
**ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED
SERVICES LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021



ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

COMPANY INFORMATION

Directors	G Jones (resigned 30 June 2020) R J Shearer (resigned 4 September 2020) M Wolfenden R Anderson M Watson (appointed 13 November 2020)
Company secretary	Squire Patton Boggs Secretarial Services Limited
Registered number	07362435
Registered office	12th Floor One America Square London United Kingdom EC3N 2LS
Independent auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11th Floor Landmark St Peters Square 1 Oxford Street Manchester M1 4PB
Solicitors	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds LS1 4AP

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

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ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2021

Introduction

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Principal activity

The principal activity in the year was that of field service recovery.

Business review

The company changed its name on 7 April 2021 from Marston Regulated Services Limited to Engage Services (ESL) Limited.

The directors are satisfied with the Company's underlying financial performance for the year. The company's performance remained stable despite operating in an environment impacted by Covid-19. Turnover for the year was £10.9m (2020: £11.5m).

The results of the Company for the year ended 31 May 2021 (and for the year ended 31 May 2020) are shown in the Statement of Comprehensive Income.

The Company's key financial and other performance indicators are as follows:

	2021	2020
Turnover	£10.9m	£11.5m
Profit before Tax	£0.8m	£0.8m

Principal risks and uncertainties

As with any business, the Company is subject to risks. The Directors have set out under the financial risk management objectives below the principal risks facing the business. The Directors are of the opinion that a thorough risk management process is adopted, which involves the formal review of all the risks identified. Processes are in place to monitor and mitigate such risks.

Covid-19

The Covid-19 outbreak and the resulting measures taken by the UK government to contain the virus have negatively impacted the business results during the course of the financial year.

As a result of the pandemic, the country went into Lockdown on 24th March 2020 with soft enforcement resuming in August 2020.

Future uncertainties around the scale and duration of the Pandemic remain but the company is confident that it will be able to continue to operate and has detailed risk management procedures and mitigations in place to facilitate this.

The Company uses various financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021**

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and credit risk. The Directors agree and review policies for managing each of these risks and these are summarised below. These policies remain unchanged from the previous policies of the Company and Group.

Liquidity Risk

The Company seeks to manage financial risk by ensuring sufficient liquidity available to meet foreseeable needs and to invest cash assets safely and profitably.

The Company policy throughout the year has been to ensure that cash balances are maintained and to ensure that a sufficient return is made on these.

Interest Rate Risk

The Company finances its operations through retained profits.

Credit Risk

The Company's principal financial asset is cash. The credit risk associated with the cash is limited as the counterparties have high credit ratings.

Price Risk

This risk is mitigated by the operating model of the Company whereby the costs are largely variable which means that the Company can scale up or down as and when required.

Future Developments

The Company expects further organic growth as the market expands in the future.

This report was approved by the board on 2/2/2022 and signed on its behalf.

Mike Watson

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M Watson
Director

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MAY 2021**

The directors present their report and the financial statements for the year ended 31 May 2021.

Results and dividends

The profit for the year, after taxation, amounted to £811,0000 (2020 - £819,000).

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

Directors

The directors who served during the year were:

G Jones (resigned 30 June 2020)
R J Shearer (resigned 4 September 2020)
M Wolfenden
R Anderson
M Watson (appointed 13 November 2020)

Engagement with employees

Platinum Investors in People accreditation

The board recognises the importance of its employees, which is reflected in the Company being awarded Platinum Investors in People accreditation in November 2020. This places the Company in the top two per cent of the nearly 9,000 companies that have some level of Investors in People accreditation. To attain Platinum status, a business must provide clear evidence that it puts people at the heart of decision making, and that it works in line with its values and towards a shared vision.

Employers' Initiative on Domestic Abuse

Our parent company became a founding member of the Employers' Initiative on Domestic Abuse in November 2020. This is a network of large and small businesses whose mission it is to enable employers to take action on domestic abuse – raising awareness among all employees, supporting those facing domestic abuse and providing access to services to help perpetrators to stop.

Inclusion Initiative

The Investors in People Platinum assessment report found that 87 per cent of respondents had seen developments across the business in recruitment, selection, retention and diversity. This recognises the shared ethos of our colleagues to work together towards creating an inclusive and diverse working community. To further support this, we launched an Inclusion Initiative in December 2020. Representative volunteers from across the business now work in consultation with our Independent Advisory Group and Ethics Committee to offer counsel on in these areas.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021**

Matters covered in the Strategic Report

The Group's principal activities, risks and uncertainties and future developments are set out in the strategic report, as is the business review.

Going Concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements and up to February 2023. This has included scenario analysis and stress testing in relation to Covid-19 and continued banking covenant compliance.

As a result, the directors have a reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

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

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

This report was approved by the board on 2/2/2022 and signed on its behalf.

