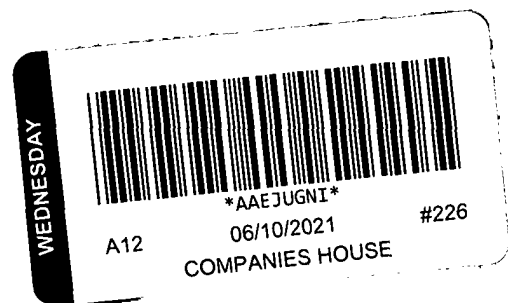


Registration number: 3097504

# Citation Limited

Report and Financial Statements  
for the Year Ended 31 December 2020



## Citation Limited

### Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 9
Statement of Directors' Responsibilities	10
Independent Auditor's Report	11 to 14
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Notes to the Financial Statements	18 to 35

## Citation Limited

### Company Information

<b>Directors</b>	C P Morris E Wann A C Pumphrey
<b>Registered office</b>	Kings Court Water Lane Wilmslow Cheshire SK9 5AR
<b>Auditors</b>	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

## Citation Limited

### Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report for the year ended 31 December 2020.

#### Principal activity and business review

The principal activity of the Company is the provision of HR and employment law support and advice, and health and safety support, to small and medium sized businesses in the United Kingdom.

The Company maintains its commitment to the ongoing investment in staff, operational improvements and technology, including proprietary software.

The Company achieved turnover for the year of £48,151,771 (2019: £45,231,384) and recorded a profit before taxation of £8,952,270 (2019: £10,273,614).

In the year ended 31 December 2020, Citation Limited continued to grow its new business acquisitions, with renewed business remaining strong. During the year, the Company made an acquisition which added complementary services to the Company's product offering: The Xact Group Limited plus its subsidiary Xact Consulting Limited on 6 January 2020.

The Company's ultimate parent company is Rocket Topco Limited, incorporated on 7 August 2020, and the new parent company of the Citation Group. During the period to 31 December 2020, as part of a group reorganisation, KKR (via newly formed Rocket Topco Limited), acquired 100% of the share capital of Citation Topco Limited on 15 September 2020. On 18 September 2020 Hg Pooled Management Limited acting on behalf of the limited partnerships comprising HgCapital 8 then exercised an option to acquire 50% of KKR's shareholding in Rocket Topco Limited, which completed on 17 December 2020. Rocket Topco Limited is therefore a joint venture company via which KKR and Hg have joint control of the Citation Group.

The results for the year are set out on page 15 of the financial statements.

#### Covid-19 Update

In March 2020, the World Health Organisation classified the outbreak of Covid-19 as a global pandemic and the UK was sent into a nationwide lockdown, resulting in a fall in new business and an increase in the number of existing clients being unable to meet their payment obligations during the months of March, April and May. The company revisited its short-term strategy and enacted available government schemes including HMRC deferrals and the use of the furlough scheme to manage performance and cash during this period.

The company migrated to a work from home model quickly, including remote servicing of clients where applicable, during the periods of lockdown which has not caused any impact on the financial performance of the company nor on its ability to deliver quality services and products to our customers.

In the second half of the year, new business throughout the company returned to pre-covid levels or above with the pandemic also presenting opportunities to bring new products to market including tailored employment law and health and safety advice. The majority of employees who were furloughed initially returned to work by July 2020 and the vast majority of customers reverted to meeting their payment obligations in the same period.

## Citation Limited

### Strategic Report for the Year Ended 31 December 2020 (continued)

#### Section 172 Statement

Section 172 of the Companies Act 2006 recognises that while companies are run for the benefit of the shareholders, a business's long-term success and reputation are dependent upon maintaining relationships with stakeholders and an appreciation of the external impact of its activities.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006 and are keen to ensure proper reflection on stakeholder engagement and issues at Board level and promote continuous reflection on opportunities for development.

The following serves as Citation's section 172 statement.

#### **Board structure and engagement with stakeholders**

The Statutory Board is comprised of the Group Chief Executive Office, Group Chief Financial Officer, Group Chief Commercial Officer and the Citation Limited Managing Director. The Board regularly reviews the business' principal stakeholders and how we engage with them. The sections below set out a more detailed summary of the Company's relationships with its key stakeholders and how the business engages with those stakeholders.

