Registration number: 06447099

IHASCO LTD

Report and Financial Statements

For the Year Ended 31 December 2021

IHASCO LTD

Contents

IHASCO LTD

Company Information

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

IHASCO LTD

Strategic Report for the Year Ended 31 December 2021

The Directors present their Strategic Report for the year ended 31 December 2021.

Principal activity and business review
The principal activity of the Company is the provision of e-Learning services 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 £12,188,866 (2020: £6,293,870) and recorded a profit before taxation of £4,942,411 (2020: loss before taxaxtion of £512,434).

The results for the year are set out on page 14 of the financial statements.

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.

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 conscious of the legacy of the impact of Covid-19, including the impact of moving to a hybrid working model. The Company keeps in close communication with all of its employees and continually reviews policies and procedures to ensure it safeguards employee's wellbeing. For those occasions where employees do work from the office 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 both bi-annually, as part of the planning and budgeting process, and on an ad-hoc basis to ensure the Company can access sufficient cash resources to meet covenant and funding requirements and liabilities as they fall due. Short-term and long-term cash flow forecasts are regularly performed and reported to the board. Utilisation and headroom of facilities are reported to the board monthly. The Company's finance team monitor cash positions and this is reported to the Senior Management Team on a weekly basis.

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. At risk customers are reported to the Senior Management Team on an ad-hoc basis and action is taken swiftly to reduce risk through measures such as agreeing payment plans with customers. When debt is deemed irrecoverable overdue invoices and any related accrued income balance is written off against the relevant underlying provisions.

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

Brexit risk
The Directors have considered the impact of Brexit on the Company and consider the risk to be minimal. This is due to the Company having a diversified portfolio of customers and sales predominantly being to UK based businesses.

Climate risk
The Company has considered the impact of climate change and considers the risk to be minimal given the nature of the Company's services. The regulatory burden on small and medium sized businesses both domestically and internationally will remain, and indeed likely increase, as the increasing impact of climate change is felt across the globe. The Company also has a widespread geographical presence and can deliver its services remotely, alongside a hybrid working model for employees, therefore it is deemed trading would not be significantly hindered by travel restrictions or climate related disasters. Further, the Company has no significant manufacturing or storage facilities. The Company recognises the importance of issues such as climate change and energy consumption, and that increasing environmental regulation will continue to be a trend going forward. The Company continues to look for ways to minimise its impact on the environment.

Cyber risk
The Company is at risk of a cyber-attack given that it delivers its service offering alongside technology based platforms. Failure to prevent a cyber attack or data breach could negatively impact the Company's customer and employee data, financial reporting systems and stakeholder confidence and could ultimately result in fines levied by ICO. The business continues to proactively manage risks associated with data loss, GDPR non-compliance and data control weaknesses and has hired Data Protection Officers who have introduced data security training programmes for the Company's employees and are undertaking a full review of the Company's IT structure, systems and procedures to ensure they are fit for purpose.

Other risks
The Group has considered the impacts of the war in Ukraine and the rising cost of living and considers these risks to be minimal. The Group is predominantly trading with customers based in the UK, Australia and New Zealand and largely technology-based offering, not reliant on supply chains. Whilst the Group acknowledges that the same could lead to increased prices, particularly fuel, this is not deemed to have a significant impact on the Group due to the nature of its cost base and due to the Group being able to mitigate an increasing cost base through price rises on its own products and encouraging remote delivery of services and a hybrid working model for employees.

This report was approved by the Board on 4|11|22 and signed on its behalf by:

....
E Wann
Director

IHASCO LTD

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends
The profit for the period, after taxation, amounted to £4,966,414 (2020: Loss after taxation of £68,319).

The Directors do not recommend the payment of a dividend (2020: £Nil).

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

A Morris

C P Morris

E Wann

N R Pitman

M B Stacey

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.

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, which continued in various guises during the course of 2021.

