

Registration number: 3097504

Citation Limited

Report and Financial Statements

For the Year Ended 31 December 2018



Citation Limited

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Citation Limited

Company Information

Directors	CP Morris J Ingleby AC Pumphrey E Wann
Registered office	Kings Court Water Lane Wilmslow Cheshire SK9 5AR
Auditors	Ernst & Young LLP 2 Peter's Square Manchester M2 3EY

Citation Limited

Strategic Report for the Year Ended 31 December 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

Principal activity and business review

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

The results for the year are set out on page 11 of the financial statements.

In the year ended 31 December 2018, the Group continued to grow its new business acquisitions, with the renewal business remaining strong. The Group maintains its commitment to the ongoing investment in staff, operational improvements and technology, including proprietary software.

During the year, the Group made three acquisitions which add complementary services to the Group's product offering; Solutionhost Group Limited (and subsidiaries) in November, P & R Services (Southampton) Limited and Safety Management (UK) Limited in December. P&R Services (Southampton) Limited and Safety Management (UK) Limited were acquired from Citation Holdings Limited (a Group company). Post year end, in January 2019, the Group acquired Southall Associates Limited, a health and safety consultancy for cash consideration of £7,846k on completion with up to a further £2,200k as contingent consideration.

The Group achieved turnover for the year of £40,547k (2017 Company figures only: £35,590k) and recorded a profit after taxation of £7,162k (2017 Company figures only: £6,872k).

The Company achieved turnover for the year of £40,230k (2017 Company figures only: £35,590k) and recorded a profit before taxation of £7,566k (2017: £6,919k).

Principal risks and uncertainties

The risks below are the principal risks that may impact the Group achieving its strategic objectives.

Company specific and market risks

The pace of continued growth depends upon the Group 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 Group clearly demonstrates its success and resilience.

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

The Group 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 BSI under its ISO accreditation regime.

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

Citation Limited

Strategic Report for the Year Ended 31 December 2018

Liquidity risk

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

Credit risk

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

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.

Approved by the Board on 27/09/2019 and signed on its behalf by:



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E Wann
Director

Citation Limited

Directors' Report for the Year Ended 31 December 2018

The Directors present their report and the consolidated financial statements for the year ended 31 December 2018.

Principal activity and business review

Details of the principal activity and business review can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

Results and dividends

The profit for the year, after taxation, amounted to £7,162k (2017 Company figures only: £6,872k).

The Directors do not recommend the payment of a dividend (2017 Company figures only: £nil).

Directors of the Company

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

CP Morris

J Ingleby

AC Pumphrey (appointed 1 September 2018)

E Wann

Indemnity provision for directors

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

Principal risks and uncertainties

Details of the principal risks and uncertainties can be found in the Strategic Report on page 2 and form part of this report by cross-reference.

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.

Environmental matters

Due to the nature of the Group's business, the Directors believe that the environmental impact of the business is minimal. Consequently, the Group has chosen not to set environmental Key Performance Indicators.

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.

Citation Limited

Directors' Report for the Year Ended 31 December 2018

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 Group does not use derivative financial instruments.

Going concern

The Group, which is defined as the Group headed by Citation Topco Limited, has prepared a detailed and robust forecast for the next four financial years, including P&L, balance sheet and cashflows, together with sensitivities. The Directors have reviewed these sensitivities and challenged the assumptions made in the forecasts. The Group has a large proportion of long term contracts which underpin the revenue assumptions together with a customer base that is spread across different geographical areas and industries.

The individual trading entities within the Group are both profit making and cash generative.

Based on these forecasts and enquiries, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts.

The Directors have considered the impact of Brexit on the Group and consider the risk to be minimal. This is due to the Group having a diversified portfolio of over 35,000 clients and sales predominantly being to UK based businesses.

Corporate social responsibility

The Group is committed to taking its corporate social responsibilities very seriously and includes social and environmental issues at the heart of all decision-making processes. As the Group continues to grow, it is always looking for ways to increase efficiencies. The Group continues to maintain the ISO 9001 standard from the British Standards Institute, which demonstrates commitment to quality and improved performance.