Mike Watson

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M Watson
Director

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE SERVICES (ESL) LIMITED
(FORMERLY MARSTON REGULATED SERVICES LIMITED)**

Opinion

We have audited the financial statements of Engage Services (ESL) Limited (the 'company') for the year ended 31 May 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE SERVICES (ESL) LIMITED
(FORMERLY MARSTON REGULATED SERVICES LIMITED) (CONTINUED)**

Conclusions relating to going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE SERVICES (ESL) LIMITED
(FORMERLY MARSTON REGULATED SERVICES 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.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE SERVICES (ESL) LIMITED
(FORMERLY MARSTON REGULATED SERVICES LIMITED) (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company, and the industry in which it operates. We determined the those that relate to the financial reporting framework, including Financial Reporting Standard 102 and Companies Act 2006 and Tribunals, Courts and Enforcement Act 2007 to be the most significant laws and regulations to the entity. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute reviews. From the procedures performed we did not identify any matters relating to noncompliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - testing journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- In assessing the potential risks of material misstatement, we obtained an understanding of the Company's operations, including the nature of revenue sources, services and its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENGAGE SERVICES (ESL) LIMITED
(FORMERLY MARSTON REGULATED SERVICES LIMITED) (CONTINUED)**

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's knowledge of the industry in which the client operates in and understanding of, and practical experience through training and participation with audit engagements of a similar nature;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources, expected financial statement disclosures and business risks that may result in risk of material misstatement and
 - the company's control environment including the adequacy of procedures for authorisation of transactions..

Use of our report

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

Grant Thornton UK LLP

Paul Bamber MA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 2/2/2022

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021**

	Note	2021 £000	2020 £000
Turnover	4	10,855	11,481
Other operating income	5	347	126
Expenses		(7,886)	(8,306)
Staff costs	8	(2,485)	(2,422)
Depreciation and amortisation	6	(28)	(58)
Operating profit	6	803	821
Interest receivable and similar income	10	-	2
Interest payable and similar expenses	11	-	(2)
Profit before tax		803	821
Tax on profit	12	8	(2)
Profit for the financial year		811	819

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 27 form part of these financial statements.

The above results were derived from continuing operations.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)
REGISTERED NUMBER: 07362435

BALANCE SHEET
AS AT 31 MAY 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible fixed assets	13	12	36
Tangible assets	14	7	12
		<u>19</u>	<u>48</u>
Current assets			
Debtors	15	19,499	13,918
Cash at bank and in hand		2,169	373
		<u>21,668</u>	<u>14,291</u>
Creditors: amounts falling due within one year	16	(19,155)	(12,616)
Net current assets		<u>2,513</u>	<u>1,675</u>
Total assets less current liabilities		<u>2,532</u>	<u>1,723</u>
Provisions for liabilities			
Deferred tax	17	-	(2)
		<u>-</u>	<u>(2)</u>
Net assets		<u><u>2,532</u></u>	<u><u>1,721</u></u>
Capital and reserves			
Share premium account	19	27	27
Profit and loss account	19	2,505	1,694
		<u>2,532</u>	<u>1,721</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2/2/2022

Mike Watson

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M Watson
 Director

The notes on pages 14 to 27 form part of these financial statements.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 June 2019	-	27	875	902
Profit for the year	-	-	819	819
At 1 June 2020	-	27	1,694	1,721
Profit for the year	-	-	811	811
At 31 May 2021	-	27	2,505	2,532

The notes on pages 14 to 27 form part of these financial statements.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

1. General information

Engage Services (ESL) Limited (formerly Marston Regulated Services Limited) ("the company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:
12th Floor One America Square
London
United Kingdom
EC3N 2LS

The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 1 and 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Free Flow Topco as at 31 May 2020 and these financial statements may be obtained from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.3 Going concern

The directors have considered forecast financial performance, recoverability of assets and financial viability for the period extending at least 12 months from the date of approval of these financial statements and up to February 2023. This has included scenario analysis and stress testing in relation to Covid-19 and continued banking covenant compliance.

As a result, the directors have a reasonable expectation that there are adequate resources for the company to continue in operational existence for the foreseeable future, and have therefore adopted the going concern basis in preparing these financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.5 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)
2.10 Current and deferred taxation (continued)

values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	3 years
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2.12 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 years
Computer equipment	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously

2.18 Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

2.19 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.20 Other operating income

Other income relates to that received from the UK government for the Coronavirus Job Retention Scheme (Furlough Scheme). It is recognised when received.

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

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no significant estimates or judgements used in preparing these accounts.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

4. Turnover

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

	2021 £000	2020 £000
Field Service Recovery	7,710	11,108
Disbursement Income	539	373
Metering	2,606	-
	<u>10,855</u>	<u>11,481</u>

5. Other operating income

	2021 £000	2020 £000
Other operating income	347	126
	<u>347</u>	<u>126</u>

Other operating income relates to income received from the UK Government in respect of the Coronavirus Job Retention Scheme (Furlough Scheme).

