Registration number: 09512735

QMS International Limited

Report and Financial Statements

For the Year Ended 31 December 2019

QMS International Limited

Contents

QMS International Limited

Company Information

Directors	C P Morris M B Stacey E Wann
Registered office	Kings Court Water Lane Wilmslow Cheshire SK9 5AR
Auditors	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

The Directors present their Strategic Report for the year ended 31 December 2019.

Principal activity and business review

The principal activity of the Company is the provision of consultancy and audit services to businesses wishing to maintain certifications to international standards ("ISOs"). Whilst there are over 20,000 ISOs in total, there are approximately 61 management system standards and QMS provide 25 of these to its customer base.

The consultancy service involves a comprehensive review of the existing processes that the Company has in place and compares that to the requirements of the Standard, producing a list of measures that the Company must implement to achieve certification. QMS revisit the company to confirm that any gaps have been addressed by the business before awarding certification.

Once certification has been achieved, QMS then perform an annual audit of that business to ensure that they continue to comply with the Standard, considering the evolution of the Company.

In addition, QMS also provide additional services, including consultancy and training, to support the Company in maintaining the Standard(s) they have in place.

QMS continues to run a programme of staff training and system development to improve efficiency and increase profitability.

The Company achieved turnover for the year of £11,461,833 (2018: £11,385,011) and recorded a profit before taxation of £2,428,262 (2018: £2,858,356).

The results for the year are set out on page 12 of the financial statements.

On 15th September 2020, HG Capital the ultimate parent company of Citation Topco Limited sold it's interest in the Group to KKR via the newly incorporated entity Rocket Topco Limited. KKR have invested £336m in exchange for a mixture of ordinary and preference shares and settling the listed loan notes held by the Group. At the time of the transaction a refinance has taken place with all existing bank debt and other loan notes settled. The new funding includes a fully drawn senior facility of £225m and a £75m acquisition facility which currently remains undrawn.

Covid - 19 Update

During the months of March, April and May 2020 the Covid-19 pandemic resulted in a fall in new business and an increase in the number of existing clients being temporarily unable to meet their payment obligations. New business has since rebased with daily sales up at, or above, pre-Covid-19 levels, with the pandemic also presenting opportunities to bring new products to market, amongst them the provision of Covid-19 specific certification schemes. In addition, the vast majority of existing customers have subsequently reverted to meeting their payment obligations from July onwards.

The company has been able to continue servicing existing clients throughout the duration of the pandemic, with remote visits where applicable. Consequently, the Covid-19 pandemic has had some impact on the Company's operations during April 2020 and May 2020 but this has since recovered to being either above, or at, pre-Covid-19 levels. A further reflection of this recovery is the return to work in June and July 2020 of the majority of the 10% of employees initially furloughed as a precautionary liquidity management measure.

The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event. Following the impact of Covid-19 and the sale of the business post year end (see above) an impairment review in respect of intercompany receivables and other assets has been performed and no impairment is indicated as a result of the revised forecasts.

Principal risks and uncertainties
The risks below are the principal risks that may impact the Company achieving its strategic objectives.

Company specific and market risks
Successful growth for QMS relies upon the ability to attract new customers and maintain the current renewal rates of existing contracts. The directors are confident of this growth due to several factors including i) the opportunity to sell ISO certifications into the Citation Group customer base ii) the improvement in sales as a result of improving the website and marketing activity and iii) training of the sales team along with employing a new management structure to improve enquiry conversion rates.

QMS will be looking to add to the existing sales team with highly skilled sales staff with proven abilities. In order to service the growth in customer base, QMS is looking to increase the number of consultants that it employs to deliver the service along with increasing the depth of knowledge across the team in order to mitigate the loss of key staff. This will be achieved by a mixture of internal and external training courses and utilising the regional management structure. QMS is in the process of developing a new cloud based platform that will improve customer experience and facilitate knowledge sharing amongst the field team.

Within each Country, there can only be one Government sponsored accreditation provider and in the UK, this is provided by UKAS. QMS is accredited by ASCB (an alternative to UKAS) and therefore the service that QMS provide is aimed at Companies that do not require UKAS certification. Whether or not a Company requires certification to be provided by a UKAS provider is largely determined by their customers. There have been examples in recent tender frameworks where the supplier requires UKAS accreditation in order to be included on that supply framework. The risk to QMS is that there are changes in legislation that means that this requirement is broadened, forcing more suppliers towards the UKAS market.

