

Jersey Registration Number: 132055
UK Branch Registration number: FC038851

Rocket Topco Limited

Report and Financial Statements

for the Year Ended 31 December 2023

Rocket Topco Limited

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Rocket Topco Limited

Company Information

Directors	C P Morris
	E Wann
	R M Bibi
	J K I Van Gool
	M G M Deroo
Registered office	2nd Floor
	Sir Walter Raleigh House
	48-50 Esplanade Street
	St Helier
	Jersey
Auditors	JE2 3QB
	Ernst & Young LLP
	2 St Peter's Square
	Manchester
	M2 3DF

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

The Directors present their report and the consolidated financial statements for the year ended 31 December 2023.

Principal activity and business review

The principal activity of the Group is the provision of tech-enabled Compliance Solutions to small and medium sized businesses as well as schools and academies in the United Kingdom. The Group also provides similar products in Australia & New Zealand and Canada following international expansion into said territories in 2021 and 2023 respectively.

Compliance Solutions include: Human Resources, Employment Law, Health and Safety, Fire Safety and Electrical Safety, ISO Certification, ISO Consultancy, SSIP Accreditation, Criminal Record Bureau Checking, eLearning, Payroll, Food Safety, Cyber Security and Occupational Health Services.

The results for the period are set out on page 18 of the financial statements.

In the year ended 31 December 2023, the Group continued to grow organically via the acquiring of new business, the renewal of existing customers onto new contracts and the cross-selling of the Group's products and services to new and existing customers within and between individual businesses' customer bases.

During the year the Group continued to grow via acquisition activity and made five acquisitions which add complementary services to the Group's product offering:

- Disclosure Services Ltd, a provider of Criminal Record Bureau Checking Services in the United Kingdom, on 16 January 2023;
- Common Sense Compliance Limited, a provider of Food Safety Services in the United Kingdom, on 1 February 2023;
- HRdownloads Inc., a provider of Human Resources Services in Canada, on 24 April 2023;
- Timetastic Ltd, a provider of Human Resource Services in the United Kingdom, on 19 May 2023;
- QuiqSolutions Limited, a provider of Human Resource Services in the United Kingdom, on 1 September 2023.

During the year the Group disposed of the following entities:

- The Industrial Diagnostics Company Limited, Occupational Medicals Enterprise Ltd, Sound Advice Health & Safety Limited and ELAS Occupational Health Limited and its subsidiaries S&ASH Ltd and Health and Safety Management Consultants Limited, previously providers of the Group's Occupational Health Services in the United Kingdom, on 17 April 2023;
- Education Personnel Management Limited and its dormant subsidiary Avec Partnership Limited, previously the primary providers of the portion of the Group's Human Resources, Payroll and Criminal Record Bureau Checking Services to schools and academies in the United Kingdom, on 14 December 2023.

The Group achieved turnover for the period of £262,535,000 (2022: £205,174,000) and recorded a loss before taxation of £113,926,000 (2022: loss of £119,747,000). Operating loss was £6,088,000 (2022: £48,029,000). Operating profit after excluding depreciation of £1,312,000 (2022: £1,463,000), amortisation of £61,402,000 (2022: £65,970,000) and intangibles impairment of £Nil (2022: £7,314,000) was £56,626,000 (2022: £26,718,000).

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Future Developments

The Group is continuing with its strategy of expanding routes to market, adding additional products and services to its offering, cross-selling products and services to new and existing customers within and between individual businesses' customer bases and developing the next generation of IT platforms for clients.

In 2024 2 further acquisitions have been made:

- PricewaterhouseCoopers Compliance Services Pty Ltd, (subsequently known as Citation Standards Pty Ltd from 22 February 2024), a provider of ISO Certification and ISO Consultancy Services in Australia, on 16 February 2024;
- Careskills Academy Ltd, a provider of eLearning Services in the United Kingdom, on 29 February 2024;

See note 30 for further details.

Results and dividends

The loss for the period, after taxation, amounted to £115,520,000 (2022: £119,548,000).

The Directors do not recommend a final dividend (2022: £Nil).

Directors of the Group

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

C P Morris

E Wann

R M Bibi

N D L Jordan (resigned 14 October 2023)

T R Pirrie-Franks (resigned 17 October 2023)

J K I Van Gool

L P Kinsella (resigned 14 October 2023)

M G M Deroo (appointed 14 October 2023)

Board composition

Rocket Topco Limited is owned 47.14% by KKR via Rocket Aggregator LP, 47.14% by Hg Capital via HGC Capital 8 Nominees Limited and 5.72% by management. Of the above directors, R M Bibi represents KKR, J K I Van Gool and M G M Deroo represent Hg Capital, and C P Morris and E Wann represent Rocket Topco Limited. In addition there are two Non-Executive Directors on the Board, A Warby, a representative of KKR, and D Marriot, a representative of Hg Capital. Prior to their resignation T R Pirrie-Franks represented KKR and N D L Jordan and L P Kinsella represented Hg Capital.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Details of Board

Rami Bibi - KKR Director - Head of Europe Global Impact

Rami Bibi (London) joined KKR in 2014 and is the Head of Europe for KKR Global Impact, the firm's private market investing platform focused on businesses that promote solutions associated with sustainable living, climate change, lifelong learning, and inclusive economic development. He serves as a member of the Global Impact Investment Committee and Portfolio Management Committee, and co-leads KKR's ESG taskforce in Europe.

Mr. Bibi is currently on the Boards of Citation Group and ERM, the world's largest standalone environmental consulting firm. Prior to joining KKR, he worked at Morgan Stanley in London and New York. He is on the Global Steering Committee of Human Rights Watch, an international non-profit.

Mr. Bibi graduated from Tufts University with degrees in Quantitative Economics, Physics, and History.

Adam Warby - KKR Non-Executive Director - KKR Senior Advisor

Adam has over 35 years of global experience in the technology sector, starting his career at PE Consulting, then IBM followed by 10 years at Microsoft, where he held a number of strategy, sales, and general management roles. In 2000, he joined Avanade, a joint venture between Accenture and Microsoft, as a founding member and served as CEO from 2008 to 2019. During that time, he was instrumental in accelerating the company's focus on digital and cloud and the rapid growth of the company's direct business, including M&A. Under his leadership, Avanade sales tripled to more than \$3 billion, and the company expanded to cover a total of 25 countries with 38,000 employees worldwide.

Adam is currently Chairman of the Board at Heidrick and Struggles and Chairman of the Board at SoftwareOne. He also serves as Senior Advisor to the KKR European Private Equity team and their investment portfolio management teams.

Matthijs Deroo - Hg Director - Investment Professional

Matthijs is a member of the Hg's Genesis fund team, focusing on investments in SME digital presence and commerce technology.

Matthijs has been involved with the investment in team.blue, Citation, Septeo and HHAExchange and is also a board director at team.blue

Prior to joining Hg in 2018, he worked as a strategy consultant with Roland Berger, focusing on private equity support and B2B services. Matthijs is Belgian and holds a MSC in commercial engineering and information technology from KULeuven. He is a native Dutch speaker and fluent in English and French.

Joris Van Gool - Hg Director - Partner

Joris is a Partner at Hg. He has spent over a decade partnering with entrepreneurs building fast-growing software and tech services platforms. His experience spans ERP, compliance & regulatory, insurance, hosting and tax & accounting sectors. He is also responsible for covering the Benelux region.

Joris is currently a Board Director of team.blue, Ideagen, Induver, Blinqx, Septeo and Citation. His other investments at Hg include Gen II, Silverfin, ETL, Zenith, Parts Alliance, Raet/Visma, JLA, Kinapse and A-Plan.

Joris joined Hg in 2012, having previously worked for McKinsey & Co.

Joris is Belgian and holds a Masters in Commercial Engineering from the University of Leuven and an MBA from Harvard Business School. A native Dutch speaker, he speaks English, French and basic German.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Dawn Marriott - Hg Non-Executive Director - Partner

Dawn's focus centres around Hg's Portfolio CEO community, driving growth, cross portfolio collaboration and operational effectiveness within the portfolio. She acts as a serial Executive Chair in Hg's business, with a particular emphasis on driving change, growth and C suite succession.

Previously Dawn headed up Hg's Portfolio team and was CEO in Hg investments Kinapse and Azets. Prior to that she was Group COO at Capita plc.

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:

Financial

EBITDA, cash, new and renewed business, sales growth, order book value and tenure, and net revenue retention.

Non-financial

Customer Service and Net Promoter Score (NPS).

Net Promoter Score is defined as the % of promoters minus % of detractors following an HR, H&S visit or Atlas training session. Whilst not quantifiable itself customer service is inherently measured by the Group's NPS score. Maintaining a high NPS score is a key facet of the Group's strategy and business model with a high score giving rise to:

- An increased likelihood of winning new business through upsell and cross sell to the existing customer base;
- An increased likelihood of maintaining the existing customer base through renewal of existing customer contracts nearing expiration.

Walker Guidelines Compliance Statement

The Board has acknowledged the need for enhanced disclosure and transparency in the financial statements under the Walker Guidelines. The Board is satisfied that basic compliance requirements have been achieved through the information included within the Directors' Report and Notes to the Financial Statements but acknowledge that this is a work in progress and additional details could be provided to achieve what is deemed Best Practice under the guidelines. In particular, it is noted additional details could be included in relation to Key Performance Indicators, Strategy and Business Model and Trends and Factors Affecting Future Development, however, disclosure is limited in these areas on the basis of further information being commercially sensitive. Details regarding Net Debt & Covenants have been provided in Note 19.

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.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Principal risks and uncertainties

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 is dedicated to being a first-class employer and employing only the best.

The Group is confident of meeting the challenges of attracting new business both domestically and internationally, because of the size of the relevant markets, the heavy regulatory burden on small and medium sized businesses, the deployment of new routes to market, and the enhanced development of the service offerings using technology and new products. Additional staff will continue to be recruited to match the growth in the business, and to deliver the standards of service as recognised by the various professional bodies the Group is accredited by, including BSI under the 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 staff maintain their comprehensive knowledge of the regulations that could affect clients.