In addition to a scheduled programme of monthly Statutory Board meetings, there is a Local Board made up of members of the senior management team; including Sales, Service, Client relations, HR, Finance, Product & Marketing, IT and Health & Safety. They meet monthly and work in close proximity with each other. Feedback from various business areas, with particular focus on specific stakeholder groups, is fed back to the wider Board.

The outcome of stakeholder engagement, as fed back to the Board via the channels referred to above and below, influences the formulation and ongoing review of our long-term strategy and financial planning. This ensures our approach continues to deliver sustainable returns and promotes reputational reward.

The Directors aim to take the needs and priorities of each stakeholder group into account as part of their decision-making processes, recognising that the pertinence of a particular stakeholder group may vary depending upon the matter under discussion.

#### **Key stakeholders**

As the Board of Directors, our intention is to behave responsibly toward each of our key stakeholders and treat them fairly and equally so they too may benefit from the successful delivery of our plan.

#### ***Investors***

The Board regularly engages with external investors throughout the financial year including the provision of monthly reporting items, monthly meetings and bi-annual results presentations. Investors are kept abreast of major developments in the business, including acquisitions of additional entities, in order that they can sufficiently understand our strategy and objectives.

#### ***Employees***

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. This is done through a monthly Company-wide business brief headed up by a member of the Local Board or Group Board. A heavy emphasis is placed on providing a rewarding and fair environment in which employees can come to work and produce their best results which was recognised by being awarded The Sunday Times 100 Best Companies to work for 2020.

#### ***Customers***

Our aim as a business is to assist our customers by taking care of the complicated bits of running a business, saving them time and energy, that frees them up to achieve their business ambitions. We pride ourselves on our highly qualified team of consultants in our industry and we work hard to offer an excellent service. This is reflected in our market-leading client retention rate and our customer feedback is overwhelmingly positive.

## Citation Limited

### Strategic Report for the Year Ended 31 December 2020 (continued)

#### *Suppliers*

The Board recognises the importance of our supply chain and invests in the relationships with suppliers. Updates on key suppliers are included in the monthly Board meetings (both local and statutory) where relevant. The Board reviewed and approved the 2018 Modern Slavery Act statement and followed this up with training across the Company.

#### **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**

The pace of continued growth depends upon the Company continuing to attract new clients for its services and the renewal of existing client contracts. The directors are confident the ongoing strong performance of the Company clearly demonstrates its success and resilience.

The servicing of the Company's growing client base requires ongoing recruitment of qualified service personnel. The Company is dedicated to being a first-class employer and employing only the best.

The Company is confident of meeting the challenges of attracting new business because of the size of the market, the heavy regulatory burden on small and medium sized businesses, the deployment of new routes to market, and the enhanced development of the service offerings using technology and new products. Additional staff will continue to be recruited to match the growth in the business, and to deliver the standards of service as recognised by the various professional bodies the Company is accredited by, including BSI under the ISO accreditation regime.

#### **Changes in legislation**

Changes in legislation have a significant impact on the Company through updates to client information and the requirement to ensure that all company staff maintain their comprehensive knowledge of the regulations that could affect clients.

#### **Covid-19 risk**

The company is very conscious of the ongoing uncertainty of the impact of Covid-19, including the affect further outbreaks and lockdowns can have on employee's health and wellbeing. The company has kept in close communication with all its employees and continually reviews policies and procedures to ensure it safeguards employee's wellbeing. The company continually reviews the government guidance to determine whether the company's offices can be open. When it is suitable for the offices to be open, the company has taken appropriate actions to ensure its employees remain safe at all times.

#### **Liquidity risk**

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**

The Company is exposed to credit risk on financial assets, such as trade and other receivables. Trade receivable exposures are managed in-house and through specialist debt recovery lawyers. When the debt is deemed irrecoverable, the overdue invoices and accrued income account is written off against the underlying provision.

#### **Interest rate 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 hedges where appropriate.

## Citation Limited

### Strategic Report for the Year Ended 31 December 2020 (continued)

#### **Brexit risk**

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.

#### **Climate Risk**

The board recognises the importance of issues such as climate change and energy consumption and that scrutiny as a result of increasingly stringent environmental regulation will continue to grow. The climate risk for the Company and wider Group is considered to be minimal due to the predominantly service based offering provided by the Group and the ability to carry out services remotely as demonstrated throughout the peak of the Covid-19 pandemic. We are continuing to look for ways to minimise our impact on the environment. Such projects include reduction in non-essential travel across the Group and the minimisation of waste through prevention, re-use and recycling and a movement towards working with environmentally responsible suppliers.