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

The Group gives back to the local community through charitable activities such as the annual Christmas gift giving for The Wood Street Mission, cash and food donations to a local food bank and Capital Toys for Kids Christmas donations, where we provided donations and acted as a collection point for toys which were later distributed to deprived children in the Manchester area. We also raised significant funds for the local cancer specialist hospital, The Christie, through a variety of events and visited local old people's homes with our choir at Christmas time.

In addition to these charitable activities we support various work experience placements, apprentices and industrial placements to help develop young talent.

Citation Limited

Directors' Report for the Year Ended 31 December 2018

Future developments

The Group 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.

Events after the balance sheet date

Details of events after the balance sheet date can be found in the Strategic Report on page 2 and are contained within note 23 to the financial statements and form part of this report by cross-reference.

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 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 27/09/2019 and signed on its behalf by:



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E Wann
Director

Citation Limited

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Directors' Report, Strategic 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 and apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Citation Limited

Independent Auditor's Report to the Members of Citation Limited

Opinion

We have audited the financial statements of Citation Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

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

Citation Limited

Independent Auditor's Report to the Members of Citation Limited

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, set out on [page xxx], 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 Group's and 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 Group or the Company or to cease operations, or have no realistic alternative but to do so.

Citation Limited

Independent Auditor's Report to the Members of Citation Limited

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Group'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 Group'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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

Date: *27 September 2018*
.....

Citation Limited

Consolidated statement of comprehensive income for the Year Ended 31 December 2018

	Note	2018 £ 000	Company figures only 2017 £ 000
Turnover	3	40,547	35,590
Cost of sales		<u>(11,531)</u>	<u>(9,566)</u>
Gross profit		29,016	26,024
Administrative expenses		<u>(21,627)</u>	<u>(19,105)</u>
Operating profit	4	<u>7,389</u>	<u>6,919</u>
Profit before taxation		7,389	6,919
Tax on profit	8	<u>(227)</u>	<u>(47)</u>
Profit for the financial year		<u><u>7,162</u></u>	<u><u>6,872</u></u>
 Total comprehensive income for the year		<u><u>7,162</u></u>	<u><u>6,872</u></u>
Total comprehensive income for the year attributable to:			
Owners of the parent		<u><u>7,162</u></u>	<u><u>6,872</u></u>

The comparative figures above represent the parent company only figures for 2017, prior to Citation Limited having subsidiaries.

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

The above results were derived from continuing operations.

Citation Limited

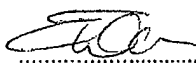
(Registration number: 3097504)

Consolidated Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	Company figures only 2017 £ 000
Fixed assets			
Intangible assets	9	21,261	3,646
Tangible assets	10	<u>797</u>	<u>746</u>
		<u>22,058</u>	<u>4,392</u>
Current assets			
Stocks		75	-
Debtors: amounts falling due within one year	12	23,108	44,061
Debtors: amounts falling due after more than one year	12	3,347	2,063
Cash at bank and in hand	13	<u>3,919</u>	<u>444</u>
		30,449	46,568
Creditors: Amounts falling due within one year	14	<u>(11,406)</u>	<u>(17,021)</u>
Net current assets		<u>19,043</u>	<u>29,547</u>
Net assets		<u>41,101</u>	<u>33,939</u>
Capital and reserves			
Called up share capital	18	50	50
Capital redemption reserve	19	200	200
Profit and loss account	19	<u>40,851</u>	<u>33,689</u>
Equity attributable to owners of the company		<u>41,101</u>	<u>33,939</u>
Shareholders' funds		<u>41,101</u>	<u>33,939</u>

The comparative figures above represent the parent company only figures for 2017, prior to Citation Limited having subsidiaries.