Liquidity risk

The Board reviews the Group's liquidity risks both bi-annually, as part of the planning and budgeting process, and on an ad-hoc basis to ensure the Group 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 Group's finance team monitor cash positions and this is reported at an entity and consolidated level to the Senior Management Team on a weekly basis and the Group maintains 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 to the extent it is owed trade and other receivables from customers. The Group's credit control function manages trade receivable exposure in house and through use of specialist debt recovery lawyers. At risk customers are reported to the Senior Management Team on an ad-hoc basis and action is taken swiftly to reduce risk through measures such as agreeing payment plans with customers. When debt is deemed irrecoverable overdue invoices and any related accrued income balance is written off against the relevant underlying provisions.

Interest rate risk

The Group is exposed to interest rate risk as a result of long-term interest bearing liabilities, of which some are subject to variable interest rates. The Group mitigates the risk by monitoring SONIA and taking out interest rate hedges where appropriate.

Brexit Risk

The Group has considered the impact of Brexit and consider the risk to be minimal. This is due to the Group having a diversified portfolio of over 101,000 clients at the end of 2023 and sales predominantly being either from the Group's UK businesses to external UK businesses, or from the Groups Australia, New Zealand and Canada businesses to external businesses in their respective domestic markets.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Cyber Risk

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

Climate Risk

The Group has considered the impact of climate change and considers the risk to be minimal given the nature of the Group'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 Group 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 Group has no significant manufacturing or storage facilities. The Group 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 Group continues to look for ways to minimise its impact on the environment.

Covid-19 Risk

The Group is conscious of the legacy of the impact of Covid-19, including the impact of moving to a hybrid working model. The Group keeps in close communication with all of its employees and continually reviews policies and procedures to ensure it safeguards employees' wellbeing. For those occasions where employees do work from the office the Group has taken appropriate actions to ensure its employees remain safe at all times.

Other Risks

The Group has considered the impact of the war in Ukraine and the ongoing high inflationary environment and cost of living crisis within the UK and considers the risk to be minimal. This is due to the Group predominantly trading with customers based in the UK, Australia and New Zealand and due to the Group's largely technology based offering, which is not reliant on supply chains that could potentially be cut off. Whilst the Group acknowledges that continued unrest in Ukraine 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.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Environmental matters and emissions reporting

The Group is committed to minimising the environmental impact of its activities, products and services. This outlook extends to the environmental impact of the Group's customers for whom the Group launched a free sustainability hub for existing users of the Group's Atlas platform during 2023. The sustainability hub provides free resources and information to explain ESG in simple terms, offers a free sustainability self-assessment to help customers measure their current performance and provides a report with practical guidance to improve the way the customer engages with sustainability. The Board regularly evaluates the Group's policies in order to ensure compliance with relevant environmental legislation, regulations and other environmental requirements is maintained. The Group has continued to see improvements in the results of their annual ESG maturity assessments and ranked highest vs. other entities within Hg Capital's investor portfolio for 2023. The Group has made a commitment to set Science-Based Targets to the Science-Based Targets Initiative and as part of this has developed a carbon reduction plan to reach Net Zero before 2050. The Group's worldwide Carbon Emissions are detailed further below under Emissions Reporting and have been calculated and validated by an external expert consultancy.

Emissions reporting

	2023	2022
Energy Usage - MWh	1,732	1,737
Total Emissions - T CO ₂ e	3,902	3,406
Energy Intensity Ratio - T CO ₂ e per £m revenue	14.9	16.6

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;
- Reduction in printing;
- Closure of 3 offices;
- Raising awareness of the Cycle to Work scheme throughout the Group and encouraging uptake of the scheme;
- Procurement of renewable energy at both Wilmslow offices;
- Launch of electric vehicle salary sacrifice scheme;
- Establishment of environmental committees throughout the Group and empowering colleagues to make changes both small and large to increase energy efficiency.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Going concern

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.

In assessing the going concern assumption for these financial statements, the Directors have prepared a base case cash flow and profit forecast to 30 June 2025 to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due.

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:

- 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% on the unhedged portion of SONIA charged on the Group's borrowings.

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.

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 30 June 2025.

Capital structure

As set out in Note 19, the Group has £487,468,000 of external debt as at 31 December 2023. Preference shares totalling £366,479,000 are held by the equity shareholders and senior members of the Management team. As at 31 December 2023 there is £166,374,000 of associated accumulated interest owed.

This type of capital structure, with a mix of external and shareholder debt, has been successful in supporting the growth of the business through two private equity transactions, and in ensuring successful delivery of organic growth and merger and acquisition targets to date for the current investment cycle.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

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.

As well as Group-wide charitable initiatives, each Group business raises money locally for charities close to them through a range of activities such as bake sales, donations, raffles, sponsored events and food bank donations. Many Group businesses offer paid community days through which over 400 hours of volunteering were delivered in 2023.

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

The Group provides comprehensive training and advice to its employees to keep them safe and healthy. Throughout 2023 Group companies supported colleagues via wellbeing programmes which included Employee Assistance Programmes, mindfulness sessions and mental health, menopause and diabetes awareness training. There are employees across the Group who are qualified Mental Health First Aiders and the Group continues to deliver mental health training to managers with a focus on updated tools and tips to help them to support colleagues. In addition to this, the Group has delivered webinars to clients regarding mental health in the workplace.

Future developments

The Group is continuing with its strategy of expanding routes to market, adding additional products and services to its offering, cross-selling products and services to new and existing customers within and between individual businesses' customer bases and developing the next generation of IT platforms for clients.

In 2024 2 further acquisitions have been made:

- PricewaterhouseCoopers Compliance Services Pty Ltd, (subsequently known as Citation Standards Pty Ltd from 22 February 2024), a provider of ISO Certification and ISO Consultancy Services in Australia, on 16 February 2024;
- Careskills Academy Ltd, a provider of eLearning Services in the United Kingdom, on 29 February 2024;

See note 30 for further details.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

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. As a result Citation Limited and Citation Holdings Limited were recognised as a Sunday Times Best Place to Work in 2023. The Group measures employee engagement using the robust measure of the Gallup Q12 and has maintained its position 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 has successfully trained and developed recruits to achieve a nationally recognised qualifications in Health & Safety, Human Resources, Employment Law, Finance and Fire Safety. The Group continues to run its Leadership Development Programmes including its Institute of Leadership and Management certified Women in Leadership programme. There are mandatory training schemes for Fire Marshals and Mental Health First Aiders. In addition, a number of colleagues have undertaken apprenticeship schemes.

Gender diversity

The Group strives to encourage and has seen the benefits of having a diverse and inclusive workforce. Whilst gender is just one facet of the Group's diversity and inclusion plan, it takes a continuous improvement approach and has seen improvements including but not limited to an improvement in the gender balance of its workforce in 2023 and an increase in the number of females working within traditionally male professions such as H&S Consultants and Technology.

The Group has a Steering Group to help build an action plan to develop women in leadership, the aims of which are to unleash potential and to ensure the Group continues to have future high performing female senior leaders, to create more high performing females in commercial roles, and to continue to educate all colleagues with regard to diversity and inclusion. As a direct output of the Steering Group a Group-wide Women in Leadership programme has been launched, with 26 women currently training towards an Institute of Leadership and Management qualification, with further intakes planned for the future.

The table below outlines the gender diversity of the Group as at 31 December 2023. The level 1 figure comprises the Group Chief Executive Officer (C P Morris) and their direct reports. Level 2 comprises the direct reports of employees in level 1. Note the figures provided are on the basis of Headcount rather than FTE (Full Time Equivalent).

	Total	Male		Female	
	Number	Number	%	Number	%
Level 1	9	7	78%	2	22%
Level 2	44	24	55%	20	45%
All others	1,602	815	51%	787	49%
Total	1,655	846	51%	809	49%

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 them 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.

Rocket Topco Limited

Directors' Report for the Year Ended 31 December 2023

Political donations

No political contributions/donations/expenditures were made during the year by the company nor any of its subsidiaries.

Post Balance Sheet Events

On 16 February 2024 the Group, via FCB Holdings Pty Limited (known as Citation Holdings Pty Ltd from 16 February 2024), acquired PricewaterhouseCoopers Compliance Services Pty Ltd (known as Citation Standards Pty Ltd from 22 February 2024), a provider of ISO Certification and ISO Consultancy Services in Australia. The initial cash purchase price was \$1 AUD, with acquisition costs of £199,000 (\$363,000 AUD) and no contingent consideration due.

On 29 February 2024 a drawdown of £25,885,000 was made on the acquisition credit facility and a drawdown of £26,118,000 was made on the 2023 acquisition credit facility.

On 29 February 2024 the Group, via Citation Holdings Limited, acquired Careskills Academy Ltd, a provider of eLearning Services in the United Kingdom. The cash purchase price was £57,847,000 with no further contingent consideration due.

Reappointment of auditors

The auditor, Ernst & Young LLP will be proposed for reappointment in accordance with the Companies (Jersey) Law 1991, having indicated their willingness to continue in office.

Approved and authorised by the Board on 24th May 2024 and signed on its behalf by:

Eloise Wann

.....
E Wann
Director

Rocket Topco Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Jersey Company law requires the Directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles. Therefore, the Directors have decided to adopt FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company at the period end and of the profit or loss of the Company for the period then ended.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- 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 to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Rocket Topco Limited

Opinion

We have audited the financial statements of Rocket Topco Limited and its subsidiaries (the “group”) for the year ended 31 December 2023 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 30, 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”.

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK 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 group’s ability to continue as a going concern for the period to 30 June 2025.

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 group’s ability to continue as a going concern.

Independent Auditor's Report to the Members of Rocket Topco 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 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper 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 company's accounting records and returns; 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 13, 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.

Auditor 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.

Independent Auditor's Report to the Members of Rocket Topco Limited

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 company and management.

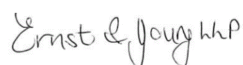
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and the Companies (Jersey) Law 1991) 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 Rocket Topco 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 group’s financial statements to material misstatement, including how fraud might occur by considering areas of significant judgement and estimation, complex transactions, performance targets, economic or external pressures and the impact these factors have on a likelihood of material misstatement. We considered the risk of management override and assumed revenue to be a fraud risk specifically as a result of manual journals posted and considered the design 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 minutes of board meetings , direct enquiry of management and those charged with governance, journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and legislation.