#### **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. These Key Performance Indicators include EBITDA, cash, customer service, Net Promoter Score (NPS), new and renewed business, sales growth %, order book value and tenure, and net revenue retention.

This report was approved by the Board on 30.10.21. and signed on its behalf by:



.....  
E Wann  
Director

## Citation Limited

### Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

#### Results and dividends

The profit for the period, after taxation, amounted to £9,485,811 (2019: £9,158,549).

The Directors do not recommend the payment of a dividend (2019: £Nil).

#### Directors of the Company

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

C P Morris

J Ingleby (resigned 31 March 2021)

E Wann

A C Pumphrey

#### 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 Group is committed to minimising the environmental impact of its activities, products and services. The board regularly evaluate the Group'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 Group. Further, the impact of the Covid-19 pandemic has increased the level of remote working across the Group resulting in a reduction in level of employee travel, printing and the environmental footprint of offices. These changes support and sustain a new business model which helps achieve environmental and business goals.

#### 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.

## Citation Limited

### Directors' Report for the Year Ended 31 December 2020 (continued)

#### Going concern

After preparing projections to December 2022 the directors have assessed the need for continued financial support. The company is reliant on financial support from its parent company who has confirmed it will provide financial support to assist the company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities.

The company participates in the Group's centralised treasury arrangement and so shares banking arrangements with fellow group companies. There is no external debt or covenants in place at the subsidiary level.

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

The Group participates in a centralised treasury arrangement and so shares banking arrangements with all companies in the Rocket Topco Limited Group. 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. The group has restructured its funding arrangements as part of the sale of group companies on 15 September 2020. Further changes to our funding arrangements were agreed post year end, to provide the group with additional facilities and cash headroom.

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 management have performed a reverse stress test to identify the potential breaking point of liquidity and loan covenants.

From the sensitivities that were run, it was determined adjusting the key levers to models as below would still leave significant headroom for forecast covenants and liquidity:

- A 20% reduction in the existing contracted client base including a 25% decrease in take-up on customer renewals; together with
- An average fall of new business across the forecast period of 70% against baseline budgeted growth.

The results of this test indicated no reasonable scenarios in which the group would face potential covenant breaches or liquidity issues.

The Directors are therefore satisfied they have a reasonable basis upon which to conclude that the group is able to continue as a going concern to December 2022.

The key factors supporting this are:

- The Group has a contracted and recurring revenue base which is not reliant on any sector, making the business more resilient to demand shocks. Outside of the food Division the remainder of the business has grown since the outbreak of covid-19 in the UK.
- With cash at the end of 2020 of £15m and a £25m undrawn revolving credit Facility the group had sufficient liquidity at the start of 2020 for the period ahead. The group has increased this limit by a further £10m after the balance sheet date.
- Only interest repayments are required to be made until the maturity of the bank debt in 2027.

## Citation Limited

### Directors' Report for the Year Ended 31 December 2020 (continued)

#### Corporate social responsibility

The Group 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 Group continues to grow, it is always looking for ways to increase efficiencies. The Group continues to maintain the ISO 9001 standard from the British Standards Institute, which demonstrates commitment to quality and improved performance.

In addition to organising and supporting charitable activities on an ad hoc basis for charities throughout the UK, the Group's nominated charity is The Seashell Trust who the Group regularly raise funds for.

The Group gives back to the local community through charitable activities such as:

- Cash and food donations to a local food bank;
- Capital Toys for Kids Christmas donations, where donations are made by staff and distributed to deprived children in the Manchester area;
- Raising significant funds for the local cancer specialist hospital, The Christie, through a variety of events; and
- Supported colleagues in their volunteering activities throughout lockdown such as volunteering at covid test sites and transporting goods for the NHS.

In addition to these charitable activities the Group supports various work experience placements, apprentices and industrial placements to help develop young talent.

The Group provides comprehensive training and advice to its employees to keep them safe and healthy. In 2020, Group companies supported colleagues throughout the pandemic by launching wellbeing programs which included support for mental wellbeing, dietary advice, financial advice and delivered mental health training to managers with a focus on updated tools and tips to help support colleagues during lockdown. In addition to this, the Group delivered webinars to clients regarding mental health in lockdown and in the workplace. Mental Health First Aiders were also supported and promoted throughout the year whilst they delivered a range of well-being activities such as yoga, mindfulness and 6 monthly Boditrax know your biometric numbers review.