The financial statements were approved and authorised for issue by the Board on 27/6/2019 and signed on its behalf by:


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E Wann
Director

Citation Limited

(Registration number: 3097504)

Company Statement of Financial Position as at 31 December 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Intangible assets	9	2,949	3,646
Tangible assets	10	595	746
Investments	11	23,096	-
		<u>26,640</u>	<u>4,392</u>
Current assets			
Debtors: amounts falling due within one year	12	40,939	44,061
Debtors: amounts falling due after more than one year		3,347	2,063
Cash at bank and in hand		2,866	444
		<u>47,152</u>	<u>46,568</u>
Creditors: Amounts falling due within one year	14	<u>(32,514)</u>	<u>(17,021)</u>
Net current assets		<u>14,638</u>	<u>29,547</u>
Net assets		<u>41,278</u>	<u>33,939</u>
Capital and reserves			
Called up share capital	18	50	50
Capital redemption reserve		200	200
Profit and loss account		<u>41,028</u>	<u>33,689</u>
Shareholders' funds		<u>41,278</u>	<u>33,939</u>

The company made a profit after tax for the financial year of £7,337,942 (2017 - profit of £6,871,816).

Approved and authorised by the Board on 27/09/2019 and signed on its behalf by:



E Wann
Director

The notes on pages 17 to 38 form an integral part of these financial statements.

Citation Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018
Equity attributable to the parent company

	Called up Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2018	50	200	33,689	33,939
Profit for the year	-	-	7,162	7,162
Total comprehensive income	-	-	7,162	7,162
At 31 December 2018	<u>50</u>	<u>200</u>	<u>40,851</u>	<u>41,101</u>

	Called up Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2017	50	200	26,817	27,067
Profit for the year	-	-	6,872	6,872
Total comprehensive income	-	-	6,872	6,872
At 31 December 2017	<u>50</u>	<u>200</u>	<u>33,689</u>	<u>33,939</u>

The comparative figures above represent the parent company only figures for 2017, prior to Citation Limited having subsidiaries.

Citation Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	50	200	33,689	33,939
Profit for the year	-	-	7,339	7,339
Total comprehensive income	-	-	7,339	7,339
At 31 December 2018	<u>50</u>	<u>200</u>	<u>41,028</u>	<u>41,278</u>

	Share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017	50	200	26,817	27,067
Profit for the year	-	-	6,872	6,872
Total comprehensive income	-	-	6,872	6,872
At 31 December 2017	<u>50</u>	<u>200</u>	<u>33,689</u>	<u>33,939</u>

The notes on pages 17 to 38 form an integral part of these financial statements.

Citation Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	2018 £ 000	Company figures only 2017 £ 000
Cash flows from operating activities		
Profit for the financial year	7,162	6,872
Adjustments for:		
Amortisation of intangible assets	2,198	1,719
Depreciation of tangible assets	318	277
Deferred tax movement	-	208
Increase in deferred tax	(73)	-
	<u>9,605</u>	<u>9,076</u>
Working capital adjustments		
Decrease/(increase) in debtors	24,118	(9,621)
(Decrease)/increase in creditors	<u>(14,571)</u>	<u>2,384</u>
Net cash generated from operating activities	<u>19,152</u>	<u>1,839</u>
Cash flows from investing activities		
Consideration in cash for acquisition of subsidiaries	(15,570)	-
Acquired cash of new subsidiaries	1,371	-
Purchase of intangible assets	(1,312)	(2,410)
Purchase of tangible assets	<u>(166)</u>	<u>(212)</u>
Net cash flows from investing activities	<u>(15,677)</u>	<u>(2,622)</u>
Net increase/(decrease) in cash and cash equivalents	3,475	(783)
Cash and cash equivalents at 1 January	<u>444</u>	<u>1,227</u>
Cash and cash equivalents at 31 December	<u>3,919</u>	<u>444</u>

The comparative figures above represent the parent company only figures for 2017, prior to Citation Limited having subsidiaries.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

1 General information

The Company is a limited liability company, incorporated in England and Wales.

The address of its registered office is:

Kings Court
Water Lane
Wilmslow
Cheshire
SK9 5AR
England

Citation Limited has issued a parent company guarantee pursuant to Section 479(C) of the UK Companies Act 2006 for the financial year 2018 on behalf of the subsidiaries companies registered in England, see below. The parent company guarantee applies to all outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided for in Section 479(A) of the UK Companies Act 2006.