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

Independent Auditor's Report to the Members of Rocket Topco Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Elizabeth Jones
for and on behalf of Ernst & Young LLP
Manchester

Date:.....

Rocket Topco Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Turnover	3	262,535	205,174
Cost of sales		<u>(97,940)</u>	<u>(68,283)</u>
Gross profit		164,595	136,891
Administrative expenses	4	<u>(170,683)</u>	<u>(184,920)</u>
Operating loss	4	(6,088)	(48,029)
Loss on disposal of subsidiaries	15	(4,108)	-
Other interest receivable and similar income	8	284	1
Interest payable and similar expenses	9	<u>(104,014)</u>	<u>(71,719)</u>
Loss before tax		(113,926)	(119,747)
Tax (charge)/credit on loss	10	<u>(1,594)</u>	<u>199</u>
Loss for the financial year		<u><u>(115,520)</u></u>	<u><u>(119,548)</u></u>
Profit/(loss) attributable to:			
Owners of the Company		(115,487)	(120,195)
Minority interests		<u>(33)</u>	<u>647</u>
		<u><u>(115,520)</u></u>	<u><u>(119,548)</u></u>
 Loss for the year		 (115,520)	 (119,548)
Foreign currency translation losses		<u>-</u>	<u>(7)</u>
Total comprehensive income for the year		<u><u>(115,520)</u></u>	<u><u>(119,555)</u></u>
Total comprehensive income attributable to:			
Owners of the Company		(115,487)	(120,202)
Minority interests		<u>(33)</u>	<u>647</u>
		<u><u>(115,520)</u></u>	<u><u>(119,555)</u></u>

The above results were derived from continuing operations, with the exception of subsidiaries disposed during the period. See Note 15 for further details.

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

The notes on pages 23 to 62 form an integral part of these financial statements.

Rocket Topco Limited

(Registration number: FC038851)

Consolidated Statement of Financial Position as at 31 December 2023

	Note	2023 £ 000	2022 £ 000
Fixed assets			
Intangible assets	11	244,476	177,363
Tangible assets	12	4,069	4,625
Investments	13	19	-
		<u>248,564</u>	<u>181,988</u>
Current assets			
Stocks	16	67	132
Cash at bank and in hand		19,638	18,841
Debtors: Amounts falling due within one year	17	61,229	54,336
Debtors: Amounts falling due after more than one year	17	15,943	10,478
		<u>96,877</u>	<u>83,787</u>
Creditors: Amounts falling due within one year	18	<u>(60,895)</u>	<u>(63,913)</u>
Net current assets		<u>35,982</u>	<u>19,874</u>
Total assets less current liabilities		284,546	201,862
Creditors: Amounts falling due after more than one year	18	(1,012,025)	(827,422)
Provisions for liabilities	21	<u>(4,543)</u>	<u>(2,532)</u>
Net liabilities		<u><u>(732,022)</u></u>	<u><u>(628,092)</u></u>
Capital and reserves			
Called up share capital	23	1,077	1,000
Own shares held by EBT		(27)	(27)
Share premium	24	11,513	-
Merger reserve	25	(184,446)	(184,446)
Profit and loss account		<u>(561,336)</u>	<u>(445,849)</u>
Equity attributable to owners of the company		(733,219)	(629,322)
Non-controlling interests		<u>1,197</u>	<u>1,230</u>
Shareholders' deficit		<u><u>(732,022)</u></u>	<u><u>(628,092)</u></u>

Approved and authorised by the Board on 24th May 2024 and signed on its behalf by:

Eloise Wann

.....
E Wann
Director

The notes on pages 23 to 62 form an integral part of these financial statements.

Rocket Topco Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023 Equity attributable to the parent company

	Note	Share capital £ 000	Own shares held by EBT £ 000	Share premium £ 000	Merger reserve £ 000	Profit and loss account £ 000	Non-controlling interests £ 000	Total equity £ 000
At 1 January 2023		1,000	(27)	-	(184,446)	(445,849)	1,230	(628,092)
Loss for the year		-	-	-	-	(115,487)	(33)	(115,520)
New shares issued	23	77	-	11,513	-	-	-	11,590
At 31 December 2023		<u>1,077</u>	<u>(27)</u>	<u>11,513</u>	<u>(184,446)</u>	<u>(561,336)</u>	<u>1,197</u>	<u>(732,022)</u>

	Note	Share capital £ 000	Own shares held by EBT £ 000	Share premium £ 000	Merger reserve £ 000	Profit and loss account £ 000	Non-controlling interests £ 000	Total equity £ 000
At 1 January 2022		1,000	(23)	-	(184,446)	(325,647)	837	(508,279)
(Loss)/profit for the year		-	-	-	-	(120,195)	647	(119,548)
Other comprehensive income		-	-	-	-	(7)	-	(7)
Total comprehensive income		-	-	-	-	(120,202)	647	(119,555)
Purchase of own share capital		-	(4)	-	-	-	-	(4)
Increase in ownership interests in subsidiaries		-	-	-	-	-	(254)	(254)
At 31 December 2022		<u>1,000</u>	<u>(27)</u>	<u>-</u>	<u>(184,446)</u>	<u>(445,849)</u>	<u>1,230</u>	<u>(628,092)</u>

The notes on pages 23 to 62 form an integral part of these financial statements.

Rocket Topco Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from operating activities			
Loss for the year		(115,520)	(119,548)
Adjustments to cash flows from non-cash items			
Depreciation		1,312	1,463
Amortisation		61,402	65,970
Impairment		-	7,314
Loss on disposal of subsidiaries		4,108	-
Finance income	8	(284)	(1)
(Loss)/Gain on movement in fair value of interest rate swaps		2,720	(5,640)
Financial expenses		47,382	29,663
Increase in accrued interest on preference shares		55,690	46,758
Foreign exchange (gain)/loss		(1,778)	938
Deferred remuneration expense		5,755	13,005
Corporation tax		1,594	(199)
		62,381	39,723
Working capital adjustments			
Decrease in stocks	16	65	345
Increase in trade debtors	17	(9,076)	(3,615)
Increase in trade creditors	18	3,535	11,268
Cash generated from operations		56,905	47,721
Interest received		13	1
Interest paid		(42,891)	(27,339)
Tax paid		(5,501)	(3,216)
Deferred remuneration paid		(6,221)	(10,288)
Net cash flow from operating activities		2,305	6,879
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,057)	(2,579)
Purchase of intangible fixed assets		(10,387)	(7,933)
Proceeds from disposal of subsidiaries		5,612	649
Cash in disposed subsidiaries		(1,910)	-
Loans given on disposal of subsidiaries		(1,758)	-
Consideration in cash for current year acquisitions of subsidiaries		(125,625)	(53,560)
Acquired cash of new subsidiaries		6,414	2,540
Payment of deferred consideration accrued in respect of prior year acquisitions of subsidiaries		(11,457)	(13,251)
Net cash flows from investing activities		(140,168)	(74,134)

The notes on pages 23 to 62 form an integral part of these financial statements.

Rocket Topco Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2023

	Note	2023 £ 000	2022 £ 000
Cash flows from financing activities			
Capital element of finance lease		(85)	(51)
Issue of new loans		91,629	73,913
Capital facility costs paid		(3,966)	(1,773)
Hedging arrangement costs paid		(1,264)	-
Purchase of share capital		-	(4)
Issue of ordinary share capital		11,590	-
Issue of preference shares		40,756	-
Net cash flows from financing activities		<u>138,660</u>	<u>72,085</u>
Net increase in cash and cash equivalents		797	4,830
Cash and cash equivalents at 1 January		<u>18,841</u>	<u>14,011</u>
Cash and cash equivalents at 31 December		<u><u>19,638</u></u>	<u><u>18,841</u></u>

The notes on pages 23 to 62 form an integral part of these financial statements.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

1 General information

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

The address of its registered office is:

2nd Floor
Sir Walter Raleigh House
48-50 Esplanade Street
St Helier
Jersey
JE2 3QB

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 under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies (Jersey) Law 1991.

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

The Group has taken advantage of the exemption afforded by FRS 102.33.1A not to disclose transactions between wholly owned members of the Group.

The parent company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities which are relevant to its financial statements:

- the requirement to prepare a cash flow statement;
- the requirement to disclose information about key management personnel compensation;
- the disclosure requirements of Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) in respect of financial instruments of the parent (as equivalent disclosures are included in respect of the consolidated financial statements).

Upcoming standards

On the 27 March 2024, the FRC published Amendments to FRS 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland - Period Review 2024, following the second periodic review of FRS 102. These accounts are prepared without the forthcoming changes to FRS 102 and will be considered when they become effective.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements present the results of Rocket Topco Limited and all its subsidiaries ("the Group") as if they form a single entity drawn up to 31 December each year. 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 consolidated statement of financial position the acquired identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date less any non-controlling interest.

Subsidiaries are consolidated from the date of incorporation or acquisition, being the date when the Group obtains control, and are consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the prior year Consolidated Compliance Holdings Pty Limited and its subsidiaries, Ucheck Limited, Mitigate Cyber Limited (subsequently known as Citation Cyber Limited from 31 January 2023), Surefoot Solutions Limited and Best Practice Certification Pty Limited have been included in the consolidated financial statements using the purchase method of accounting. Accordingly, the Group profit and loss account and statement of cash flows include the results and cash flows of:

- Consolidated Compliance Holdings Pty Limited and its subsidiaries for the 11 month period from its acquisition on 1 February 2022;
- Ucheck Limited for the 9 month period from its acquisition on 31 March 2022;
- Mitigate Cyber Limited (subsequently known as Citation Cyber Limited from 31 January 2023) for the 7 month period from its acquisition on 6 June 2022;
- Surefoot Solutions Limited for the 4 month period from its acquisition on 2 September 2022; and
- Best Practice Pty Limited for the 4 month period from its acquisition on 6 September 2022.