#### 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.

#### Political donations

The Company made no political contributions during the year (2019: £nil).

## Citation Limited

### Directors' Report for the Year Ended 31 December 2020 (continued)

#### Post Balance Sheet events

On 31 March 2021 the Company acquired Employment Law Advisory Services Limited and its subsidiaries, a provider of Health & Safety, Employment Law and Occupational Health services. The cash consideration on completion was £19,830,000 funded using the Group's acquisition credit facility, with up to a further £5,518,000 of contingent consideration dependent on service and performance milestones.

On 31 March 2021 Citation Limited hived up the entire trade and assets of Southall Associates Limited.

On 30 April 2021 Citation Limited hived up the entire trade and assets of The Xact Group Limited plus its subsidiary Xact Consulting Limited.

#### 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 and 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 and 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 ~~30/09/21~~ and signed on its behalf by:



.....  
E Wann  
Director

## Citation Limited

### Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and 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.

## Citation Limited

### Independent Auditor's Report to the Members of Citation Limited

#### Opinion

We have audited the financial statements of Citation Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 23, 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 2020 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.

#### Conclusions relating to going concern

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 15 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## Citation Limited

### Independent Auditor's Report to the Members of Citation Limited (continued)

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

We have nothing to report in this regard.

#### 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 directors' report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

## Citation Limited

### Independent Auditor's Report to the Members of Citation 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.

#### *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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, being anti-bribery regulations, GDPR and employment law and regulations.
- We understood how Citation Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation and minutes of meetings of those charged with governance. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assuming revenue to be a fraud risk particularly as a result of manual journals at year-end. We incorporated data analytics into our testing of manual journals, including segregation of duties, and into our testing of revenue recognition. We tested specific transactions back to the relevant supporting documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals around year-end, and journals indicating large or unusual transactions based on our understanding of the business, enquiries of Group management. In addition, we completed procedures to conclude on the compliance of the disclosures in financial statements with the requirements of the relevant accounting standards and legislation.

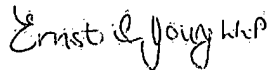
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Citation Limited**

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

**Use of our report**

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



.....  
Elizabeth Jones (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

Date: 30 September 2021

## Citation Limited

### Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	48,151,771	45,231,384
Cost of sales		<u>(11,041,812)</u>	<u>(11,053,733)</u>
<b>Gross profit</b>		37,109,959	34,177,651
Administrative expenses	4	(28,844,657)	(23,743,032)
Other operating income	4	<u>918,908</u>	<u>-</u>
<b>Operating profit</b>	4	9,184,210	10,434,619
Other interest receivable and similar income	6	53,825	-
Interest payable and similar expenses	7	<u>(285,765)</u>	<u>(161,005)</u>
<b>Profit before taxation</b>		8,952,270	10,273,614
Tax on profit	10	<u>533,541</u>	<u>(1,115,065)</u>
<b>Profit for the financial year</b>		<u>9,485,811</u>	<u>9,158,549</u>
<b>Total comprehensive income for the year</b>		<u>9,485,811</u>	<u>9,158,549</u>

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


The above results were derived from continuing operations.

**Citation Limited**

**(Registration number: 3097504)  
Statement of Financial Position as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	11	2,455,849	2,481,804
Investments	13	43,285,865	34,756,698
Tangible assets	12	<u>786,219</u>	<u>748,816</u>
		<u>46,527,933</u>	<u>37,987,318</u>
<b>Current assets</b>			
Cash at bank	14	6,101,438	6,678,817
Debtors: amounts falling due within one year	15	99,314,307	52,910,318
Debtors: amounts falling due after more than one year	15	<u>3,245,836</u>	<u>3,023,829</u>
		108,661,581	62,612,964
Creditors: Amounts falling due within one year	16	<u>(95,267,999)</u>	<u>(43,014,433)</u>
<b>Net current assets</b>		<u>13,393,582</u>	<u>19,598,531</u>
<b>Total assets less current liabilities</b>		59,921,515	57,585,849
Creditors: Amounts falling due after more than one year	16	<u>-</u>	<u>(7,150,145)</u>
<b>Net assets</b>		<u>59,921,515</u>	<u>50,435,704</u>
<b>Capital and reserves</b>			
Called up share capital	19	50,000	50,000
Capital redemption reserve	20	200,000	200,000
Profit and loss account		<u>59,671,515</u>	<u>50,185,704</u>
<b>Shareholders' funds</b>		<u>59,921,515</u>	<u>50,435,704</u>

