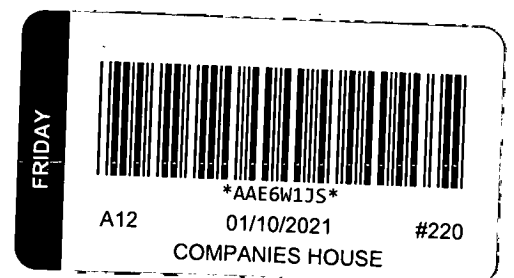


Registration number: 8336890

Citation (NBS) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020



Citation (NBS) Limited

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Citation (NBS) Limited

Company Information

Directors	C P Morris E Wann
Registered office	Kings Court Water Lane Wilmslow Cheshire SK9 5AR

Citation (NBS) Limited

Directors' Report for the Year Ended 31 December 2020

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

Principal activity and business review

On 1 August 2015 the Company stopped trading and became a non-trading entity. The Directors do not anticipate this to change in the future.

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

Covid-19 Update

The impact of the Covid-19 pandemic on the Company itself has been minimal as the Company itself does not actively trade, so there has been minimal disruption by the pandemic.

Directors of the Company

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

C P Morris

J Ingleby (resigned 31 March 2021)

E Wann

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.

Going concern

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

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

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

The Group participates in a centralised treasury arrangement and so shares banking arrangements with all companies in the Rocket Topco Limited Group. The group closely monitors its funding position throughout the year including monitoring continued compliance with covenants and available facilities to ensure it has sufficient headroom to fund operations. The group has restructured its funding arrangements as part of the sale of group companies on 15 September 2020. Further changes to our funding arrangements were agreed post year end, to provide the group with additional facilities and cash headroom.

Citation (NBS) Limited

Directors' Report for the Year Ended 31 December 2020

Forecasts are produced monthly, along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities management have performed a reverse stress test to identify the potential breaking point of liquidity and loan covenants.

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

A 20% reduction in the existing contracted client base including a 25% decrease in take-up on customer renewals; together with

- An average fall of new business across the forecast period of 70% against baseline budgeted growth.

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

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

The key factors supporting this are:

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

Brexit

There has been no direct impact on the Company's activities as a result of Brexit as it is a holding company. However, the board has considered the impact of Brexit on the Company's direct and indirect subsidiaries and consider the risk to be minimal. This is due to the wider Group having a diversified portfolio of over 40,000 clients and sales predominantly being to UK businesses.

Climate Risk

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

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Board on 22/02/21 and signed on its behalf by:



.....
E Wann
Director

Citation (NBS) 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 Practise) 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;
- 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 Company will continue in business.

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

Citation (NBS) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2020

The Company has not traded during the year or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

Citation (NBS) Limited

(Registration number: 8336890)

Statement of Financial Position as at 31 December 2020

	Note	2020 £	2019 £
Current assets			
Debtors	4	<u>50,541</u>	<u>50,541</u>
Capital and reserves			
Called up share capital	5	1	1
Profit and loss account		<u>50,540</u>	<u>50,540</u>
Shareholders' funds		<u>50,541</u>	<u>50,541</u>

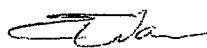
For the year ending 31st December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 25/01/21, and signed on its behalf by:


.....

E Wann
Director

Citation (NBS) Limited

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

1 General information

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

The address of its registered office is:

Kings Court
Water Lane
Wilmslow
Cheshire
SK9 5AR
England

2 Accounting policies

2.1 Summary of significant accounting policies

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

2.2 Statement of compliance and basis of preparation

The financial statements have been prepared in compliance with the provisions of Section 1A "Small Entities" of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", as it applies to the financial statements of the Company for the year ended 31 December 2020.

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

2.3 Going concern

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

The company participates in the Groups 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 above including the actions taken to mitigate the impact of Covid-19.

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

The group has restructured its funding arrangements as part of the sale of group companies on 15 September 2020. Further changes to our funding arrangements were agreed post year end, to provide the group with additional facilities and cash headroom.

Forecasts are produced monthly, along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities management have performed a reverse stress test to identify the potential breaking point of liquidity and loan covenants.

Citation (NBS) Limited

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

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

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

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

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

The key factors supporting this are:

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

2.4 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Rocket Midco Limited as at 31 December 2020.

Citation (NBS) Limited

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

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. There were no judgements or material estimation uncertainties affecting the reported financial performance and position in the current or prior year.

2.6 Called up share capital

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

3 Operating (loss)/profit

Audit fees of £nil (2019: £nil) were borne by other Group companies and not recharged.

4 Debtors

	2020	2019
	£	£
Amounts owed from group undertakings	<u>50,541</u>	<u>50,541</u>
	<u>50,541</u>	<u>50,541</u>

The amounts owed from group undertakings relate to intercompany balances from QMS International Limited. The amounts are repayable on demand.

5 Called up share capital

Authorised, allotted and fully paid shares

	2020		2019
	No.	£	No. £
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u> <u>1</u>

Citation (NBS) Limited

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

6 Controlling party

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

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

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