In the current year Disclosure Services Ltd, Common Sense Compliance Limited, HRdownloads Inc., Timetastic Ltd and QuiqSolutions Limited have been included:

- Disclosure Services Ltd for the 12 month period from its acquisition on 16 January 2023;
- Common Sense Compliance Limited for the 11 month period from its acquisition on 1 February 2023;
- HRdownloads Inc. for the 8 month period from its acquisition on 24 April 2023;
- Timetastic Ltd for the 8 month period from its acquisition on 19 May 2023;
- QuiqSolutions Limited for the 4 month period from its acquisition on 1 September 2023.

Following the disposal of The Industrial Diagnostics Company Limited, Occupational Medicals Enterprise Ltd, Sound Advice Health & Safety Limited and ELAS Occupational Health Limited and its subsidiaries S&ASH Ltd and Health and Safety Management Consultants Limited and Education Personnel Management Limited and its dormant subsidiary Avec Partnership Limited, the Group profit and loss account and statement of cash flows include the results and cash flows of:

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

- The Industrial Diagnostics Company Limited, Occupational Medicals Enterprise Ltd, Sound Advice Health & Safety Limited and ELAS Occupational Health Limited and its subsidiaries S&ASH Ltd and Health and Safety Management Consultants Limited for the 4 month period to disposal on 17 April 2023;
- Education Personnel Management Limited and its dormant subsidiary Avec Partnership Limited for the 12 month period to disposal on 14 December 2023.

The purchase / sale consideration is allocated to the assets and liabilities on the basis of fair value at the date of acquisition / disposal as applicable.

2.4 Non-controlling interests

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests have a deficit balance.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Going concern

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.

In assessing the going concern assumption for these financial statements, the Directors have prepared a base case cash flow and profit forecast to 30 June 2025 to consider the Group's ability to comply with its financial covenant, and to continue to pay its debts as they fall due.

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:

- 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% on the unhedged portion of SONIA charged on the Group's borrowings.

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.

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 30 June 2025.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

2.6 Judgements and 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 period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are estimates that have had the most significant effect on amounts recognised in the financial statements:

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 is recognised in line with the contract delivery profile. 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 adjusted for average settlement income receipts, this blended percentage is then applied to the Total Contract Value to arrive at the provision. For the provision at December 2023 the estimate used is based on the January 2021 to December 2023 period.

2.7 Revenue recognition

Revenue is stated net of value-added tax, discounts, rebates and after the elimination of intercompany transactions within the Group. The Group operates a number of different businesses offering a range of products and services and accordingly applies a variety of methods for revenue recognition, based on the principles set out in FRS102. For contractual revenue this is recognised in line with the service delivered to customers across the contract length which can be between 12 months and 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-contract revenue this is recognised at the point the control of goods or services is transferred to the customer.

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent, as more than one party is involved in providing the goods and services to the customer.

The Group is an agent if its role is to arrange for another entity to provide the goods or services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified good or service, whether the Group has inventory risk and whether the Group bears responsibility for fulfilling the promise to deliver the service or good. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin. The Group acts as a principal if it controls a promised good or service to the customer. Where the Group is acting as a principal, revenue is recorded on a gross basis.

The assessment of control requires some judgement in particular in relation to certain service contracts. An example is the provision of certain employment screening where the Group may be assessed to be agent or principal dependent upon the facts and circumstances of the arrangement and the nature of the service being delivered.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

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.

2.8 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.

If a subsidiary is subsequently sold or discontinued any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Prior to 1 January 2018, intangible assets acquired as part of an acquisition of a business are recognised separately from goodwill if:

- (a) it was probable that the expected future economic benefits that are attributable to the asset will flow to the Group; and the fair value can be measured reliably; and either
- (b) the intangible asset arises from contractual or legal rights; or
- (c) the intangible asset is separable.

The Triennial Review 2017 amended the requirements of FRS 102 to require entities to recognise intangible assets acquired in a business combination separately from goodwill only where all three conditions (a), (b) and (c) above are met and to allow an accounting policy choice, applied prospectively, to separately recognise additional intangible assets that meet condition (a) and only one of condition (b) or (c) above.

In the year ended 31 December 2017 the company elected to early adopt the revised FRS102 guidance following the Triennial review and recognised intangible assets separately from goodwill only if criteria a, b and c were met.

In the prior and current year this resulted in instances in which intangible assets have been recognised separately to goodwill. See note 11 for details.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

Other intangible assets (development costs)

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, technology, brands or customer contracts. 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 reliably. 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.

Asset class	Amortisation method and rate
Technology	6 years
Brands and Content	1 to 5 years
Customer contracts	Dependent on the life of the individual contracts ranging from an average of 1 to 3 years

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 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
Short-term leasehold property	over the life of the lease
Motor vehicles	3 to 4 years
Fixtures and fittings	3 to 5 years
Office equipment and computers	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.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

2.10 Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on the available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and discounted at the companies weighted average cost of capital, with a perpetuity calculation being made on the year 5 cash flows to determine each CGUs terminal value. The cash flows do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the assets performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Further details of the discount rate and growth rate assumptions mentioned above used are given in note 11.

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.

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.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

2.14 Financial instruments

The Group typically 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. More recently the Group has entered into derivatives, being two interest rate swaps during the course of 2022, with subsequent entry into an interest rate cap, and an amendment to one of the interest rate swaps entered into in 2022, during the course of 2023.

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 at the reporting date. 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 Trade 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 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

2.17 Share issue costs

The arrangement costs for the issue of shares are charged to the Consolidated Statement of Comprehensive Income in the period the shares are issued.

2.18 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.

2.19 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.

2.20 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.21 Borrowing costs

The arrangement costs for the bank loans are charged to the Consolidated Statement of Comprehensive Income over the term of the loans.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation and it is probable that it 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 Consolidated Statement of Financial Position 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 Consolidated Statement of Financial Position.

2.23 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.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

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.

2.24 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 of 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.

2.25 Deferred remuneration

When amounts payable to former owners of businesses are conditional on remaining in employment within the Group these amounts are treated as remuneration and recognised over the remaining service.

2.26 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.

2.27 Preference shares

The preference shares are redeemable on exit and accrue dividends annually at a 12% coupon rate. As a consequence the preference shares meet the definition of a debt instrument and have been disclosed as debt on the balance sheet.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

2 Accounting policies (continued)

2.28 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the Group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Transactions and balances

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within interest receivable and similar income for gains and finance costs for losses. All other foreign exchange gains and losses are presented in profit or loss within administrative expenses.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

2.29 Dividends

Equity dividends are recognised when approved by the shareholders at a board meeting. Subject to the Shareholders' Agreement, the members may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends or any other distributions in accordance with the Companies Law. The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits of the company justify the payment. A dividend must not be declared unless the directors have made a recommendation as to its amount and must not exceed the amount recommended by the directors.

Dividends on preference shares recognised as liabilities are recognised as expenses and classified within finance costs.

3 Analysis of turnover

The analysis of the Group's turnover for the year from continuing operations is as follows:

	2023	2022
	£ 000	£ 000
Rendering of services, UK	228,644	187,589
Rendering of services, Australia and New Zealand	22,887	17,585
Rendering of services, Canada	11,004	-
	<u>262,535</u>	<u>205,174</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

4 Operating loss

Arrived at after charging/(crediting)

	Note	2023 £ 000	2022 £ 000
Depreciation expense	12	1,312	1,463
Amortisation expense	11	61,402	65,970
Impairment loss		-	7,314
Foreign exchange losses		781	34
Operating lease expense - property		2,104	2,065
Operating lease expense - plant and machinery		230	9
Operating lease expense - other		148	217
Defined contribution pension cost	22	3,208	3,445
Deferred remuneration		<u>5,755</u>	<u>13,005</u>

Within operating loss are amounts totalling £5,755,000 (2022: £13,005,000) relating to deferred remuneration payments as charged in the current year being: an amount of £285,000 in relation to the prior year acquisition of Consolidated Compliance Holdings Pty Limited, £986,000 in relation to the prior year acquisition of UCheck Limited, £784,000 in relation to the prior year acquisition of Best Practice Certification Pty Limited, £100,000 in relation to the prior year acquisition of Surefoot Solutions Limited, £697,000 in relation to the prior year acquisition of Citation Cyber Limited, £275,000 in relation to the current year acquisition of Common Sense Compliance Limited and £3,411,000 in relation to the current year acquisition of Timetastic Limited and are included within Notes 14 and 18 of these financial statements where applicable.

Also included within operating loss are amounts totaling £Nil (2022:£7,314,000) in relation to the impairment of intangible assets, which in the prior year relates to the impairment of Goodwill in relation to the acquisition of Employment Law Advisory Services Limited and its subsidiaries.

5 Auditors' remuneration

	2023 £ 000	2022 £ 000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	<u>475</u>	<u>557</u>
	<u>475</u>	<u>557</u>

6 Employees

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

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

6 Employees (continued)

	2023	2022
	£ 000	£ 000
Wages and salaries	82,713	82,831
Social security costs	7,622	7,883
Pension costs, defined contribution scheme	3,208	3,445
	<u>93,543</u>	<u>94,159</u>

The average monthly number of employees for the Group, including Directors during the year was as follows:

	2023	2022
	No.	No.
Sales	662	459
Consultants	676	894
Administration	485	562
	<u>1,823</u>	<u>1,915</u>

7 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2023	2022
	£ 000	£ 000
Remuneration	830	2,906
Contributions paid to money purchase schemes	20	183
	<u>850</u>	<u>3,089</u>

Amounts for 2022 include remuneration for statutory directors of the Company of £598,000 and contributions paid to money purchase schemes of £20,000, with the remaining for 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. Refer Note 29 for details.

During the year retirement benefits were accruing to 2 Directors (2022: 27) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £490,000 (2022: £365,000) with £Nil (2022: £1,000) company pension contributions to defined contribution schemes.

8 Interest receivable

	2023	2022
	£ 000	£ 000
Interest income on bank deposits	13	1
Interest income on Vendor Loan Notes	271	-
	<u>284</u>	<u>1</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

8 Interest receivable (continued)

Interest income on vendor loan notes relates to interest received on loan notes issued on disposal of the Group's Occupational Health Division on 17 April 2023 and Education Division on 14 December 2023 respectively.