The financial statements were approved and authorised for issue by the Board on 30.10.21 and signed on its behalf by:



.....  
E Wann  
Director

**Citation Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2020**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2020	50,000	200,000	50,185,704	50,435,704
Profit for the year	-	-	9,485,811	9,485,811
Total comprehensive income	-	-	9,485,811	9,485,811
At 31 December 2020	<u>50,000</u>	<u>200,000</u>	<u>59,671,515</u>	<u>59,921,515</u>

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2019	50,000	200,000	41,027,155	41,277,155
Profit for the year	-	-	9,158,549	9,158,549
Total comprehensive income for the year	-	-	9,158,549	9,158,549
At 31 December 2019	<u>50,000</u>	<u>200,000</u>	<u>50,185,704</u>	<u>50,435,704</u>

The notes on pages 18 to 35 form an integral part of these financial statements.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 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  
England

#### 2 Accounting policies

##### 2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and the Companies Act 2006, as it applies to the financial statements of the company for the year ended 31 December 2020. The financial statements are prepared in sterling which is the functional currency of the Company.

The Company is itself a subsidiary undertaking and is exempt from the requirement to prepare Group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

##### 2.2 Going concern

After preparing projections to December 2022 the directors have assessed the need for continued financial support. The company is reliant on financial support from its parent company who has confirmed it will provide financial support to assist the company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the company to meet such liabilities.

The company participates in the Group's centralised treasury arrangement and so shares banking arrangements with fellow group companies. There is no external debt or covenants in place at the subsidiary level.

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

The Group participates in a centralised treasury arrangement and so shares banking arrangements with all companies in the Rocket Topco Limited Group. 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. The group has restructured its funding arrangements as part of the sale of group companies on 15 September 2020. Further changes to our funding arrangements were agreed post year end, to provide the group with additional facilities and cash headroom.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

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 management have performed a reverse stress test to identify the potential breaking point of liquidity and loan covenants.

From the sensitivities that were run, it was determined adjusting the key levers to models as below would still leave significant headroom for forecast covenants and liquidity:

- A 20% reduction in the existing contracted client base including a 25% decrease in take-up on customer renewals; together with
- An average fall of new business across the forecast period of 70% against baseline budgeted growth.

The results of this test indicated no reasonable scenarios in which the group would face potential covenant breaches or liquidity issues.

The Directors are therefore satisfied they have a reasonable basis upon which to conclude that the group is able to continue as a going concern to December 2022.

The key factors supporting this are:

- The Group has a contracted and recurring revenue base which is not reliant on any sector, making the business more resilient to demand shocks. Outside of the food Division the remainder of the business has grown since the outbreak of covid-19 in the UK.
- With cash at the end of 2020 of £15m and a £25m undrawn revolving credit Facility the group had sufficient liquidity at the start of 2020 for the period ahead. The group has increased this limit by a further £10m after the balance sheet date.
- Only interest repayments are required to be made until the maturity of the bank debt in 2027.

#### 2.3 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 Rocket Midco 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 instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### 2.4 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 year end 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 estimates that have had the most significant effect on amounts recognised in the financial statements are:

##### *Intangible assets*

The Company establishes a reliable estimate of the useful life of 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.

##### *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 rates preceding the balance sheet date.

##### 2.5 Revenue recognition

Revenue is stated net of value-added tax, discounts, rebates and after the elimination of intercompany transactions within the Group. The company offers a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in FRS102. For contractual revenue this is recognised in line with the service delivered to customers across the contract length which can be between 12 months and 7 years depending on the product or service. The cost of service delivery is allocated to the performance obligations in the contract and revenue recognised in line with this cost allocation and at the point these performance obligations are satisfied over the course of the contract. For any non-contract revenue this is recognised at the point the control of goods or services is transferred to the customer.

To the extent that invoices are raised to a different pattern than the revenue recognition based on service delivery appropriate adjustments are made through accrued and deferred income to account for this.