Having already revisited its strategy in 2020, primarily through a combination of the use of the government's furlough scheme, deferral of HMRC payments, and migration to work from home and remote servicing of clients' models, and with the recovery of new business to pre-Covid levels by the start of 2021, the Company continued to successfully navigate the impact of the pandemic throughout 2021. The Company continued to deliver quality services and products to clients and continued to benefit from opportunities to bring new products to market including tailored employment law and health and safety advice.

Restrictions in the UK continued to ease throughout 2021, lifting fully in early 2022, and therefore have not affected the Company's ability to service existing clients, win new business, grow via acquisition, or implement the long-term business strategy.

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.

Going concern
After preparing projections to 31 December 2023 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 restructured its funding arrangements in the prior year as part of the sale of the Group formerly headed by Citation Topco Limited on 15 September 2020. Further changes to the Group's funding arrangements were agreed in the year and post year end, to provide the group with additional facilities and cash headroom.

Following the Group's refinancing subsequent to year end, the Group is required to meet certain financial covenants to avoid breaching the terms of its facility agreement. Throughout the review period of its assessment, even after sensitising the forecasts for plausible downside scenarios, the Group maintains sufficient cash reserves to pay its liabilities as they fall due, including interest payments, and complies with its financial covenant.

In assessing the going concern assumption for these financial statements, the Directors have prepared a base case cash flow and profit forecast to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due. As part of this exercise, the Directors have reviewed the cost base and built in additional assumptions for increases due to inflation and other market conditions.

As forecasting is inherently difficult in the current environment, and revenues can be potentially impacted by external factors, the Directors have applied sensitivities to the base case, challenging the forecasted values by incorporating severe but plausible downside scenarios which include:

• A 15% reduction in the existing contracted client base including a 20% decrease in take-up on customer renewals; together with

• An average fall of new business across the forecast period of 50% against baseline budgeted growth; and

• A stepped increase up to 5% in 2023 on the unhedged portion of interest charged on the Group's borrowings.

From the sensitivities that were run it was determined that adjusting these key levers to the base case model would still leave headroom for forecast liquidity and loan covenants.

In assessing the going concern assumption for these financial statements, the Directors have prepared cash flow and profit forecasts to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due.

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 31 December 2023.

The key factors supporting this are:

• The Group has a contracted and recurring revenue base which is not reliant on any one sector, making the business more resilient to demand shocks. The Group's business has grown since the outbreak of Covid-19 in the UK and Australia and New Zealand with new business across all divisions having returned to pre-Covid levels or above before the end of 2021.

• With Group cash at the end of 2021 of £14,011,459 and a £35,000,000 undrawn revolving credit Facility the Group had sufficient liquidity at the start of 2021 for the period ahead.

• Only interest repayments are required to be made until the maturity of the bank debt in 2027.

Environmental matters
The Group is committed to minimising the environmental impact of its activities, products and services. The board regularly evaluates the Group's policies in order to ensure compliance with relevant environmental legislation, regulations and other environmental requirements is maintained. This includes conducting annual ESG maturity assessments and the Group is in the process of setting science-based targets to determine a timescale for achieving Net Zero. The Group has recently undertaken a Climate Risk Assessment and collected data to measure the movement in Greenhouse Gas Emissions year on year from 2020 to 2021. This exercise demonstrated that, as a result of the environmental and energy efficiency initiatives listed below, the Group reduced its emissions, despite increasing in size due to organic growth and acquisitions, over the period in question.

Environmental and energy efficiency initiatives undertaken in the year include:

• Reduction in employee travel through remote selling to and servicing of clients and the use of a hybrid working from home model for employees;

• Minimisation of waste through prevention, re-use and recycling such as use of a recycling company for office waste and replacing of plastic milk bottles for glass;

• A movement towards working with environmentally responsible suppliers;

• Planting a tree for each new joiner to the Group's employee base;

• Reduction in printing;

• Full year effect in 2021 of the closure of three offices across the property portfolio in prior years;

• Raising awareness of the Cycle to Work scheme throughout the Group and encouraging uptake of the scheme;

• Establishment of environmental committees throughout the Group and empowering colleagues to make changes both small and large to increase energy efficiency.