Subsidiaries:

Solutionhost Group Limited - 10816675

HS Direct Limited - 05066720

Solution Host (UK) Limited - 08090005

EL Direct Limited - 04103391

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 consolidated financial statements have been prepared in compliance with Financial Reporting Standard 102. The Group elected to early adopt the revised FRS 102 released following the 2017 Triennial review. The adoption of these amendments does not result in any impact on current or prior year figures.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £000.

This is the first year the financial statements have been prepared on a consolidation basis. 2018 was the first year of consolidation. The comparative figures represent Citation Limited company figures only.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

2.3 Judgements, estimates 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 estimates that have had the most significant effect on amounts recognised in the financial statements are:

Goodwill and intangible assets

The Group 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 trends.

Operating lease commitments

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

2.4 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquired identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

2.5 Going concern

The Group has prepared a detailed and robust forecast for the next four financial years, including P&L, balance sheet and cashflows, together with sensitivities. The directors have reviewed these sensitivities and challenged the assumptions made in the forecasts. The Group has a large proportion of long term contracts which underpin the revenue assumptions together with a customer base that is spread across different geographical areas and industries.

The individual trading entities within the Group are both profit making and cash generative.

Based on these forecasts and enquiries, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.6 Revenue recognition

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

Rendering of services

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

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

2.7 Intangible assets

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 the Group's share 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 Profit and loss account over its useful economic life.

Goodwill is being amortised over 7 years.

Other intangible assets

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

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

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

2.8 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 Consolidated 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.

Asset class	Depreciation method and rate
Fittings & fittings	3 to 10 years
Office and computer equipment	3 to 5 years
Computer software	3 to 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.9 Trade debtors

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

2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

2.12 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

2.13 Accrued income

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

2.14 Financial instruments

The Group 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 year end.

Financial assets and liabilities are offset and the net amount reported in the Consolidated 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.

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.

2.15 Creditors

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

2.16 Operating leases

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

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

2 Accounting policies (continued)

2.17 Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group 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 period comprises current and deferred tax. Tax is recognised in the Consolidated 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 Consolidated Statement of Financial Position date in the countries where the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Consolidated Statement of Financial Position 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
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group 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 Consolidated Statement of Financial Position date.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

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, which range from 3 to 6 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.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the Group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

3 Analysis of turnover

All turnover is achieved in the United Kingdom.

	2018	Company figures only 2017
	£ 000	£ 000
Rendering of services	40,547	35,590
	<u>40,547</u>	<u>35,590</u>

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

4 Operating profit

Arrived at after charging/(crediting)

	2018	Company figures only 2017
	£ 000	£ 000
Depreciation of tangible fixed assets	318	277
Amortisation of intangible assets, including goodwill	2,198	1,720
Operating lease rentals (buildings)	359	377
Operating lease expense - other	122	-
	<u>122</u>	<u>-</u>

5 Auditors' remuneration

	2018	Company figures only 2017
	£ 000	£ 000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	56	27
Other services relating to taxation	26	19
All other services	-	2
	<u>82</u>	<u>48</u>

6 Employees

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

	2018	Company figures only 2017
	£ 000	£ 000
Wages and salaries	18,214	17,099
Social security costs	1,990	1,940
Pension costs, defined contribution scheme	276	182
	<u>20,480</u>	<u>19,221</u>

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

6 Employees (continued)

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

	2018	Company figures only 2017
	No.	No.
Sales	138	128
Consultants	162	164
Administration	107	75
	<u>407</u>	<u>367</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018	Company figures only 2017
	£ 000	£ 000
Directors' emoluments	357	281
Contributions to defined contribution pension schemes	20	17
	<u>377</u>	<u>298</u>

During the year retirement benefits were accruing to 4 directors (2017: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £202,000 (2017: £151,000) with £15,000 (2017: £14,400) company pension contributions to defined contribution schemes.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

8 Taxation

Tax charged/(credited) in the income statement

	2018 £ 000	Company figures only 2017 £ 000
Corporation tax		
Current tax on profits for the year	79	-
Tax on profits related to prior year	221	(161)
	<u>300</u>	<u>(161)</u>
Deferred tax		
Current tax on profits for the year	(358)	28
Tax on profits related to prior year	285	180
Total deferred taxation	<u>(73)</u>	<u>208</u>
Tax expense in the income statement	<u>227</u>	<u>47</u>