##### 2.6 Other 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.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### 2.7 Tangible 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 profit or loss during the period in which they are incurred.

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

Fixtures & fittings	- 3 to 10 years
Office and computer equipment	- 3 to 5 years
Computer software	- 3 to 5 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 the Statement of comprehensive income.

##### 2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.9 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.

##### 2.10 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.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### 2.11 Financial instruments

The Company only enters into basic financial instruments 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 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 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

##### 2.12 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.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### 2.13 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 FRS102 revenue recognition rules, is recognised as deferred income.

##### 2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

##### 2.15 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 Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 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 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.

##### 2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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 year end in the countries where the Company operates and generates income.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

#### 2.18 Operating Leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

#### 2.19 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.

#### 2.20 Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all the related conditions will be met, usually on submission of a valid claim for payment.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Furlough amounts received during the year represent government grants of a revenue nature and have been accounted for accordingly in other operating income.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 3 Turnover

All turnover takes place in the UK:

	2020	2019
	£	£
Rendering of services	48,151,771	45,231,384
	48,151,771	45,231,384

#### 4 Operating profit

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

	Note	2020	2019
		£	£
Amortisation of intangibles	11	1,571,249	1,792,665
Depreciation of tangible fixed assets	12	264,406	266,499
Operating lease charges	21	563,475	516,296
Pension costs, defined contribution schemes		535,209	398,135

Within operating loss are amounts totalling £918,908 for other operating income which are government grants for furlough. Also included are £3,630,584 (2019: £nil) of transaction costs. Within this amount, £2,800,404 relates to bonus and incentive arrangements paid to Senior Management team and £830,180 in relation to professional and legal fees.

#### 5 Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor and its associates for the audit of annual accounts	86,662	86,000

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 6 Interest receivable and similar income

	2020	2019
	£	£
Interest income on bank deposits	<u>53,825</u>	<u>-</u>

#### 7 Interest payable and similar expenses

	2020	2019
	£	£
Interest payable on loans from group undertakings	34,571	-
Unwind of discount on contingent consideration balances	<u>251,194</u>	<u>161,005</u>
	<u>285,765</u>	<u>161,005</u>

Interest on loans from group undertakings is accrued at 6.25% per annum on balances arising post the Group reorganisation on 15 September 2020.

#### 8 Staff costs

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

	2020	2019
	£	£
Wages and salaries	18,751,656	18,989,309
Social security costs	2,010,083	2,156,682
Pension costs, defined contribution scheme	<u>535,209</u>	<u>398,135</u>
	<u>21,296,948</u>	<u>21,544,126</u>

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

	2020	2019
	No.	No.
Sales	147	148
Consultants	182	170
Administration	<u>115</u>	<u>111</u>
	<u>444</u>	<u>429</u>

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Directors' emoluments	220,844	257,670
Contributions to defined contribution pension schemes	17,575	24,516
	238,419	282,186

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	220,844	142,500
Contribution to defined contribution pension scheme	17,575	13,500
	238,419	156,000

#### 10 Taxation

Tax charged/(credited) in the income statement

	2020	2019
	£	£
<b>Corporation tax</b>		
UK corporation tax	168,830	1,112,575
Prior year adjustment	(817,125)	(113,944)
	(648,295)	998,631
<b>Deferred taxation</b>		
Origination and reversal of timing differences	5,225	28,653
Adjustment in respect of prior periods	109,529	87,781
	114,754	116,434
<b>Total deferred tax</b>		
	(533,541)	1,115,065

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%). The differences are explained below:

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 10 Taxation (continued)

	2020 £	2019 £
Profit before tax	<u>8,952,270</u>	<u>10,273,614</u>
Corporation tax at standard rate	1,700,931	1,951,987
Permanent differences	(1,405,918)	(810,759)
Utilisation of brought forward losses	(102,054)	-
Adjustments in respect of prior year deferred tax	109,529	87,781
Deferred tax rate change	(18,904)	-
Adjustments in respect of prior year corporation tax	<u>(817,125)</u>	<u>(113,944)</u>
Total tax (credit)/charge	<u>(533,541)</u>	<u>1,115,065</u>