Interest on the vendor loan note relating to the Occupational Health Division disposal accrues at 7% compounded quarterly for the first 12 months and 8% for the following 12 months. An additional Exit fee accrues at 0% for the first 9 months, 4% for the next 12 months and 8% for the final 3 months. The vendor loan note is repayable in full in April 2025.

Interest on the vendor loan note relating to the Education Division disposal accrues at 12% compounded quarterly. The vendor loan note is repayable in full in December 2028.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

9 Finance costs

	2023	2022
	£ 000	£ 000
Bank interest payable	43,525	27,475
Preference share interest payable	55,690	46,758
Amortisation of capitalised facility costs	2,209	1,576
Hedging arrangement costs	1,264	-
Foreign exchange (gain)/loss on retranslation of AUD loan	(1,778)	938
Deferred consideration discounting unwind	384	612
Gain/(Loss) on movement in fair value of interest rate swaps	2,720	(5,640)
	<u>104,014</u>	<u>71,719</u>

10 Taxation

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

	2023	2022
	£ 000	£ 000
Corporation tax		
Current tax charge for the year	3,801	1,091
Tax charge/(credit) related to prior year	232	(285)
Total corporation tax charge	<u>4,033</u>	<u>806</u>
Deferred tax		
Current tax credit for the year	(2,019)	(1,184)
Tax (credit)/charge related to prior year	(420)	179
Total deferred taxation	<u>(2,439)</u>	<u>(1,005)</u>
Tax expense/(receipt) in the income statement	<u>1,594</u>	<u>(199)</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

10 Taxation (continued)

Factors affecting tax charge for the year

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2022 - higher than the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are explained below:

	2023 £ 000	2022 £ 000
Loss before tax	<u>(113,926)</u>	<u>(119,747)</u>
Corporation tax at standard rate	(26,773)	(22,752)
Permanent differences	28,361	20,984
Utilisation of brought forward losses	(9)	1,284
UK deferred tax (credit)/expense relating to changes in tax rates or laws	(188)	(106)
Difference in overseas tax rate	<u>203</u>	<u>391</u>
Total tax charge/(credit)	<u>1,594</u>	<u>(199)</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

10 Taxation (continued)

At 31 December 2023, the Group had £Nil (2022 - £8,248,000) of unrecognised tax losses carried forward and £16,300,000 (2022 - £17,905,000) of corporate interest deductions not recognised as deferred tax assets.

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 24 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.

Within the Group, each of Rocket Topco, Citation Topco and Citation Midco are incorporated in Jersey. The central management and control of each is exercised in the UK and therefore each company is deemed to be tax resident in the UK.

Citation Holdings Pty Limited (formerly known as FCB Holdings Pty Limited), Citation Group Pty Limited (formerly known as FCB Group Pty Limited), Citation Legal Pty Ltd (formerly known as FCB Professional Services Pty Limited), Citation Migration Pty Ltd (formerly known as FCB Smart Visa Solutions Pty Limited), Consolidated Compliance Holdings Pty Ltd, Citation Certification Pty Ltd (formerly known as QMSCS Pty Ltd) and Best Practice Certification Pty Ltd are incorporated in Australia. Citation HR Ltd (NZ) (formerly known as HRAssured Pty Limited New Zealand) and enableHR Ltd (NZ) are incorporated in New Zealand. The central management and control of each is exercised in Australia and therefore each company is deemed a tax resident in Australia.

HRDownloads Inc. is incorporated in Canada. The central management and control is also exercised in Canada and therefore is deemed a tax resident in Canada.

The remainder of the subsidiaries within the Group as listed in Note 13 of these financial statements, are UK incorporated and therefore subject to UK tax as default.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

11 Intangible assets

Group	Software Development £ 000	Goodwill £ 000	Technology £ 000	Customer Contracts £ 000	Brands £ 000	Total £ 000
Cost or valuation						
At 1 January 2023	29,509	417,370	6,556	5,261	2,438	461,134
Additions	10,387	116,947	-	-	-	127,334
Disposals	(7,030)	(46,508)	-	-	-	(53,538)
Acquired on business combinations	2,768	-	10,323	695	4,414	18,200
At 31 December 2023	35,634	487,809	16,879	5,956	6,852	553,130
Amortisation						
At 1 January 2023	18,918	259,222	1,314	2,606	1,711	283,771
Charge for the year	7,784	47,209	2,330	2,067	2,012	61,402
Amortisation eliminated on disposals	(4,858)	(31,661)	-	-	-	(36,519)
At 31 December 2023	21,844	274,770	3,644	4,673	3,723	308,654
Net book value						
At 31 December 2023	13,790	213,039	13,235	1,283	3,129	244,476
At 31 December 2022	10,591	158,148	5,242	2,655	727	177,363

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

11 Intangible assets (continued)

The Group has performed an impairment test based on the value in use model in line with the methodology outlined in note 2.10.

The Group has performed an impairment test based on value in use calculation for each CGU and comparing it to the carrying value of the CGUs underlying assets base including its allocated goodwill and other intangibles. The model forecasts discounted cashflows for the next 5 years and uses a perpetuity calculation thereafter to quantify the CGUs value in use.

For all UK and Australia CGUs the key assumptions in the value in use model are forecast EBITDA growth which for the five year period from 2023 to 2028 averages 15.00% per annum, a discount rate of 9.69% has been applied and from year 5 a long-term growth rate of between 1.00% and 2.00% into perpetuity. For Canada CGUs, the same assumptions were applied with the exception of a Canada-specific discount rate of 13.5%. As part of the impairment test, downside sensitivities were run including a reduction of the long-term growth rate and an increase in the Group's discount rate. The calculation of value in use is most sensitive to the growth rate and discount rate.

The board acknowledges that there are additional factors that could impact the risk profile of the CGUs, which has been considered by way of sensitivity analysis performed as part of the annual impairment test. Significant headroom exists in the CGUs. The level of headroom may change if different growth rate assumptions or a different pre-tax discount rate were used in the cash flow projections, however there are no reasonably possible changes to these assumptions that would result in an impairment. As a result of this analysis, management has not recognised an impairment.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

12 Tangible assets

Group

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Office equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost or valuation					
At 1 January 2023	2,154	1,290	2,778	925	7,147
Additions	172	69	657	159	1,057
Acquired through business combinations	962	122	138	-	1,222
Disposals	(632)	(327)	(1,601)	(1,120)	(3,680)
At 31 December 2023	<u>2,656</u>	<u>1,154</u>	<u>1,972</u>	<u>(36)</u>	<u>5,746</u>
Depreciation					
At 1 January 2023	285	718	1,038	481	2,522
Charge for the year	186	200	870	55	1,311
Eliminated on disposal	(145)	(328)	(1,110)	(573)	(2,156)
At 31 December 2023	<u>326</u>	<u>590</u>	<u>798</u>	<u>(37)</u>	<u>1,677</u>
Carrying amount					
At 31 December 2023	<u>2,330</u>	<u>564</u>	<u>1,174</u>	<u>1</u>	<u>4,069</u>
At 31 December 2022	<u>1,869</u>	<u>572</u>	<u>1,740</u>	<u>444</u>	<u>4,625</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Investments

Group

	2023 £ 000
At 1 January	-
Investment in minority shareholding	19
	<hr/>
At 31 December	19
	<hr/>

Included in the above are current year additions of £19,000 in relation to the EPM Holdings Limited as part of the consideration on disposal of the Education division (See Note 15).

Details of undertakings

The following are subsidiary undertakings of Rocket Topco Limited:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Rocket Midco Limited	England and Wales ***	Ordinary shares	100%	Holding company
Rocket Bidco Limited*	England and Wales ***	Ordinary shares	100%	Holding company
Citation Topco Limited*	Jersey **	Ordinary shares	100%	Holding company
Citation Midco Limited*	Jersey **	Ordinary shares	100%	Holding company
Citation Holdings Limited*	England and Wales ***	Ordinary shares	100%	Holding company
Citation Limited*	England and Wales ***	Ordinary shares	100%	Health & Safety and Employment Law services
Citation ISO Certification Limited*	England and Wales ***	Ordinary shares	100%	ISO Certification & Consultancy services
Safety Management Advisory Services Limited*	England and Wales ***	Ordinary shares	100%	SSIP Accreditation services
Citation Fire & Electrical Limited*	England and Wales ***	Ordinary shares	100%	Fire Safety and Electrical Safety services
Solutionhost Group Limited*	England and Wales *****	Ordinary shares	100%	Dormant
HS Direct Limited*	England and Wales ***	Ordinary shares	100%	Health & Safety and Employment Law services

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Investments (continued)

Solution Host (UK) Limited*	England and Wales *****	Ordinary shares	100%	Dormant
EL Direct Ltd*	England and Wales *****	Ordinary shares	100%	Dormant
Southall Associates Ltd*	England and Wales *****	Ordinary shares	100%	Dormant
Food Alert Limited*	England and Wales ***	Ordinary shares	100%	Food Safety services
NT Assure Limited*	England and Wales *****	Ordinary shares	100%	Dormant
The Xact Group Limited*	Scotland *****	Ordinary shares	100%	Dormant
iHASCO Ltd*	England and Wales ***	Ordinary shares	100%	eLearning services
Employment Law Advisory Services Limited*	England and Wales ***	Ordinary shares	100%	Health & Safety and Employment Law services
Support, Training & Services Limited*	England and Wales ***	Ordinary shares	100%	Food Accreditation services
Simply Safe Worldwide Limited*	England and Wales *****	Ordinary shares	100%	Dormant
uCheck Limited*	England and Wales ***	Ordinary shares	100%	Criminal Record Bureau Checking services
Citation Cyber Limited*	England and Wales ***	Ordinary shares	100%	Cyber Security services
Surefoot Solutions Limited*	England and Wales ***	Ordinary shares	100%	Food Safety services
Disclosure Services Ltd *	England and Wales ***	Ordinary shares	100%	Criminal Record Bureau Checking services
Common Sense Compliance Limited *	England and Wales ***	Ordinary shares	100%	Food Safety services
Timetastic Ltd *	England and Wales ***	Ordinary shares	100%	Human Resource services
QuiqSolutions Limited *	England and Wales ***	Ordinary shares	100%	Human Resource services
Citation Hero Limited *	England and Wales ***	Ordinary shares	100%	Holding company
HRDownloads Inc. *	Canada *****	Ordinary shares	100%	Human Resource services
Fire Finco Limited*	England and Wales ***	Ordinary shares	100%	Holding company
Citation Holdings Pty Ltd (formerly known as FCB Holdings Pty Limited)*	Australia *****	Ordinary shares	75%	Holding company