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £ 000	Company figures only 2017 £ 000
Profit before tax	<u>7,389</u>	<u>6,919</u>
Profit multiplied by standard rate of corporation tax of 19% (2017: 19.25%)	1,404	1,332
Tax rate changes	44	(4)
Adjustments to tax charge in respect of prior periods	492	19
Depreciation on non-qualifying assets	-	16
Permanent differences	35	2
Group relief for nil payment	<u>(1,788)</u>	<u>(1,318)</u>
Total tax charge	<u>187</u>	<u>47</u>

A reduction in the main rate of corporation tax has been enacted. The rate will be reduced from 19% to 17% from 1 April 2020. As this change has been enacted at the year end it has been reflected in these financial statements.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

9 Intangible assets

Group

	Software development £ 000	Goodwill £ 000	Total £ 000
Cost or valuation			
At 1 January 2018	6,711	-	6,711
Additions acquired separately	1,312	18,501	19,813
At 31 December 2018	8,023	18,501	26,524
Amortisation			
At 1 January 2018	3,065	-	3,065
Amortisation charge	2,009	189	2,198
At 31 December 2018	5,074	189	5,263
Net book value			
At 31 December 2018	2,949	18,312	21,261
At 31 December 2017	3,646	-	3,646

Company

	Software development £ 000	Total £ 000
Cost or valuation		
At 1 January 2018	6,711	6,711
Additions acquired separately	1,312	1,312
At 31 December 2018	8,023	8,023
Amortisation		
At 1 January 2018	3,065	3,065
Amortisation charge	2,009	2,009
At 31 December 2018	5,074	5,074
Carrying amount		
At 31 December 2018	2,949	2,949
At 31 December 2017	3,646	3,646

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

10 Tangible assets

Group

	Office equipment £ 000	Fixtures & fittings £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation				
At 1 January 2018	766	501	-	1,267
Additions	166	-	-	166
Intra Group transfers	84	10	109	203
At 31 December 2018	<u>1,016</u>	<u>511</u>	<u>109</u>	<u>1,636</u>
Depreciation				
At 1 January 2018	373	148	-	521
Charge for the year	266	52	-	318
At 31 December 2018	<u>639</u>	<u>200</u>	<u>-</u>	<u>839</u>
Net book value				
At 31 December 2018	<u>377</u>	<u>311</u>	<u>109</u>	<u>797</u>
At 31 December 2017	<u>393</u>	<u>353</u>	<u>-</u>	<u>746</u>

Company

	Office equipment £ 000	Fixtures & fittings £ 000	Total £ 000
Cost or valuation			
At 1 January 2018	766	501	1,267
Additions	166	-	166
At 31 December 2018	<u>932</u>	<u>501</u>	<u>1,433</u>
Depreciation			
At 1 January 2018	373	148	521
Charge for the year	265	52	317
At 31 December 2018	<u>638</u>	<u>200</u>	<u>838</u>
Carrying amount			
At 31 December 2018	<u>294</u>	<u>301</u>	<u>595</u>
At 31 December 2017	<u>393</u>	<u>353</u>	<u>746</u>

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

11 Investments

Company	
Subsidiaries	£ 000
Cost or valuation	
Additions	<u>23,096</u>
Carrying amount	
At 31 December 2018	<u>23,096</u>

Subsidiary undertakings

The following were subsidiary undertakings of Citation Limited:

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

*held by subsidiary undertaking

***registered at Kings Court, Water Lane, Wilmslow, Cheshire, SK9 5AR

****subsidiary undertakings also consolidated at 31st December 2018 claimed exemption from audit under section 479a Companies Act 2006

On 21st December 2018, Citation Limited acquired Safety Management (UK) Limited and P & R Services (Southampton) Limited from Citation Holdings Limited for a cash consideration of £3,559,725, representing the investment carrying value in Citation Holdings Limited at the date of acquisition.