Employee involvement
Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Group and are of interest to them as employees. This is done via a monthly Group-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 when Citation Limited was awarded a place in The Sunday Times 100 Best Companies to work for in 2020. The Group measures employee engagement using the robust measure of the Gallup Q12 and places in the top quartile in the UK for employee engagement. All of the Group's qualified employees receive regular and funded CPD. The Group has development schemes in place to take entry level recruits through professional qualifications and as part of a Health and Safety development programme has successfully trained and developed 50 recruits to achieve a nationally recognised qualification across H&S. The Group has launched similar programmes across Human Resources, Employment Law, Finance and Fire Safety. In 2021 the Group launched a Sales Academy and Leadership Development Programme and alongside mandatory training schemes for fire marshals and first aid over 20 colleagues have trained as Mental Health First Aiders. In addition, a number of colleagues have undertaken apprenticeship schemes with us. The Group launched a communication application in 2021 across all businesses to further support communication and involvement.

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 responsibility
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 (2020: £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.

Disclosure of information to the auditors
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.

IHASCO LTD

Directors' Report for the Year Ended 31 December 2021 (continued)

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 4/11/22 and signed on its behalf by:

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E Wann
Director

IHASCO LTD

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.

Independent Auditor's Report to the Members of IHASCO LTD

Opinion
We have audited the financial statements of iHASCO Ltd for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, 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 state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

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.

Independent Auditor's Report to the Members of IHASCO LTD (continued)

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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 9, 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 IHASCO LTD (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, the Company has to comply with laws and regulations relating to its own operations, including anti-bribery regulations, employment law and regulations, health and safety and GDPR.

• We understood how iHASCO Ltd 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 assessing the risk of fraud absent of controls, and then identifying controls which are in place at an entity level and whether the design of these controls is sufficient for the prevention and detection of fraud, utilising, internal and external information to perform our risk assessment. We considered the risk of fraud through management override and considered the design and implementation of controls at the financial statement level to prevent this, as well as incorporating data analytics in our audit approach.

• Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved review of the board packs and correspondence with regulator, direct enquiry of management and those charged with governance.

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

Independent Auditor's Report to the Members of IHASCO LTD (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.

Ernst & Young LLP

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

Date: 04 November 2022

IHASCO LTD

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	12,188,866	6,293,870
Cost of sales		(3,762,061)	(2,592,296)
Gross profit		8,426,805	3,701,574
Administrative expenses	7	(3,484,394)	(4,214,008)
Operating profit/(loss)		4,942,411	(512,434)
Profit/(loss) before taxation	7	4,942,411	(512,434)
Taxation		24,003	444,115
Profit/(loss) for the financial year		4,966,414	(68,319)
Total comprehensive income for the year		4,966,414	(68,319)

The above results were derived from continuing operations.

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

IHASCO LTD

(Registration number: 06447099)
Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	9	787,546	745,995
Tangible fixed assets	10	74,634	53,524
		862,180	799,519
Current assets			
Debtors: amounts falling due within one year	11	14,323,292	7,014,744
Cash at bank and in hand		1,279,557	2,349,087
		15,602,849	9,363,831
Creditors: amounts falling due within one year	12	(10,958,597)	(9,621,748)
Net current assets/(liabilities)		4,644,252	(257,917)
Total assets less current liabilities		5,506,432	541,602
Provisions for liabilities		-	(1,584)
Net assets		5,506,432	540,018
Capital and reserves			
Called up share capital	15	10	10
Profit and loss account		5,506,422	540,008
Shareholders' funds		5,506,432	540,018

Approved and authorised by the Board on 4/11/22 and signed on its behalf by:

....
E Wann
Director

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 the provisions of Section 1A "Small Entities" of 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 period ended 31 December 2021.

The financial statements are prepared in sterling which is the functional currency of the Company.