6. Profit before taxation

The profit before taxation is stated after charging:

	2021 £000	2020 £000
Other operating lease rentals	36	59
Tangible fixed assets - depreciation	4	9
Intangible fixed assets - amortisation	24	49
	<u>64</u>	<u>117</u>

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6	5
	<u>6</u>	<u>5</u>

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

8. Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	2,214	2,177
Social security costs	212	194
Cost of defined contribution scheme	59	51
	2,485	2,422

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

	2021	2020
	No.	No.
Operational	44	75
Administration	42	18
	86	93

9. Directors' remuneration

The directors received no remuneration for the year ended 31 May 2021 (2020: £Nil).

10. Interest receivable

	2021	2020
	£000	£000
Other interest receivable	-	2
	-	2

11. Interest payable and similar expenses

	2021	2020
	£000	£000
Bank interest payable	-	2
	-	2

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

12. Taxation

	2021	2020
	£000	£000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(7)	(10)
Changes to tax rates	(1)	1
Adjustment in respect of previous periods	-	11
Total deferred tax	(8)	2
Taxation on profit on ordinary activities	(8)	2

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Profit on ordinary activities before tax	804	821
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	153	156
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	81
Adjustments to tax charge in respect of prior periods	-	11
Other differences leading to an increase (decrease) in the tax charge	-	1
Group relief	(102)	(247)
Transfer pricing adjustments	(57)	-
Tax rate changes	(2)	-
Total tax charge for the year	(8)	2

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

12. Taxation (continued)**Factors that may affect future tax charges**

It was confirmed that from 1 April 2023, the corporation tax rate will increase from 19% to 25% and deferred taxes at the balance sheet date have been calculated using the rate of 19% up to 2023 and then at 25% thereafter.

13. Intangible assets

	Computer software £000
Cost	
At 1 June 2020	368
At 31 May 2021	<u>368</u>
Amortisation	
At 1 June 2020	332
Charge for the year on owned assets	24
At 31 May 2021	<u>356</u>
Net book value	
At 31 May 2021	<u><u>12</u></u>
At 31 May 2020	<u><u>36</u></u>

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

14. Tangible fixed assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation			
At 1 June 2020	34	52	86
Disposals	(1)	-	(1)
At 31 May 2021	<u>33</u>	<u>52</u>	<u>85</u>
Depreciation			
At 1 June 2020	22	52	74
Charge for the year on owned assets	4	-	4
At 31 May 2021	<u>26</u>	<u>52</u>	<u>78</u>
Net book value			
At 31 May 2021	<u>7</u>	<u>-</u>	<u>7</u>
At 31 May 2020	<u>12</u>	<u>-</u>	<u>12</u>

15. Debtors

	2021 £000	2020 £000
Due after more than one year		
Deferred tax asset	6	-
	<u>6</u>	<u>-</u>
Due within one year		
Trade debtors	988	911
Amounts owed by group undertakings	17,175	12,826
Prepayments and accrued income	1,330	181
	<u>19,499</u>	<u>13,918</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

16. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	17,883	11,812
Other taxation and social security	1,000	803
Other creditors	14	1
Accruals and deferred income	258	-
	19,155	12,616

Amounts owed to group undertakings are interest free, unsecured and payable on demand.

17. Deferred taxation

	2021	2020
	£000	£000
At beginning of year	(2)	-
Charged to the profit or loss	8	(2)
At end of year	6	(2)

The deferred taxation balance is made up as follows:

	2021	2020
	£000	£000
Accelerated capital allowances	-	(2)
Short term timing differences - trading	4	-
Fixed asset timing differences	2	-
	6	(2)

The deferred tax balance is expected to reverse after more than 12 months.

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

18. Share capital

	2021	2020
	£000	£000
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.000 each	-	-
24,400 (2020 - 24,400) Ordinary B1 shares of £0.001 each	-	-
3,000 (2020 - 3,000) Ordinary B2 shares of £0.001 each	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

A ordinary shares confer the right to 78.5% of the total voting rights which are allocated pro-rata across the number of shares held.

B1 and B2 ordinary shares confer the right to 21.5% of the total voting rights which are allocated pro-rata across the number of shares held.

Holders of A, B1 & B2 ordinary shares are entitled to participate in dividends declared for ordinary shareholders.

19. Reserves**Share premium account**

The share premium contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

20. Commitments under operating leases

At 31 May 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021	2020
	£000	£000
Not later than 1 year	5	20
Later than 1 year and not later than 5 years	-	5
	<hr/>	<hr/>
	5	25
	<hr/>	<hr/>

ENGAGE SERVICES (ESL) LIMITED (FORMERLY MARSTON REGULATED SERVICES LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021**

21. Post balance sheet events

There have been no significant events affecting the company since the year end.

22. Ultimate controlling party

Marston (Holdings) Limited is the immediate parent undertaking of Engage Services (ESL) Limited. Marston (Holdings) Limited has included the company in its group financial statements, copies of which are available from its registered office - Rutland House 8th Floor, 148 Edmund Street, Birmingham, B3 2JR.

The smallest group of undertakings for which consolidated financial statements have been drawn up is that headed by Marston (Holdings) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by the ultimate parent company and controlling party as at 31 May 2021, Free Flow Topco Limited. Consolidated accounts are available from 12th Floor One America Square, London, United Kingdom, EC3N 2LS.