On 28th November 2018, the Group acquired Solutionhost Group Limited and its subsidiaries; HS Direct Limited, Solution Host (UK) Limited and EL Direct Ltd, for a total consideration of £19,536,084, of which £3,983,813 is deferred.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

11 Investments (continued)

Group Acquisitions

P&R Services (Southampton) Limited

	2018 £ 000	2018 £ 000	2018 £ 000
	Book value	Revaluation adjustments	Fair value to Group
Tangible and Intangible Fixed Assets	146	-	146
Stock	52	-	52
Debtors	384	-	384
Cash	216	-	216
Total Assets	<u>798</u>	<u>-</u>	<u>798</u>
Creditors	(198)	-	(198)
Provisions	(11)	-	(11)
Net Assets	<u>589</u>	<u>-</u>	<u>589</u>

Purchase price 2,095

Net assets acquired (589)

Goodwill arising on acquisition 1,506

Since acquisition P&R Services (Southampton) Limited has not contributed to revenue or profit after tax in the financial period to 31st December 2018.

Note: at the time of the preparation of these financial statements the fair value evaluation of the assets acquired are provisional and will be finalised in due course.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

11 Investments (continued)

Safety Management (UK) Limited

	2018 £ 000 Book value	2018 £ 000 Revaluation adjustments	2018 £ 000 Fair value to Group
Tangible and Intangible Fixed Assets	4	-	4
Stock	23	-	23
Amounts owed by group undertakings	186	-	186
Other debtors	6	-	6
Debtors	340	-	340
Cash	105	-	105
Total Assets	664	-	664
Trade creditors	(52)	-	(52)
Corporation tax	(27)	-	(27)
Amounts owed to group undertakings	(2)	-	(2)
Other creditors	(22)	-	(22)
Taxation and social security	(98)	-	(98)
Accruals and deferred income	(8)	-	(8)
Net Assets	455	-	455
Purchase price			1,464
Net assets acquired			(455)
Goodwill arising on acquisition			1,009

Since acquisition Safety Management (UK) Limited has not contributed to revenue or profit after tax in the financial period to 31st December 2018.

Note: at the time of the preparation of these financial statements the fair value evaluation of the assets acquired are provisional and will be finalised in due course.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

11 Investments (continued)

Solutionhost Group Limited

	2018 £ 000	2018 £ 000	2018 £'000
	Book value	Revaluation adjustments	Fair value to Group
Tangible and Intangible Fixed Assets	52	-	52
Debtors	3,481	-	3,481
Cash	1,050	-	1,050
Total Assets	<u>4,583</u>	<u>-</u>	<u>4,583</u>
Trade creditors	(21)	-	(21)
Other creditors	(1,012)	-	(1,012)
Net Assets	<u><u>3,550</u></u>	<u><u>-</u></u>	<u><u>3,550</u></u>

Purchase consideration	15,117
Contingent consideration	3,984
Acquisition costs	<u>435</u>
Total consideration	<u><u>19,536</u></u>
 Net assets acquired	 <u><u>(3,550)</u></u>
 Goodwill arising on acquisition	 <u><u>15,986</u></u>

The contingent consideration is payable based on profit growth targets over the 2 years following acquisition. The expected payment date is January 2021.

There is also a deferred remuneration payment of up to £1,944,000 contingent on continued employment of key management and delivery of strategic objectives. The expected payment date is January 2021.

Since acquisition Solutionhost Group Limited has contributed £317,000 in revenue and a profit after tax of £10,000, in the financial period to 31st December 2018.

Note: at the time of the preparation of these financial statements the fair value evaluation of the assets acquired are provisional and will be finalised in due course.