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Investments (continued)

Citation Group Pty Ltd (formerly known as FCB Group Pty Limited)*	Australia *****	Ordinary shares	75%	Holding company
Citation Legal Pty Limited (formerly known as FCB Professional Services Pty Limited)*	Australia *****	Ordinary shares	75%	Employment Law services
Citation Migration Pty Ltd (formerly known as FCB Smart Visa Solutions Pty Limited)*	Australia *****	Ordinary shares	75%	Visa Application Administration services
enableHR Pty Limited*	Australia *****	Ordinary shares	75%	Human Resource services
enableHR Pty Limited New Zealand*	New Zealand *****	Ordinary shares	75%	Human Resource services
Citation HR Pty Ltd (formerly known as HR Assured Pty Limited)*	Australia *****	Ordinary shares	75%	Human Resource services
Citation HR Limited (formerly known as HR Assured Pty Limited New Zealand)*	New Zealand *****	Ordinary shares	75%	Human Resource services
Consolidated Compliance Holdings Pty Limited*	Australia *****	Ordinary shares	75%	Holding company
Citation Certification Pty Limited (formerly known as QMSCS Pty Limited)*	Australia *****	Ordinary shares	75%	ISO Consultancy services
QMS Certification Services International Pte Ltd*	Singapore *****	Ordinary shares	75%	Dormant
Best Practice Certification Pty Limited*	Australia *****	Ordinary shares	75%	ISO Consultancy services

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Investments (continued)

* held by a subsidiary undertaking

** registered at 2nd Floor, Sir Walter Raleigh House, 48-50 Esplanade, St. Helier, JE2 3QB, Jersey

*** registered at Duo, Level 6, 280 Bishopsgate, London, United Kingdom, EC2M 4RB

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

***** registered at Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, West Midlands, B4 6AT

***** registered at Teneo Financial Services, 3rd Floor 66 Hanover Street, Edinburgh, EH2 1EL

***** registered at Level 11, 83 Mount Street, North Sydney, NSW 2060

***** registered at 1268 Robert's Line, RD8, Palmerston North, New Zealand, 4478

***** registered at UE Downtown, 6 Shenton Way, #38-01, Postal 068809, Singapore

***** registered at 727 Exeter Road, London, ON, N6E 1L3, Canada

The Group has made the following acquisitions in the period 1 January 2023 to 31 December 2023:

On 16 January 2023 the Group, via Ucheck Limited, acquired 100% of the shares of Disclosure Services Ltd.

On 1 February 2023 the Group, via Food Alert Limited, acquired 100% of the shares of Common Sense Compliance Limited.

On 14 March 2023 the Group, via Citation Holdings Limited, subscribed for 100% of the shares of Citation Hero Limited.

On 17 April 2023 the Group, via Employment Law Advisory Services Limited, disposed of 100% of the shares of The Industrial Diagnostics Company Limited, Occupational Medicals Enterprise Ltd, Sound Advice Health & Safety Limited and ELAS Occupational Health Limited and its subsidiaries S&ASH Ltd and Health and Safety Management.

On 24 April 2023 the Group, via Citation Hero Limited, acquired 100% of the shares of HRdownloads Inc.

On 19 May 2023 the Group, via Citation Holdings Limited, acquired 100% of the shares of Timetastic Ltd.

On 1 September 2023 the Group, via Citation Limited, acquired 100% of the shares of QuiqSolutions Limited.

On 27 September 2023 the following Group entities entered into voluntary liquidation proceedings: Education Personnel Management Holdings Limited, Avec Partnership Limited, Southall Associates Ltd, The Xact Group Limited, NT Assure Limited, EL Direct Ltd, Solution Host (UK) Limited, Solutionhost Group Limited and Simply Safe Worldwide Limited.

On 14 December 2023 the Group, via Citation Holdings Limited, disposed of 100% of the shares of Education Personnel Management Limited and its dormant subsidiary Avec Partnership Limited, previously the primary providers of portion of the Group's Human Resources, Payroll and Criminal Record Bureau Checking Services provided to schools and academies in the United Kingdom. As part of the sale part consideration in the form of 19.9% of the share capital of the acquiring entity, EPM Holdings Limited, were received.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

14 Group acquisitions

Disclosure Services Ltd

	2023 Book value	2023 Fair value adjustments	2023 Fair value to Group
	£ 000	£ 000	£ 000
Tangible assets	69	-	69
Intangible assets	299	139	438
Debtors	1,750	-	1,750
Cash	524	-	524
Creditors	(2,263)	-	(2,263)
Provisions	(35)	(25)	(60)
Net Assets	<u>344</u>	<u>114</u>	<u>458</u>
 Purchase consideration			7,658
Costs associated with acquisition			<u>134</u>
			7,792
Net assets acquired			(458)
Goodwill arising on acquisition			<u><u>7,334</u></u>

On 16 January 2023 the Group, via UCheck Limited, acquired Disclosure Services Ltd.

As part of the acquisition 100% of the voting equity was acquired.

Intangible assets from contractual or other legal rights in relation to internally generated software were identified at the acquisition and have been recognised as a fair value adjustment to the acquisition balance sheet. The book value of all assets and liabilities acquired were adjusted due to the following fair value adjustments:

- £97,000 in relation to technology with a useful life of 1 year
- £26,000 in relation to brands with a useful life of 1 year
- £315,000 in relation to customer contracts with a useful life of 3 years

Intangible assets of £299,000 relating to technology, which were included in the acquisition balance sheet, have been eliminated as part of the fair value adjustment and superseded by the intangible assets identified above.

An adjustment of £7,000 was made to the brought forward tax provision to true up the tax computation at acquisition date. A fair value adjustment of £32,000 arises in relation to the notional deferred tax provision at 23.5% of the uplift on the intangible asset values mentioned above. The goodwill generated from the acquisition is to be amortised over 7 years in line with the goodwill already in the Group.

Revenue and profit after tax since date of acquisition amounted to £12,780,000 and £1,240,000 respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

14 Group acquisitions (continued)

Common Sense Compliance Limited

	2023 Book value	2023 Fair value adjustments	2023 Fair value to Group
	£ 000	£ 000	£ 000
Tangible assets	3	-	3
Intangible assets	-	116	116
Debtors	153	-	153
Cash	198	-	198
Creditors	(139)	-	(139)
Provisions	-	(29)	(29)
Net Assets	<u>215</u>	<u>87</u>	<u>302</u>
 Purchase consideration			1,560
Costs associated with acquisition			93
Contingent consideration			<u>192</u>
			1,845
Net assets acquired			<u>(302)</u>
Goodwill arising on acquisition			<u><u>1,543</u></u>

On 1 February 2023 the Group, via Food Alert Limited, acquired Common Sense Compliance Limited.

As part of the acquisition 100% of the voting equity was acquired.

Intangible assets from contractual or other legal rights in relation to internally generated software were identified at the acquisition and have been recognised as a fair value adjustment to the acquisition balance sheet. The book value of all assets and liabilities acquired were adjusted due to the following fair value adjustments:

- £43,000 in relation to technology with a useful life of 1 year
- £9,000 in relation to brands with a useful life of 1 year
- £64,000 in relation to customer contracts with a useful life of 1 year

An adjustment of £2,000 was made to the brought forward tax provision to true up the tax computation at acquisition date. A fair value adjustment of £27,000 arises in relation to the notional deferred tax provision at 23.5% of the uplift on the intangible asset values mentioned above. The goodwill generated from the acquisition is to be amortised over 7 years in line with the goodwill already in the Group.

Contingent consideration of £200,000 (present value of £192,388 at acquisition date) has been included in the purchase price based on the financial performance of the acquired business and was paid in June 2023. Deferred remuneration of £300,000 was paid in February 2024 in relation to achieving integration targets for which an accrual of £273,000 has been recognised in accruals at 31 December 2023 as detailed in Note 18.

Revenue and profit after tax since date of acquisition amounted to £671,000 and £361,000 respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

14 Group acquisitions (continued)

HRDownloads Inc.

	2023 Book value	2023 Fair value adjustments	2023 Fair value to Group
	£ 000	£ 000	£ 000
Tangible assets	1,132	-	1,132
Intangible assets	2,766	12,296	15,062
Debtors	939	-	939
Cash	2,387	-	2,387
Creditors	(10,187)	(564)	(10,751)
Provisions	-	(3,140)	(3,140)
Net Assets	<u>(2,963)</u>	<u>8,592</u>	<u>5,629</u>
 Purchase consideration			94,672
Costs associated with acquisition			<u>2,421</u>
			97,093
Net assets acquired			(5,629)
Goodwill arising on acquisition			<u>91,464</u>

On 24 April 2023 the Group, via Citation Hero Limited, acquired HRDownloads Inc.

As part of the acquisition 100% of the voting equity was acquired.

Intangible assets from contractual or other legal rights in relation to internally generated software were identified at the acquisition and have been recognised as a fair value adjustment to the acquisition balance sheet. The book value of all assets and liabilities acquired were adjusted due to the following fair value adjustments:

- £8,252,000 in relation to technology with a useful life of 6 years
- £1,192,000 in relation to brands with a useful life of 1.5 years
- £139,000 in relation to customer contracts with a useful life of 2 years
- £2,713,000 in relation to content with a useful life of 1.5 years

An adjustment of £446,000 was made to the brought forward tax provision to true up the tax computation at acquisition date. A fair value adjustment of £3,258,000 arises in relation to the notional deferred tax provision at 26.5% of the uplift on the intangible asset values mentioned above. The goodwill generated from the acquisition is to be amortised over 7 years in line with the goodwill already in the Group.

