Registration number: 09512735

QMS International Limited

Report and Financial Statements

For the Year Ended 31 December 2021

QMS International Limited

Contents

QMS International Limited

Company Information

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

QMS International Limited

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 consultancy and audit services to businesses wishing to maintain certifications to international standards ("ISOs").

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

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

The Company achieved turnover for the year of £15,031,435 (2020: £12,567,033) and recorded a profit before taxation of £3,236,859 (2020: £2,958,737).

The results for the year are set out on page 13 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
Successful growth for QMS relies upon the ability to attract new customers and maintain the current renewal rates of existing contracts. The directors are confident of this growth due to several factors including i) the opportunity to sell ISO certifications into the Citation Group customer base ii) the improvement in sales as a result of improving the website and marketing activity and iii) training of the sales team along with employing a new management structure to improve enquiry conversion rates.

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

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

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 risks

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

QMS is exposed to credit risk on financial assets, such as trade and other receivables. Trade receivables exposures are managed in house and through specialist debt recovery lawyers. 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.

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.

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 over 10,000 clients and sales predominantly being to UK based businesses.

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:

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E Wann

Director

QMS International Limited

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 £3,334,768 (2020: £3,072,165).

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:

C P Morris

M B Stacey

E Wann

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

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

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.

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 responsibity

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

Political donations

The Company made no political contributions during the year (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.

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 of companies 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.

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

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

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

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

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

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E Wann
Director

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

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

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

QMS International Limited

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

Opinion
We have audited the financial statements of QMS International Limited for the year ended 31 December 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 18, 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 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 QMS International Limited (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
- rtain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 QMS International 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 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. Further in respect of the risk of management override we completed testing of specific journals 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.

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.

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

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

QMS International Limited

Statement of Comprehensive Income for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	15,031,435	12,567,033
Cost of sales		(4,546,427)	(3,699,466)
Gross profit		10,485,008	8,867,567
Administrative expenses	4	(7,248,149)	(5,941,360)
Other operating income	4	-	32,530
Operating profit	4	3,236,859	2,958,737
Tax on profit	8	97,909	113,428
Profit for the year		3,334,768	3,072,165
Total comprehensive income for the year		3,334,768	3,072,165

The above results were derived from continuing operations.

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

QMS International Limited

(Registration number: 09512735)
Statement of Financial Position as at 31 December 2021

	Note	2021 £	Restated 2020 £
Fixed assets			
Intangible assets	9	4,932,745	7,151,429
Tangible assets	10	154,977	155,320
		5,087,722	7,306,749
Current assets			
Cash at bank	11	727,686	1,864,532
Debtors	12	30,989,375	17,204,300
		31,717,061	19,068,832
Creditors: Amounts falling due within one year	13	(22,793,805)	(15,699,371)
Net current assets		8,923,256	3,369,461
Total assets less current liabilities		14,010,978	10,676,210
Net assets		14,010,978	10,676,210
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account		14,010,878	10,676,110
Shareholders' funds		14,010,978	10,676,210

The financial statements were approved and authorised for issue by the Board on 4/11/22 and signed on its behalf by:

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E Wann
Director

The notes on pages 16 to 30 form an integral part of these financial statements.

QMS International Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Called up Share capital £	Profit and loss account £	Total Equity £
At 1 January 2021	100	10,676,110	10,676,210
Profit for the year	-	3,334,768	3,334,768
At 31 December 2021	100	14,010,878	14,010,978

	Called up Share capital £	Profit and loss account £	Total Equity £
At 1 January 2020	100	7,603,945	7,604,045
Profit for the year	-	3,072,165	3,072,165
At 31 December 2020	100	10,676,110	10,676,210

1 General information

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

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

2 Accounting policies

2.1 Summary of significant accounting policies and key accounting estimates

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

2.2 Statement of compliance and basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 "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 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 of companies 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 Summary of 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;

• 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.

2.5 Judgements and key sources of estimation uncertainty

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

Goodwill and intangible assets

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

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 trends preceding the balance sheet date adjusted for average settlement income receipts. For the provision at December 2021 the estimate used is based on the April 2020 to December 2021 period.

2 Accounting policies (continued)

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 1 month and 10 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-contractual 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.

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

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

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

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

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

2 Accounting policies (continued)

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

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.

2.12 Impairment of non-financial assets

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

2.13 Financial instruments

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

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

2 Accounting policies (continued)

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

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Creditors

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

2.15 Deferred income

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

2.16 Defined contribution pension plan

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

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

2.17 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

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

2 Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

• The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

• Any deferred tax balances arc reversed when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end.

2.19 Operating leases

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

2.20 Research and development

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

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

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

2.21 Accrued income

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 trends applied to the current value of the accrued income balance.

2 Accounting policies (continued)

2.22 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.