While this is a risk, this is not an immediate threat, but the directors are assessing the impact on the business that this change would have in order to mitigate the risk as much as possible. They are also working with ASCB to lobby government officials to show that our version of the management system is a credible alternative to UKAS certification aimed at smaller businesses.

Liquidity risks
The board reviews the Company's liquidity risks annually as part of the planning process and on an ad-hoc basis. The board considers short-term requirements against available sources of funding taking into account forecast cash flow. The Company manages liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements.

Credit risk
QMS is exposed to credit risk on financial assets, such as trade and other receivables. Trade receivables exposures are managed in house and through specialist debt recovery lawyers. When the debt is deemed irrecoverable, the overdue invoices and deferred income are written off against the underlying provisions.

Interest risk
The Company is not exposed to significant interest risk. The Group has long term interest bearing debt liabilities of which some are subject to variable interest rates, the Group mitigates this risk by monitoring LIBOR and taking out interest rate swaps where appropriate.

Key performance indicators
The board uses a range of financial and non-financial performance indicators, reported on a regular basis, to monitor performance over time. The KPI's include customer service, new and renewal business, operating business cashflow, EBITDA and order book value with service metrics.

This report was approved by the Board on 1/10/20 and signed on its behalf by:

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E Wann
Director

Directors' Report for the Year Ended 31 December 2019

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

Principal activity
The principal activity of the Company during the period was the provision of certification of International Standards for quality management, environmental compliance, health and safety and information security.

Results and dividends
The profit for the period, after taxation, amounted to £2,244,829 (2018: £2,847,585).

The directors do not recommend the payment of a dividend (2018: £nil).

Directors of the Company
The Directors who held office during the year were as follows:

C P Morris

M B Stacey

E Wann

Indemnity provision for directors
During the year the Company had third party indemnity insurance for the Directors and Officers. This insurance remains in force as at the date of approving the Directors' Report.

Environmental matters
The Company is committed to minimising the environmental impact of its activities, products and services. The board regularly evaluate the Company's policies in order to ensure compliance with relevant environmental legislation, regulations and other environmental requirements is maintained. During the year, the focus has been on the minimisation of waste through prevention, re-use and recycling and a movement towards working with environmentally responsible suppliers. Consequently, this has seen a reduction in non-recyclable plastic waste used across the Company.

Employee involvement
Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and are of interest to them as employees.

Disabled employees
Disabled employees are given full and fair consideration for all types of vacancy. Should an existing employee become disabled, such steps as are practical and reasonable are taken to retain him or her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Financial instruments
The Company's main financial instruments are cash and inter-group receivables and payables carried at amortised cost. The Company does not use derivative financial instruments.

Corporate social responsibity
The Company is committed to taking its corporate social responsibilities very seriously and includes social and environmental issues at the heart of all decision-making processes. As the Company continues to grow, it is always looking for ways to increase efficiencies.

Political donations

The Company made no political contributions during the year (2018: £nil).

Future developments

The Company is continuing with its strategy of expanding routes to market, adding additional products to its offering and developing the next generation IT platforms for its clients.

Going concern

The Group's business activities, together with the factors likely to affect its future development and position are set out above in the Strategic Report including the actions taken to mitigate the potential impact of Covid-19.

To conclude on going concern for the Company, the directors have considered the liquidity and solvency of Rocket Topco Limited and have considered going concern at the Group level.

The Company participates in a centralised treasury arrangement and so shares banking arrangements with fellow Group companies.. The Group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

Forecasts are produced monthly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities along with additional stress testing including a sustained reduction in new and existing business, the directors are satisfied that they have a reasonable basis upon which to conclude that the Group is able to continue as a going concern for at least 12 months from the date of signing the financial statements.

Based on their assessment of the Group's financial position, the Company's directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Brexit

The Directors have considered the impact of Brexit on the Group and consider the risk to be minimal. This is due to the Group having a diversified portfolio of over 40,000 clients and sales predominantly being to UK based businesses.

Important non adjusting event after the financial period

Sale of Group

On 15th September 2020, HG Capital the ultimate parent company of Citation Topco Limited sold it's interest in the Group to KKR via the newly incorporated entity Rocket Topco Limited. KKR have invested £336m in exchange for a mixture of ordinary and preference shares and settling the listed loan notes held by the Group. At the time of the transaction a refinance has taken place with all existing bank debt and other loan notes settled. The new funding includes a fully drawn senior facility of £225m and a £75m acquisition facility which currently remains undrawn.

Covid-19

The Covid-19 pandemic had a temporary impact on the Group's operations with downside to existing and new business, this has been variable across the different industries in which it operates. The business has however adjusted its operations and continues to trade.