Revenue and loss after tax since date of acquisition amounted to £11,004,000 and £10,759,000 respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

14 Group acquisitions (continued)

Timetastic Ltd

	2023 Book value	2023 Fair value adjustments	2023 Fair value to Group
	£ 000	£ 000	£ 000
Tangible assets	2	-	2
Intangible assets	-	1,991	1,991
Debtors	64	-	64
Cash	1,904	-	1,904
Creditors	(1,737)	(114)	(1,851)
Provisions	-	(499)	(499)
Net Assets	<u>233</u>	<u>1,378</u>	<u>1,611</u>
Purchase consideration			15,111
Costs associated with acquisition			<u>515</u>
			15,626
Net assets acquired			<u>(1,611)</u>
Goodwill arising on acquisition			<u><u>14,015</u></u>

On 19 May 2023 the Group, via Citation Holdings Limited, acquired Timetastic Ltd.

As part of the acquisition 100% of the voting equity was acquired.

Intangible assets from contractual or other legal rights in relation to internally generated software were identified at the acquisition and have been recognised as a fair value adjustment to the acquisition balance sheet. The book value of all assets and liabilities acquired were adjusted due to the following fair value adjustments:

- £1,549,000 in relation to technology with a useful life of 6 year
- £442,000 in relation to brands with a useful life of 5 year

An adjustment of £7,000 was made to the brought forward tax provision to true up the tax computation at acquisition date. A fair value adjustment of £145,000 arises in relation to the notional deferred tax provision at 23.5% of the uplift on the intangible asset values mentioned above. The goodwill generated from the acquisition is to be amortised over 7 years in line with the goodwill already in the Group.

Deferred remuneration of £5,500,000 is due to be paid in May 2024 in relation to achieving integration targets for which an accrual of £3,289,000 has been recognised in accruals at 31 December 2023 as detailed in Note 18.

Revenue and profit after tax since date of acquisition amounted to £1,926,000 and £923,000 respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

14 Group acquisitions (continued)

Quiqsolutions Limited

	2023 Book value	2023 Fair value adjustments	2023 Fair value to Group
	£ 000	£ 000	£ 000
Tangible assets	14	-	14
Intangible assets	-	593	593
Debtors	57	-	57
Cash	1,401	-	1,401
Creditors	(720)	(50)	(770)
Deferred tax	-	(149)	(149)
Net Assets	<u>752</u>	<u>394</u>	<u>1,146</u>
 Purchase consideration			3,302
Costs associated with acquisition			160
Contingent consideration			<u>273</u>
			3,735
Net assets acquired			<u>(1,146)</u>
Goodwill arising on acquisition			<u><u>2,589</u></u>

On 1 September 2023 the Group, via Citation Limited, acquired QuiqSolutions Limited.

As part of the acquisition 100% of the voting equity was acquired.

Intangible assets from contractual or other legal rights in relation to internally generated software were identified at the acquisition and have been recognised as a fair value adjustment to the acquisition balance sheet. The book value of all assets and liabilities acquired were adjusted due to the following fair value adjustments:

- £382,000 in relation to technology with a useful life of 6 year
- £32,000 in relation to brands with a useful life of 5 year
- £179,000 in relation to customer contracts with a useful life of 3 years

An adjustment of £60,000 was made to the brought forward tax provision to true up the tax computation at acquisition date. A fair value adjustment of £139,000 arises in relation to the notional deferred tax provision at 23.5% of the uplift on the intangible asset values mentioned above. The goodwill generated from the acquisition is to be amortised over 7 years in line with the goodwill already in the Group.

Deferred consideration of £300,000 (present value of £273,000) was included in the purchase price and is due to be paid in September 2024.

Revenue and profit after tax since date of acquisition amounted to £286,000 and £211,000 respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

15 Group disposals

Occupational Health Division

	2023
	£ 000
Sale consideration	4,725
Costs associated with acquisition	(301)
Contingent consideration in the form of a vendor loan note	4,859
Net proceeds on sale	<u>9,283</u>
Goodwill	9,456
Net assets on disposal	<u>1,266</u>
	10,722
Net proceeds on sale	(9,283)
Loss on disposal	<u><u>1,439</u></u>

On 17 April 2023 the Group, via Employment Law Advisory Services Limited, disposed of the following entities and providers of the Group's Occupational Health Services, to an independent third party: The Industrial Diagnostics Company Limited, Occupational Medicals Enterprise Ltd, Sound Advice Health & Safety Limited and ELAS Occupational Health Limited and its subsidiaries S&ASH Ltd and Health and Safety Management Consultants Limited. The total purchase price was £9,585,000 split by an initial cash consideration of £4,725,000 less costs to sell of £301,000 and £4,859,000 in relation to a vendor loan note issued to the purchaser. The vendor loan note carries an interest rate of 7%, compounded quarterly, for the first 12 months and 8% thereafter, with an additional exit fee due at redemption or repayment, and is repayable in full by the purchaser on the maturity date of 17 April 2025.

As at 31 December 2023, £4,048,000 was outstanding and included within other debtors in Note 17, with £1,043,000 having been repaid during the period. Further repayments of £400,000 were received after the year end.

Revenue and profit before tax in the period prior to disposal were £3,596,000 and £466,000 respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

15 Group disposals (continued)

Education Division

	2023
	£ 000
Costs associated with acquisition	(252)
Fair value of shares received	19
Contingent consideration in the form of a vendor loan note	5,166
Net proceeds on sale	4,933
Goodwill	5,391
Net assets on disposal	2,211
	7,602
Net proceeds on sale	(4,933)
Loss on disposal	2,669

On 14 December 2023 the Group, via Citation Holdings Limited, disposed of Education Personnel Management Limited, and its dormant subsidiary Avec Partnership Limited, previously the primary providers of the portion of the Group's Human Resources, Payroll and Criminal Record Bureau Checking services to schools and academies in the United Kingdom. The total sales price was £0 upfront, a vendor loan note of £5,166,191 and 19.9% of the share capital in EPM Holdings Limited, the company which acquired Education Personnel Management Limited, which has a fair value of £18,844. Costs to sell were £252,000. The vendor loan note carries an interest rate of 12% and is repayable by the purchaser on the maturity date of 13 December 2028.

Additionally, a further £1,740,000 loan was made to EPM Holdings Limited to fund short-term capital investment expenditure. This also carries an interest rate of 12% and is repayable by the purchase on the maturity date of 13 December 2028.

As at 31 December 2023, £5,196,764 was outstanding on the vendor loan note and £1,758,009 was outstanding on the credit facility. Both amounts are included within other debtors in Note 17.

Revenue and loss before tax in the period prior to disposal were £13,312,000 and £4,279,000 respectively.

16 Stocks

	Group	
	2023	2022
	£ 000	£ 000
Work in progress	67	-
Consumables	-	132
	<u>67</u>	<u>132</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

16 Stocks (continued)

Work in progress relates to the ongoing client work not complete as at the year end. Consumables relate to fire safety and electric testing supplies, medical supplies and vaccinations.

The Directors believe that there is no material difference between the replacement value and carrying value of stocks.

17 Debtors

	Note	2023 £ 000	2022 £ 000
Due within one year			
Trade debtors		12,708	13,814
Other debtors and prepayments		5,594	4,363
Fair value of interest rate swaps		2,920	5,640
Accrued income		37,702	28,435
Corporation tax	10	2,305	2,084
		<u>61,229</u>	<u>54,336</u>
Due after more than one year			
Other debtors		11,003	-
Accrued income		4,940	10,478
		<u>15,943</u>	<u>10,478</u>
		<u>77,172</u>	<u>64,814</u>

Included within other debtors are amounts due within one year of £1,500,000 (2022: £Nil) and amounts due after more than one year of £2,548,000 (2022: £Nil) in relation to the disposal of the Occupational Health division during the year and amounts due after more than one year of £6,955,000 (2022: £Nil) in relation to the disposal of the Education division.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

18 Creditors

	Note	2023 £ 000	2022 £ 000
Due within one year			
Trade creditors		6,399	10,228
Taxation and social security		7,646	8,761
Obligations under leases	19	2	87
Other creditors		856	833
Accruals and deferred income		43,828	32,697
Contingent consideration		1,395	11,172
Accrued interest on bank loans		769	135
		60,895	63,913
Due after one year			
Accrued interest on preference shares	19	166,374	100,435
Preference shares	19	366,479	335,971
Bank loans	19	487,468	397,618
Contingent consideration	19	-	952
Capitalised facility costs (amortised)		(9,554)	(7,798)
Accruals and deferred income		1,258	244
		1,012,025	827,422

Within the accruals and deferred income balance are accruals totalling £4,122,000 (2022: £4,734,000) relating to deferred remuneration payments due and are included in Notes 4 and 14 of these financial statements where applicable. This balance is made up of accruals in relation to the acquisition of QMSCS Pty Limited and its subsidiaries of £460,000 (2022: £565,000), Ucheck Limited of £Nil (2022: £2,942,000), Citation Cyber Limited of £Nil (2022: £854,000), Surefoot Solutions Limited of £100,000 (2022: £Nil), Best Practice Certification Pty Limited of £Nil (2022: £374,000), Timetastic Ltd of £3,289,000 (2022: £Nil) and Common Sense Compliance Limited of £273,000 (2022: £Nil).

Deferred remuneration payments of £4,000,000, £1,227,000 and AUD \$900,000 (£493,000) and AUD \$549,000 (£301,000) have been made in 2023 in relation to the prior year acquisitions of Ucheck Limited, Citation Cyber Limited, QMSCS Pty Limited and Best Practice Certification respectively.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

19 Loans and borrowings

Amounts falling due between 2 and 5 years:

	2023 £ 000	2022 £ 000
Bank loans (net of deferred arrangement costs)	477,914	389,820
Preference shares	366,479	335,971
	<u>844,393</u>	<u>725,791</u>

An amount of £279,939,000 is outstanding in respect of the unitranche loan with HPS Investment Partners, KKR Corporate Lending and Cliffwater. This is repayable on 15 September 2027 or will be repaid in the event of a sale of the Group. Interest was charged at Margin + SONIA in the financial year ending 31 December 2023. Margin is determined via a sliding scale and was 5.50% for the first two quarters of the year and 5.25% for the final two quarters of the year.