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 11 Intangible assets

	Software Development £	Total £
<b>Cost or valuation</b>		
At 1 January 2020	9,348,352	9,348,352
Additions acquired separately	1,575,442	1,575,442
Disposals	<u>(40,097)</u>	<u>(40,097)</u>
At 31 December 2020	<u>10,883,697</u>	<u>10,883,697</u>
<b>Amortisation</b>		
At 1 January 2020	6,866,548	6,866,548
Amortisation charge	1,571,249	1,571,249
Amortisation eliminated on disposals	<u>(9,949)</u>	<u>(9,949)</u>
At 31 December 2020	<u>8,427,848</u>	<u>8,427,848</u>
<b>Carrying amount</b>		
At 31 December 2020	<u>2,455,849</u>	<u>2,455,849</u>
At 31 December 2019	<u>2,481,804</u>	<u>2,481,804</u>

#### 12 Tangible assets

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	755,067	1,098,637	1,853,704
Additions	9,959	289,863	299,822
Disposals	<u>(52,021)</u>	<u>(161,744)</u>	<u>(213,765)</u>
At 31 December 2020	<u>713,005</u>	<u>1,226,756</u>	<u>1,939,761</u>
<b>Depreciation</b>			
At 1 January 2020	261,029	843,859	1,104,888
Charge for the year	70,443	193,963	264,406
Eliminated on disposal	<u>(52,021)</u>	<u>(163,731)</u>	<u>(215,752)</u>
At 31 December 2020	<u>279,451</u>	<u>874,091</u>	<u>1,153,542</u>
<b>Carrying amount</b>			
At 31 December 2020	<u>433,554</u>	<u>352,665</u>	<u>786,219</u>
At 31 December 2019	<u>494,038</u>	<u>254,778</u>	<u>748,816</u>

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 13 Investments

Subsidiaries	Investment in subsidiary companies £
Cost or valuation	
At 1 January 2020	34,756,698
Additions	<u>8,529,167</u>
At 31 December 2020	<u>43,285,865</u>
Carrying amount	
At 31 December 2020	<u>43,285,865</u>
At 31 December 2019	<u>34,756,698</u>

Additions of £8,529,167 in the year relate to the acquisition of Xact Group Limited and its subsidiary Xact Consulting Limited.

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Citation Fire & Electrical Limited	England and Wales***	Ordinary shares	100%	Fire Safety services
P&R Services (Southampton) Limited	England and Wales***	Ordinary shares	100%	Electrical Safety services
Solutionhost Group Limited	England and Wales***	Ordinary shares	100%	Holding company
HS Direct Limited*	England and Wales***	Ordinary shares	100%	Health & Safety services
Solution Host (UK) Limited*	England and Wales***	Ordinary shares	100%	Software hosting
EL Direct Ltd*	England and Wales***	Ordinary shares	100%	Employment Law services
Southall Associates Ltd	England and Wales***	Ordinary shares	100%	Health and Safety services
The Xact Group Limited	Scotland****	Ordinary shares	100%	HR and Finance services
Xact Consulting Limited*	Scotland****	Ordinary shares	100%	HR and Finance services

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 13 Investments (continued)

\*held by a subsidiary undertaking

\*\*\*registered at Kings Court, Water Lane, Wilmslow, Cheshire, SK95AR

\*\*\*\* registered at C/O Addleshaw Goddard Llp Exchange Tower, Canning Street, Edinburgh, Scotland, EH3 8EH

On 31 March 2021 the Company acquired Employment Law Advisory Services Limited and its subsidiaries, a provider of Health & Safety, Employment Law and Occupational Health services. The cash consideration on completion was £19,830,000 funded using the Group's acquisition credit facility, with up to a further £5,518,000 of contingent consideration dependant on service and performance milestones.

Post year-end in March 2021, Citation Limited acquired the entire trade and assets of Southall Associates Limited. In April 2021, Citation Limited acquired the entire trade and assets of The Xact Group Limited and Xact Consulting Limited.