2.3 Going concern

After preparing projections to 31 December 2023 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 restructured its funding arrangements in the prior year as part of the sale of the Group formerly headed by Citation Topco Limited on 15 September 2020. Further changes to the Group's funding arrangements were agreed in the year and post year end, to provide the group with additional facilities and cash headroom.

2 Accounting policies (continued)

Following the Group's refinancing subsequent to year end, the Group is required to meet certain financial covenants to avoid breaching the terms of its facility agreement. Throughout the review period of its assessment, even after sensitising the forecasts for plausible downside scenarios, the Group maintains sufficient cash reserves to pay its liabilities as they fall due, including interest payments, and complies with its financial covenant.

In assessing the going concern assumption for these financial statements, the Directors have prepared a base case cash flow and profit forecast to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due. As part of this exercise, the Directors have reviewed the cost base and built in additional assumptions for increases due to inflation and other market conditions.

As forecasting is inherently difficult in the current environment, and revenues can be potentially impacted by external factors, the Directors have applied sensitivities to the base case, challenging the forecasted values by incorporating severe but plausible downside scenarios which include:

• A 15% reduction in the existing contracted client base including a 20% decrease in take-up on customer renewals; together with

• An average fall of new business across the forecast period of 50% against baseline budgeted growth; and

• A stepped increase up to 5% in 2023 on the unhedged portion of interest charged on the Group's borrowings.

From the sensitivities that were run it was determined that adjusting these key levers to the base case model would still leave headroom for forecast liquidity and loan covenants.

In assessing the going concern assumption for these financial statements, the Directors have prepared cash flow and profit forecasts to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due.

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 31 December 2023.

The key factors supporting this are:

• The Group has a contracted and recurring revenue base which is not reliant on any one sector, making the business more resilient to demand shocks. The Group's business has grown since the outbreak of Covid-19 in the UK and Australia and New Zealand with new business across all divisions having returned to pre-Covid levels or above before the end of 2021.

• With Group cash at the end of 2021 of £14,011,459 and a £35,000,000 undrawn revolving credit Facility the Group had sufficient liquidity at the start of 2021 for the period ahead.

• Only interest repayments are required to be made until the maturity of the bank debt in 2027.

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 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:

Intangible assets

The Company establishes a reliable estimate of the useful life of intangible assets. This estimate is based on a variety of factors such as the expected use and the expected useful life of the assets.

2.5 Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS102; 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;

• Transactions between wholly-owned members of the Group;

• 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.

2.6 Revenue recognition

Revenue is stated net of value-added tax, discounts and rebates. 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 3 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 Accounting policies (continued)

2.7 Tax

The tax expense for the period 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 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 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 when all conditions for retaining associated tax allowances have been met; and

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 period end.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

2.8 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.

Intangible assets relate to external or internal development. Internal development refers to work carried out internally on specific projects which will deliver future economic benefit over the lifetime of the asset being generated and the costs can be measured reliable. External development refers to purchased intangible assets.

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 is three to five years.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software development and licences	33% straight line

2 Accounting policies (continued)

2.9 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

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. This reflects a change in accounting policy, moving away from a reducing balance basis.

Office equipment	3 to 5 years
Furniture, fittings and equipment	3 to 10 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.

2.10 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 Financial instruments

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

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

2.13 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.

2.14 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.

2.15 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)

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

2.17 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.

2.18 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.

2.19 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.

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 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 to 5 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.

3 Turnover

All turnover is achieved in the United Kingdom and is for the rendering of services.

	2021 £	2020 £
Rendering of services	12,188,866	6,293,870

4 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2021 £	2020 £
Wages and salaries	4,698,319	3,426,359
Social security costs	538,656	373,578
Pension costs, defined contribution scheme	86,957	62,350
	5,323,932	3,862,287

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

	2021 No.	2020 No.
Sales	43	38
Administration	31	30
	74	68

5 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2021 £	2020 £
Directors' emoluments	517,761	288,022
Contributions to defined contribution pension schemes	9,318	6,060
	527,079	294,082

In respect of the highest paid Director:

	2021 £	2020 £
Directors' emoluments	258,881	144,011
Contributions to defined contribution pension schemes	4,659	3,030