The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event.

Following the impact of Covid-19 and the sale of the Group post year end an impairment review in respect of intercompany receivables and other assets has been performed and no impairment is indicated as a result of the revised forecasts.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

• so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

• the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 1/10/20 and signed on its behalf by:

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E Wann

Director

QMS International Limited

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of QMS International Limited

Opinion

We have audited the financial statements of QMS International Limited for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, 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 FRS 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 Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – Effects of Covid-19

We draw attention to Notes 2 and 18 of the financial statements, which describe the economic consequences the Group is facing as a result of Covid-19, the associated impact on trading and the going concern consideration thereof. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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.

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.

Independent Auditor's Report to the Members of QMS International Limited (continued)

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

We have nothing to report in this regard.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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.

Independent Auditor's Report to the Members of QMS International 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 https://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.

Ernst & Young LLP

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Jamie Dixon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 2 October 2020

QMS International Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	11,461,833	11,385,011
Cost of sales		(4,010,137)	(3,961,920)
Gross profit		7,451,696	7,423,091
Administrative expenses	4	(5,023,434)	(4,564,735)
Operating profit	4	2,428,262	2,858,356
Tax on profit	8	(183,433)	(10,771)
Profit for the year		2,244,829	2,847,585
Total comprehensive income for the year		2,244,829	2,847,585

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

QMS International Limited

(Registration number: 09512735)
Statement of Financial Position as at 31 December 2019

	Note	2019 £	Restated 2018 £
Fixed assets			
Intangible assets	9	9,506,492	11,882,508
Tangible assets	10	493,587	308,236
		10,000,079	12,190,744
Current assets			
Cash at bank	11	470,697	334,631
Debtors	12	20,024,297	15,242,115
Deferred tax	15	-	63,997
		20,494,994	15,640,743
Creditors: Amounts falling due within one year	13	(22,572,634)	(22,273,313)
Net current liabilities		(2,077,640)	(6,632,570)
Total assets less current liabilities		7,922,439	5,558,174
Provisions for liabilities	15	(119,436)	-
Net assets		7,803,003	5,558,174
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account		7,802,903	5,558,074
Shareholders' funds		7,803,003	5,558,174

The financial statements were approved and authorised for issue by the Board on 1/10/20 and signed on its behalf by:

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E Wann
Director

QMS International Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up Share capital £	Profit and loss account £	Total Equity £
At 1 January 2019	100	5,558,074	5,558,174
Profit for the year	-	2,244,829	2,244,829
Total comprehensive income	-	2,244,829	2,244,829
At 31 December 2019	100	7,802,903	7,803,003

	Called up Share capital £	Profit and loss account £	Total Equity £
At 1 January 2018	100	2,710,489	2,710,589
Profit for the year	-	2,847,585	2,847,585
Total comprehensive income for the year	-	2,847,585	2,847,585
At 31 December 2018	100	5,558,074	5,558,174

The notes on pages 15 to 28 form an integral part of these financial statements.

1 General information

The Company is a private company limited by share capital, incorporated in England.

The address of its registered office is:
Kings Court
Water Lane
Wilmslow
Cheshire
SK9 5AR

2 Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.2 Statement of compliance and basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102, as it applies to the financial statements of the company for the year ended 31 December 2019. The financial statements are prepared in sterling which is the functional currency of the Company.

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development and position are set out above in the directors' report including the actions taken to mitigate the potential impact of Covid-19.

To conclude on going concern for the Company, the directors have considered the liquidity and solvency of Rocket Topco Limited and have considered going concern at the Group level.

The Company participates in a centralised treasury arrangement and so shares banking arrangements with fellow Group companies. The Group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations.

Forecasts are produced monthly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities along with additional stress testing including a sustained reduction in new and existing business, the directors are satisfied that they have a reasonable basis upon which to conclude that the Group is able to continue as a going concern for at least 12 months from the date of signing the financial statements.

Based on their assessment of the Group's financial position, the Company's directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Accounting policies (continued)

2.4 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":

• Reconciliation of the number of shares outstanding from the beginning to the end of the period;

• Related party disclosures;

• Cashflow Statement and related notes; and

• Key Management Personnel compensation.

As the consolidated financial statements of Citation Topco Limited include the equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosure.