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

12 Debtors

		Group		Company	
			Company figures only		
	Note	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Trade debtors		783	274	210	274
Amounts owed by related parties		110	22,656	18,633	22,656
Other debtors		1,087	1,047	962	1,047
Prepayments		673	390	673	390
Accrued income		19,340	18,674	19,340	18,674
Deferred tax assets	16	367	314	387	314
Corporation tax asset	8	748	706	734	706
		<u>23,108</u>	<u>44,061</u>	<u>40,939</u>	<u>44,061</u>
Accrued income due after more than one year		<u>3,347</u>	<u>-</u>	<u>3,347</u>	<u>2,063</u>
		<u>26,455</u>	<u>44,061</u>	<u>44,286</u>	<u>46,124</u>

13 Cash and cash equivalents

	Group		Company	
		Company figures only		
	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Cash at bank	<u>3,919</u>	<u>444</u>	<u>2,866</u>	<u>444</u>
	<u>3,919</u>	<u>444</u>	<u>2,866</u>	<u>444</u>

14 Creditors

	Group		Company	
		Company figures only		
	2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

14 Creditors (continued)

	Group	Company figures only	Company	
	2018	2017	2018	2017
	£ 000	£ 000	£ 000	£ 000
Due within one year				
Obligations under leases	8	-	-	-
Trade creditors	294	318	152	318
Amounts due to related parties	1,908	13,472	24,048	13,472
Social security and other taxes	2,292	2,001	1,731	2,001
Other payables	21	-	-	-
Accruals	2,759	1,230	2,599	1,230
Income tax liability	140	-	-	-
Deferred income	3,984	-	3,984	-
	<u>11,406</u>	<u>17,021</u>	<u>32,514</u>	<u>17,021</u>

15 Financial instruments

Categorisation of financial instruments

	2018	Company figures only
	£ 000	2017 £ 000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,980</u>	<u>23,976</u>
	<u>1,980</u>	<u>23,976</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(8,945)</u>	<u>(15,019)</u>
	<u>(8,945)</u>	<u>(15,019)</u>

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

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

Company

Categorisation of financial instruments

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

15 Financial instruments (continued)

	2018 £ 000	2017 £ 000
Financial assets that are debt instruments measured at amortised cost	<u>19,805</u>	<u>23,978</u>
	<u>19,805</u>	<u>23,978</u>
Financial liabilities measured at amortised cost	<u>(30,783)</u>	<u>(15,019)</u>
	<u>(30,783)</u>	<u>(15,019)</u>

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

16 Deferred taxation

	2018	Company figures only 2017
	£ 000	£ 000
At beginning of period	314	522
Charged in profit or loss	358	(208)
Prior year adjustment	(285)	-
Acquisition balance	(20)	-
At end of year	<u>367</u>	<u>314</u>

	2018	Company figures only 2017
	£ 000	£ 000
Difference between accumulated depreciation and amortisation and capital allowances	(217)	53
Tax rate changes	-	(42)
Other timing differences	584	302
At end of year	<u>367</u>	<u>313</u>

17 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £275,517 (2017: £181,599).

18 Share capital

Shares classified as equity

Allotted, called up and fully paid shares

	2018		Company figures only 2017	
	No. 000	£ 000	No. 000	£ 000
50,000 Ordinary A shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

18 Share capital (continued)

The shares were issued upon incorporation of the company.

19 Capital redemption reserve

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

20 Controlling party

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

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

The ultimate parent undertakings and controlling party is Hg Capital 7 Nominees Limited, incorporated in England.

21 Commitments under operating leases

Commitments under operating leases

At Current Period, the Group had future minimum lease payments under non-cancellable operating leases as follows:

	2018	Company figures only 2017
	£ 000	£ 000
Not later than one year	703	461
Later than 1 year and not later than 5 years	995	835
Later than five years	144	-
	<u>1,842</u>	<u>1,296</u>

Company

Operating leases

The total of future minimum lease payments is as follows:

Citation Limited

Notes to the Financial Statements for the Year Ended 31 December 2018

21 Commitments under operating leases (continued)

	2018	2017
	£ 000	£ 000
Not later than one year	561	461
Later than one year and not later than five years	527	835
	<u>1,088</u>	<u>1,296</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2017 - £Nil).

22 Related parties

Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £1,801k (2017: £1,036k).

Total remuneration for Citation Limited consolidated is £378,278 (2017: £298,850).

23 Post balance sheet events

On 31st January 2019, the Company acquired Southall Associates Limited, for a cash consideration of £7,846,000 on completion with up to a further £2,200,000 as a contingent consideration. Fair value assessments have yet to be performed.