#### 14 Cash and cash equivalents

	2020	2019
	£	£
Cash at bank	6,101,438	6,678,817
	6,101,438	6,678,817

#### 15 Debtors

	2020	2019
	£	£
<b>Due within one year</b>		
Trade debtors	349,052	184,850
Amounts owed by Group undertakings	68,202,133	27,140,772
Other debtors and prepayments	3,206,297	1,748,728
Accrued income	24,707,280	23,182,540
Deferred tax	155,456	270,210
Corporation tax recoverable	2,694,089	383,218
	99,314,307	52,910,318
<b>Due after more than one year</b>		
Accrued income	3,245,836	3,023,829
	102,560,143	55,934,147

The amounts owed by group undertakings relate to intercompany loans to Caesar Midco Limited, Caesar Bidco Limited, Citation Holdings Limited, BCAS Consulting Limited, Citation Bidco Limited, Citation Holdco Limited, Citation Midco Limited, Citation Topco Limited, Citation PIKco Limited, Rocket Topco Limited and Rocket Bidco Limited. The amounts are repayable on demand.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 16 Creditors

	2020	2019
	£	£
<b>Due within one year</b>		
Trade creditors	897,190	904,699
Amounts owed to Group undertakings	80,465,646	37,182,156
Taxation and social security	2,019,558	1,903,711
Accruals	3,566,357	2,223,867
Contingent consideration	8,319,248	800,000
	95,267,999	43,014,433
<b>Due after one year</b>		
Contingent consideration	-	7,150,145

The amounts owed to group undertakings relate to intercompany loans from Caesar Topco Limited, QMS International Limited, Education Personnel Management Limited, Safety Management Advisory Services Limited, Citation Fire and Electrical Limited, HS Direct Limited, Southall Associates Ltd, Avec Partnership Limited, Food Alert Limited, The Xact Group Limited and Ihasco Limited. The amounts are repayable on demand.

The contingent consideration balance is made up of accruals for; Solution Host Group Limited of £5,924,171, Southall Associates Limited of £1,396,555 and The Xact Group Limited of £998,522.

During the year £800,000 of contingent consideration has been paid with regard to the amount accrued in relation to Southall Associates Limited at the end of December 2019.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 17 Financial instruments

##### *Categorisation of financial instruments*

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>71,757,482</u>	<u>29,074,349</u>
	<u>71,757,482</u>	<u>29,074,349</u>
 <b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>93,248,443</u>	<u>48,260,866</u>
	<u>93,248,443</u>	<u>48,260,866</u>

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, amounts owed to Group undertakings and accruals and deferred income.

#### 18 Deferred tax and other provisions

	2020 £	2019 £
At beginning of year	270,210	386,643
Credited/(Charged) to the statement of comprehensive income	<u>(114,754)</u>	<u>(116,433)</u>
<b>At end of year</b>	<u>155,456</u>	<u>270,210</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Difference between accumulated depreciation and amortisation and capital allowances	(597,325)	(291,200)
Other timing differences	<u>752,781</u>	<u>561,410</u>
	<u>155,456</u>	<u>270,210</u>

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 19 Called up share capital

Authorised, allotted and fully paid shares

	2020		2019	
	No.	£	No.	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

#### 20 Capital redemption reserve

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### 21 Commitments under operating leases

##### Operating leases

The total of future minimum lease payments is as follows:

	2020	2019
	£	£
Not later than one year	563,475	369,424
Later than one year and not later than five years	<u>1,621,097</u>	<u>680,159</u>
	<u>2,184,572</u>	<u>1,049,583</u>

#### 22 Post balance sheet events

On 31 March 2021 the Company acquired Employment Law Advisory Services Limited and its subsidiaries, a provider of Health & Safety, Employment Law and Occupational Health services. The cash consideration on completion was £19,830,000 funded using the Group's acquisition credit facility, with up to a further £5,518,000 of contingent consideration dependant on service and performance milestones.

On 31 March 2021 Citation Limited hived up the entire trade and assets of Southall Associates Limited.

On 30 April 2021 Citation Limited hived up the entire trade and assets of The Xact Group Limited plus its subsidiary Xact Consulting Limited.

## Citation Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 23 Controlling party

At 31 December 2020, the Company was a wholly owned subsidiary undertaking of Rocket 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 Rocket Topco Limited. The smallest Group in which they are consolidated is that headed by Rocket Midco Limited. Copies of the financial statements of Rocket Topco Limited are available from 2nd Floor, Sir Walter Raleigh House, 48-50 Esplanade, St Helier, Jersey, JE2 3QB and copies of the financial statements of Rocket Midco Limited are available from 11th Floor 200 Aldersgate Street, London, United Kingdom, EC1A 4HD.

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

The ultimate parent undertakings and controlling parties at 31st December 2020 are Rocket Aggregator L.P. incorporated in Canada and HGC Capital 8 Nominees Limited.