• The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial intruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

2.5 Judgements and key sources of estimation uncertainty
The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following estimates that have had the most significant effect on amounts recognised in the financial statements are:

Goodwill and intangible assets

The Company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Operating lease commitments

The Company has entered into a lease for the head office building. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Accrued Income

This represents the difference between invoiced sales and work carried out for which revenue must be recognised in line with FRS102 revenue recognition rules. The balance includes a provision to the extent customers fail to complete their contractual obligations. The estimate used in the calculation for the provision for contract cancellations is based on historical drop off rate trend, being the percentage of Total Contract Value that drops off in any given year, over the 3 years preceding the balance sheet date.

2 Accounting policies (continued)

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Rendering of services

Revenue 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 the following conditions are satisfied:

• the amount of revenue 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.

2.7 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the statement of comprehensive income over its useful economic life. The useful economic life has been determined as 7 years, this has been changed from 8 years to align with the Group.

2.8 Reclassification in prior year

The comparative figures for accrued and deferred income have been grossed up by £1.2m due to an error in the prior year where deferred income was shown net of this accrued income balance. Refer to Notes 12 and 13.

2.9 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.

Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation

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

Short-term leasehold property	- the lower of the lease life or 10 years
Motor vehicles	- 3 years
Fixtures & fittings	- 3 years
Office and computer equipment	- 3 to 5 years

2 Accounting policies (continued)

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

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

2.10 Debtors

Current 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.

2.11 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.

2 Accounting policies (continued)

2.12 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those form other assets or groups of assets. When the carrying amount of an asset of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.13 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 accounts receivable and payable, 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 payables or receivables, 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 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 amortise.

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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the year end.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when 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.

2.14 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.

2.15 Deferred income

The difference between invoiced sales or cash received in advance of work carried out, for which revenue must be recognised in line with FRS 102 revenue recognition rules, is recognised as deferred income.

2 Accounting policies (continued)

2.16 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 the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 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 the Statement of comprehensive income 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, considering relevant risks and uncertainties.

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

2.18 Current and deferred taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change 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 based on 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 year end, 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 arc reversed 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 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 year end.

2.19 Operating leases
Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2 Accounting policies (continued)

2.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, estimated as 3 years.

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

2.21 Accrued income

Accrued income represents recognised turnover less amounts invoiced. A provision against accrued income is recognised to the extent customers fail to complete their contractual obligations based on past evidence.

3 Turnover

All turnover takes place in the UK:

	2019 £	2018 £
Rendering of services	11,461,833	11,385,011
	11,461,833	11,385,011

4 Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	78,014	67,062
Amortisation of intangible assets, including goodwill	2,376,016	2,369,955
Operating lease expense - other	50,000	50,000
Defined contribution pension costs	78,171	44,469

5 Auditors' remuneration

	2019 £	2018 £
Audit fees	30,281	11,500
Tax services	5,000	4,000
Auditors remuneration	35,281	15,500

6 Employees

Staff costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	3,989,249	3,625,931
Social security costs	435,482	406,598
Cost of defined contribution scheme	78,171	44,469
	4,502,902	4,076,998

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

	2019 No.	2018 No.
Sales	9	9
Consultants	68	55
Administration	12	31
	89	95

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Directors' emoluments	138,047	144,095
Contributions to defined contribution pension scheme	2,501	1,610
	140,548	145,705

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	138,047	144,095
Contribution to defined contribution pension scheme	2,501	1,610

8 Taxation

Tax charged/(credited) in the statement of comprehensive income

	2019 £	2018 £
Total corporation tax	-	-
Deferred tax		
Origination and reversal of timing differences	8,304	36,480
Adjustment in respect of prior periods	175,129	(25,709)
Total deferred tax	183,433	10,771
Taxation on profit on ordinary activities	183,433	10,771

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: lower than the standard rate of corporation tax 19%) . The differences are reconciled below:

8 Taxation (continued)

	2019 £	2018 £
Profit on ordinary activities before tax	2,428,262	2,858,356
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	461,370	543,088
Permanent differences	50,138	43,921
Group relief for nil payment	(500,661)	(555,108)
Tax rate change	(977)	(4,292)
Research and development credits	(1,565)	-
Adjustment in respect of prior period	175,128	(16,838)
Total tax charge for the period	183,433	10,771

9 Intangible assets

	Goodwill £
Cost or valuation	
At 1 January 2019	20,577,797
At 31 December 2019	20,577,797
Amortisation	
At 1 January 2019	8,695,289
Amortisation charge	2,376,016
At 31 December 2019	11,071,305
Carrying amount	
At 31 December 2019	9,506,492
At 31 December 2018	11,882,508

