942
WCRS&Co Limited	01737774