3 Turnover

All turnover takes place in the UK:

	2021 £	2020 £
Rendering of services	15,031,435	12,567,033
	15,031,435	12,567,033

4 Operating profit

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

	Note	2021 £	2020 £
Depreciation of tangible fixed assets		52,980	92,635
Amortisation of intangible assets, including goodwill	9	2,558,111	2,599,942
Operating lease rentals (buildings)	17	50,000	50,000
Defined contribution pension costs		105,847	88,068

Within operating profit, is £Nil (2020: £32,530) of other operating income which are government grants for furlough.

5 Auditors' remuneration

	2021 £	2020 £
Audit fees	53,814	30,514
Auditors remuneration	53,814	30,514

6 Employees

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

	2021 £	2020 £
Wages and salaries	5,756,659	4,246,712
Social security costs	606,410	459,876
Cost of defined contribution scheme	105,847	88,068
	6,468,916	4,794,656

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

	2021 No.	2020 No.
Sales	24	10
Consultants	74	69
Administration	31	13
	129	92

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Directors' emoluments	151,644	158,428

In respect of the highest paid Director:

	2021 £	2020 £
Remuneration	151,644	158,428

8 Taxation

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

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,133	-
Prior year adjustment	-	8,040
Total corporation tax	2,133	8,040
Deferred tax		
Current tax on profits for the year	(67,117)	-
Origination and reversal of timing differences	-	(82,419)
Adjustment in respect of prior periods	(8,427)	(39,049)
Deferred tax rate change	(24,498)	-
Total deferred tax	(100,042)	(121,468)
Taxation on profit on ordinary activities	(97,909)	(113,428)

Factors affecting tax charge for the year

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

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	3,236,859	2,958,737
Corporation tax at standard rate	615,003	562,160
Permanent differences	12,212	(654,036)
Adjustment in respect of prior year	(8,427)	(31,009)
Deferred tax rate change	(24,498)	9,457
Group relief for nil payment	(692,199)	-
Total tax credit	(97,909)	(113,428)

8 Taxation (continued)

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

	Goodwill £	Software Development £	Total £
Cost or valuation			
At 1 January 2021	20,577,797	633,841	21,211,638
Additions	-	339,427	339,427
At 31 December 2021	20,577,797	973,268	21,551,065
Amortisation			
At 1 January 2021	13,447,927	612,282	14,060,209
Amortisation charge	2,369,999	188,112	2,558,111
At 31 December 2021	15,817,926	800,394	16,618,320
Carrying amount			
At 31 December 2021	4,759,871	172,874	4,932,745
At 31 December 2020	7,129,870	21,559	7,151,429

10 Tangible assets

	Leasehold improvements £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2021	99,652	15,962	71,850	267,783	455,247
Additions	12,825	-	7,874	31,938	52,637
Disposals	-	(15,962)	-	(141,509)	(157,471)
At 31 December 2021	112,477	-	79,724	158,212	350,413
Depreciation					
At 1 January 2021	33,089	15,597	27,919	223,322	299,927
Charge for the year	11,052	365	7,763	33,800	52,980
Eliminated on disposal	-	(15,962)	-	(141,509)	(157,471)
At 31 December 2021	44,141	-	35,682	115,613	195,436
Carrying amount					
At 31 December 2021	68,336	-	44,042	42,599	154,977
At 31 December 2020	66,563	365	43,931	44,461	155,320

11 Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	727,686	1,864,532
	727,686	1,864,532

12 Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	1,164,563	1,241,236
Amounts owed by group undertakings	27,537,486	13,872,420
Other debtors	123,552	101,884
Accrued income	2,061,701	1,986,728
Deferred tax asset	102,073	2,032
	30,989,375	17,204,300

12 Debtors (continued)

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

13 Creditors

	2021 £	2020 £
Due within one year		
Trade creditors	313,843	12,924
Deferred income	3,026,971	2,208,240
Amounts owed to group undertakings	18,079,231	11,731,388
Taxation and social security	765,045	708,285
Other creditors	66,499	69,727
Accruals	542,216	968,807
	22,793,805	15,699,371

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

14 Financial instruments

Categorisation of financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	30,887,302	17,202,268
Financial liabilities		
Financial liabilities measured at amortised cost	22,793,804	15,699,371

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

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

15 Deferred tax

	2021 £	2020 £
At beginning of period	2,032	(119,436)
Charged to the statement of comprehensive income	100,041	121,468
At end of period	102,073	2,032

The deferred tax asset is made up as follows:

	2021 £	2020 £
Difference between accumulated depreciation and amortisation and capital allowances	(11,194)	(62,281)
Other timing differences	113,267	64,313
	102,073	2,032

16 Called up share capital

Authorised, allotted and fully paid shares

	2021		2020	
	No.	£	No.	£
100 Ordinary shares of £1 each	100	100	100	100

17 Commitments under operating leases

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	50,000	50,000
Later than one year and not later than five years	116,575	165,984
	166,575	215,984

18 Controlling party

At 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.