10 Tangible assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Office equipment and computer software £	Total £
Cost or valuation					
At 1 January 2019	51,127	14,968	45,753	515,670	627,518
Additions	-	994	13,911	248,460	263,365
At 31 December 2019	51,127	15,962	59,664	764,130	890,883
Depreciation					
At 1 January 2019	21,917	14,968	17,043	265,354	319,282
Charge for the year	5,113	301	4,821	67,779	78,014
At 31 December 2019	27,030	15,269	21,864	333,133	397,296
Carrying amount					
At 31 December 2019	24,097	693	37,800	430,997	493,587
At 31 December 2018	29,210	-	28,710	250,316	308,236

11 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	470,697	334,631
	470,697	334,631

12 Debtors

	Note	2019 £	Restated 2018 £
Due within one year			
Trade debtors		1,007,104	1,202,287
Amounts owed by group undertakings		17,762,224	12,893,012
Other debtors		37,157	28,896
Accrued income		1,209,772	1,117,920
Corporation tax recoverable	8	8,040	-
		20,024,297	15,242,115

12 Debtors (continued)

Amounts owed by Group undertakings are due from Citation Limited and Citation Holdings Limited. The amounts are repayable on demand.

For restatement of the prior year, refer to note 2.8.

13 Creditors

	2019 £	Restated 2018 £
Due within one year		
Trade creditors	287,749	120,525
Deferred income	1,852,659	1,634,649
Amounts owed to group undertakings	19,516,497	19,516,497
Taxation and social security	553,582	525,956
Other creditors	-	171,301
Accruals	362,147	304,385
	22,572,634	22,273,313

Amounts owed to Group undertakings are payable to Caesar Bidco Limited and Citation (NBS) Limited. The amounts are repayable on demand.

For restatement of the prior year, refer to note 2.8.

14 Financial instruments

Categorisation of financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	18,806,484	14,095,299
	18,806,484	14,095,299

	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(22,019,053)	(19,637,022)
	(22,019,053)	(19,637,022)

14 Financial instruments (continued)

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, deferred income and amounts owed to group undertakings.

15 Deferred tax and other provisions

	2019 £	2018 £
At beginning of period	63,997	74,768
Charged to the statement of comprehensive income	(183,433)	(10,771)
At end of period	(119,436)	63,997

The deferred tax asset is made up as follows:

	2019 £	2018 £
Difference between accumulated depreciation and amortisation and capital allowances	(173,638)	7,818
Other timing differences	54,202	56,179
	(119,436)	63,997

16 Called up share capital

Authorised, allotted and fully paid shares

	2019		2018	
	No.	£	No.	£
100 Ordinary shares of £1 each	100	100	100	100

17 Commitments under operating leases

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	50,000	50,000
Later than one year and not later than five years	200,000	200,000
Later than five years	20,833	70,833
	270,833	320,833

18 Post balance sheet events

Sale of Group
On 15th September 2020, HG Capital the ultimate parent company of Citation Topco Limited sold it's interest in the Group to KKR via the newly incorporated entity Rocket Topco Limited. KKR have invested £336m in exchange for a mixture of ordinary and preference shares and settling the listed loan notes held by the Group. At the time of the transaction a refinance has taken place with all existing bank debt and other loan notes settled. The new funding includes a fully drawn senior facility of £225m and a £75m acquisition facility which currently remains undrawn.

Covid-19
The Covid-19 pandemic had a temporary impact on the Group's operations with downside to existing and new business, this has been variable across the different industries in which it operates. The business has however adjusted its operations and continues to trade.

The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event.

Following the impact of Covid-19 and the sale of the Group post year end an impairment review in respect of intercompany receivables and other assets has been performed and no impairment is indicated as a result of the revised forecasts.

19 Controlling party

At the year end, the Company was a wholly owned subsidiary undertaking of Citation Topco Limited, a Company registered and incorporated in Jersey. The largest group in which the results of the Company are consolidated is that headed by Citation Topco Limited. The smallest group in which they are consolidated is that headed by Citation Holdco Limited. Copies of the financial statements of both Citation Topco Limited and Citation Holdco Limited are available from 22 Grenville Street, St Helier, Jersey JE4 8PX.

The Company's immediate parent undertaking is Citation Holdings Limited.

The ultimate parent undertaking and controlling party at 31st December 2019 was HG Pooled Management Limited, incorporated in England. Following the sale of the Group on 15th September 2020 (refer to Note 18) the new ultimate parent undertaking and controlling party is Rocket Aggregator L.P. incorporated in Canada.