An amount of £204,177,000 is outstanding in respect of the £230,061,000 acquisition credit facility with HPS Investment Partners, KKR Corporate Lending, Cliffwater and Global Atlantic Financial Company. This is repayable on 15 September 2027 or will be repaid in the event of a sale of the Group. Interest is charged in line with the unitranche loan above. Commencing 9 March 2023 a non-commitment fee of 1.00% was charged for undrawn amounts on this facility. A drawdown fee of 2.50% is paid to lenders on drawdowns made on this facility.

The following drawdowns were made on this facility during the year ending 31 December 2023:

- A drawdown of £9,750,000 on 3 January 2023.
- A drawdown of £5,500,000 on 31 March 2023.
- A drawdown of £50,000,000 on 18 April 2023.
- A drawdown of £7,500,000 on 2 May 2023.
- A drawdown of £12,850,000 on 19 May 2023.
- A drawdown of £3,500,000 on 31 August 2023.
- A drawdown of £281,000 (\$549,000 AUD) on 26 September 2023.
- A drawdown of £1,277,000 on 31 October 2023.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

19 Loans and borrowings (continued)

On 30 August 2023 the Group entered into a further £100,000,000 acquisition credit facility with Hayfin Capital Management LLP. This facility is herein referred to as the 2023 acquisition credit facility. The facility remained undrawn as at 31 December 2023. Future amounts drawn are repayable on 15 September 2027 or will be repaid in the event of a sale of the Group. Interest is chargeable at Margin + SONIA. Margin is determined via a sliding scale and was 6.25% for the final two quarters of the year. Commencing 30 August 2023 a non-commitment fee of 1.50% was charged for undrawn amounts on this facility. To enter into the arrangement an upfront fee of £1,250,000, being 1.25% of the total facility ceiling, was paid to lenders. A drawdown fee of 1.25% is paid to lenders on drawdowns made on this facility.

An amount of £4,000,000 is outstanding in respect of the £50,000,000 revolving credit facility with National Westminster Bank Plc and Credit Agricole. Amounts drawn are repayable on 23 April 2027 or will be repaid in the event of a sale of the Group. Interest was charged at Margin + SONIA in the financial year ending 31 December 2023. A non-commitment fee set at 35% of Margin is charged for undrawn amounts on this facility. Margin is determined via a sliding scale and was 3.00% for the duration of the year ending 31 December 2023. On 9 May 2023 the Group extended the ceiling of this facility by £15,000,000 from £35,000,000 to £50,000,000. On 28 December 2023 a drawdown of £1,000,000 was made on this facility.

The \$1,700,000 AUD Australian loan facility with Westpac remains undrawn.

The \$500,000 CAD Canadian loan facility with The Toronto-Dominion Bank remains undrawn.

The following floating to fixed swap arrangements entered into during the year ending 31 December 2022 remained in place for the duration of the year ending 31 December 2023:

- A floating to fixed swap arrangement entered into on 5 May 2022 on a £130,000,000 portion of the Group's borrowings which fixed the SONIA portion of the interest at 2.3232% on £70,000,000 and 2.3200% on £60,000,000 effective from 31 March 2022 for 2 years.
- A floating to fixed swap arrangement entered into on 26 October 2022 on a £96,000,000 portion of the Group's borrowings which fixed the SONIA portion of the interest at 4.488% effective from 30 September 2022 for 2 years. Subsequently, on 5 December 2023 the Group executed a Blend-and-Extend arrangement that extended the previous arrangement and repriced the fixed SONIA portion of the interest on this arrangement from 4.488% to 4.266% effective from 30 September 2023 for 3 years.

On 16 March 2023 the Group entered into an interest rate cap arrangement on a further £100,000,000 portion of the Group's borrowings. The arrangement capped the SONIA portion of the interest at 4.2500% effective from 31 March 2023 for 2 years. To enter into the arrangement an upfront fee of £1,264,000 was paid.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

20 Financial instruments

Categorisation of financial instruments

	2023	2022
	£ 000	£ 000
Financial assets that are debt instruments measured at amortised cost	12,708	13,058
Financial liabilities that are measured at fair value through profit and loss	2,920	2,220
Financial liabilities that are measured at amortised cost	1,065,274	880,819

Financial assets that are debt instruments measured at amortised cost comprise trade debtors.

Financial assets that are measured at fair value through profit and loss comprise derivatives entered into in the form of interest rate swaps.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors, accruals, preference shares and loan notes.

21 Provision for liabilities

Group

Deferred taxation

	2023	2022
	£ 000	£ 000
At beginning of period	(2,532)	(2,457)
Credited in profit or loss	2,019	1,184
Arising on business combinations	(4,473)	(973)
Prior year adjustment	420	(179)
Other adjustments	23	(107)
At end of period	<u>(4,543)</u>	<u>(2,532)</u>

	2023	2022
	£ 000	£ 000
Difference between accumulated depreciation and amortisation and capital allowances	(4,979)	(2,978)
Other timing differences	436	446
	<u>(4,543)</u>	<u>(2,532)</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

22 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 £3,208,000 (2022: £3,445,000).

Contributions totalling £493,000 (2022: £1,479,000) were payable to the scheme at the end of the year and are included in creditors.

23 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary B shares of £1 each	927	927	850	850
Ordinary C shares of £1 each	123	123	123	123
	<u>1,050</u>	<u>1,050</u>	<u>973</u>	<u>973</u>

850,000 B Ordinary shares, 127,000 C Ordinary shares with aggregate nominal value of £977,000 were issued upon incorporation of the company.

The company holds 27,000 unallocated C shares in an EBT.

On 15 September 2020, the Company issued 335,971,500 A preference shares which have been treated as debt in line with note 2.27. Each share has a par value of £1 and carry a dividend of 12% per annum.

On 24 April 2023 the shareholders, through a special resolution, increased authorised share capital to:

- 489,000,000 shares designated as A preference shares with a par value of £1 each;
- 10,000,000 shares designated as B Ordinary shares with a par value of £1 each; and
- 1,000,000 shares designated as C Ordinary shares with a par value of £1 each.

On 24 April 2023 the Company issued 77,081 B Ordinary shares at a price of £150.162 per share. On 3 July 2023, the Company issued a further 102 B Ordinary shares at a price of £150.162.

On 24 April 2023 the Company issued 30,507,538 A preference shares which have been treated as debt in line with note 2.27. Each share has a par value of £1 and was subscribed to at £1.336 with the additional £0.336 relating to the equivalent associated accumulated interest as at 31 March 2023 attached to the original A preference shares issued on 15 September 2020. Each share carries a dividend of 12% per annum. On 3 July 2023 the Company issued a further 40,317 A preference shares with the same subscription price and characteristics as those issued on 24 April 2023.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

23 Share capital (continued)

Authorised shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary B shares of £1 each	10,000	10,000	850	850
Ordinary C shares of £1 each	1,000	1,000	150	150
	<u>11,000</u>	<u>11,000</u>	<u>1,000</u>	<u>1,000</u>
	2023		2022	
	No 000	£ 000	No 000	£ 000
Preference shares	489,000	489,000	335,971	335,971

24 Share premium account

The share premium account represents the amount above the nominal value received for shares sold, less transaction costs.

25 Merger reserve

The merger reserve arose on a prior year group reorganisation and represents the difference in the cash paid to shareholders for the acquisition of the Citation group formerly headed by Citation Topco Limited, and the original share capital of the Citation group formerly headed by Citation Topco Limited.

26 Non-controlling interests

The non-controlling interest arose on the acquisition of Citation Holdings Pty Limited (formerly known as FCB Holdings Pty Limited) on 1 October 2021. Subsequent 100% acquisitions of Citation Group Pty Limited (formerly known as FCB Group Pty Limited) and its subsidiaries, Consolidated Compliance Holdings Pty Limited and its subsidiaries, and Best Practice Certification Pty Limited by Citation Holdings Pty Limited have subsequently contributed to the non-controlling interest.

27 Controlling party

The Group has no ultimate controlling party. However, the Group is jointly owned by KKR via Rocket Aggregator LP, incorporated in Canada and HGC Capital 8 Nominees Limited, incorporated in England.

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

28 Commitments under operating leases

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£ 000	£ 000
Not later than one year	2,342	2,081
Later than one year and not later than five years	3,430	5,193
Later than five years	231	1,409
	<u>6,003</u>	<u>8,683</u>

29 Related party transactions

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 £3,696,000 (2022: £3,088,000).

	2023	2022
	£ 000	£ 000
Amounts due to key management personnel		
Preference shares	20,825	19,597
Accumulated interest on preference shares	9,458	5,858
	<u>30,283</u>	<u>25,455</u>

Parent and connected companies

During the year the company entered into transactions with related parties, in the ordinary course of business. Transactions entered, and trading balances outstanding at 31 December, are as follows:

	2023	2022
	£ 000	£ 000
Preference shares	345,654	316,374
Interest on preference shares	156,916	94,577
Transaction fee on share issue to principal owners	1,500	-
	<u>504,070</u>	<u>410,951</u>

Rocket Topco Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

30 Non adjusting events after the financial period

On 16 February 2024 the Group, via FCB Holdings Pty Limited (known as Citation Holdings Pty Ltd from 16 February 2024), acquired PricewaterhouseCoopers Compliance Services Pty Ltd (known as Citation Standards Pty Ltd from 22 February 2024), a provider of ISO Certification and ISO Consultancy Services in Australia. The initial cash purchase price was \$1 AUD, with acquisition costs of £199,000 (\$363,000 AUD) and no contingent consideration due.

On 29 February 2024 a drawdown of £25,885,000 was made on the acquisition credit facility and a drawdown of £26,118,000 was made on the 2023 acquisition credit facility.

On 29 February 2024 the Group, via Citation Holdings Limited, acquired Careskills Academy Ltd, a provider of eLearning Services in the United Kingdom. The cash purchase price was £57,847,000 with no further contingent consideration due.