6 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	41,703	3,378

7 Profit/(loss) before tax

The profit/(loss) before tax is stated after charging/(crediting):

	2021 £	2020 £
Depreciation charge (note 10)	52,298	26,853
Amortisation charge (note 9)	484,441	286,369
Operating lease charges	129,600	129,600
Pensions costs, defined contribution schemes	86,957	62,350

8 Taxation

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

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	(543,905)
Tax on profits related to prior year	(81)	-
Total corporation tax	(81)	(543,905)
Deferred tax		
Current tax on profits for the year	(12,769)	99,790
Tax on profits related to the prior periods	(5,792)	-
Rate adjustment	(5,361)	-
Total deferred taxation	(23,922)	99,790
Taxation on profit/(loss)	(24,003)	(444,115)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020: the same as the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	4,942,411	(512,434)
Profit/(loss) multiplied by standard rate of corporation tax of 19% (2020: 19%)	939,058	(97,362)
Permanent differences	30,091	1,372
Utilisation of brought forward losses	-	(290,526)
Adjustments in respect of prior years	(5,873)	-
Deferred tax rate change	(5,361)	-
Group relief	(981,918)	(57,599)
Total tax credit for the year	(24,003)	(444,115)

8 Taxation (continued)

Factors that may affect future tax charges

Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support the economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Finance Act 2021 (which legislated the changes) was substantively enacted on 24th May 2021 . Since the rate increase was substantively enacted at the balance sheet date, deferred tax has been provided at a blended rate of 19% and 25%, or 25%, as appropriate, based on the company's best estimate of the timing of the unwind of existing temporary differences.

9 Intangible assets

	Software development £	Total £
Cost		
At 1 January 2021	1,361,961	1,361,961
Additions	525,992	525,992
At 31 December 2021	1,887,953	1,887,953
Amortisation		
At 1 January 2021	615,966	615,966
Amortisation charge	484,441	484,441
At 31 December 2021	1,100,407	1,100,407
Carrying amount		
At 31 December 2021	787,546	787,546
At 31 December 2020	745,995	745,995

10 Tangible assets

	Office equipment £	Furniture and fittings £	Total £
Cost			
At 1 January 2021	188,613	15,411	204,024
Additions	73,408	-	73,408
At 31 December 2021	262,021	15,411	277,432
Depreciation			
At 1 January 2021	143,065	7,435	150,500
Charge for the year	44,822	7,476	52,298
At 31 December 2021	187,887	14,911	202,798
Carrying amount			
At 31 December 2021	74,134	500	74,634
At 31 December 2020	45,548	7,976	53,524

11 Debtors

	2021 £	2020 £
Trade debtors	2,217,944	1,542,372
Amounts owed by group undertakings	11,862,617	5,360,551
Other debtors	220,393	111,821
Deferred tax asset	22,338	-
	14,323,292	7,014,744

The amounts owed by group undertakings relate to amounts due from Citation Limited and Citation Holdings Limited. Balances are repayable on demand.

12 Creditors

Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	91,394	42,141
Social security and other taxes	1,120,657	1,491,827
Corporation tax	872	543,940
Accruals and deferred income	9,745,674	7,543,840
	10,958,597	9,621,748

13 Financial instruments

Categorisation of financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	14,300,954	7,014,744
	14,300,954	7,014,744
Financial liabilities		
Financial liabilities measured at amortised cost	9,837,068	7,585,981
	9,837,068	7,585,981

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 and deferred income.

14 Deferred tax and other provisions

	2021 £	2020 £
Deferred tax	22,338	(1,584)
	22,338	(1,584)

15 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	10	10	10	10

The shares were issued upon incorporation.

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	278,511	97,023
Later than one year and not later than five years	984,800	-
Later than five years	1,255,957	-
	2,519,268	97,023

17 Controlling party

At the 31 December 2021, 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 31 December 2021 are Rocket Aggregator L.P. incorporated in Canada and HGCapital 8 Nominees Limited.