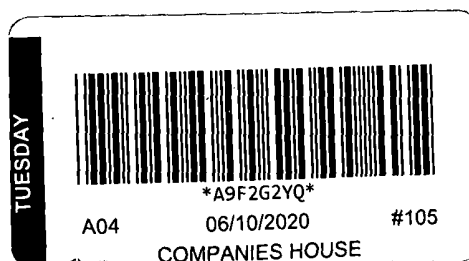


Registration number: 8319789

Caesar Midco Limited

Report and Financial Statements

For the Year Ended 31 December 2019



Caesar Midco Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 to 23

Caesar Midco Limited

Company Information

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

Caesar Midco Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present their Strategic Report for the year ended 31 December 2019.

Principal activity and business review

The principal activity of the Company is that of a holding company and provision of loan funded finance to the rest of the Group. The Directors do not anticipate this to change in the future.

The Company had a recorded loss after taxation of £6,224,651 (£2018: loss of £14,963,113).

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

In the year ended 31 December 2019, the wider Group, headed by Citation Topco Limited, continued to grow its new business acquisitions, with renewed business remaining strong. During the year, the Group made three acquisitions which add complementary services to the Group's product offering: Southall Associates Ltd in January 2019, Avec Partnership Limited in August 2019 and Food Alert Limited in October 2019.

Covid-19 Update

During the months of March, April and May 2020 the Covid-19 pandemic resulted in a fall in new business and an increase in the number of existing clients being temporarily unable to meet their payment obligations across the Group. New business has since rebounded with some daily sales up at, or above, pre-Covid-19 levels, with the pandemic also presenting opportunities to bring new products to market, amongst them being the provision of tailored employment law and health and safety advice and the provision of Covid-19 specific certification schemes. In addition, the vast majority of existing customers have subsequently reverted to meeting their payment obligations.

With the exception of the restaurant and hospitality sectors, the Group has been able to continue servicing existing clients in all other sectors throughout the duration of the pandemic. The easing of lockdown restrictions in July 2020, that allowed for the reopening of the restaurant and hospitality sector throughout the UK, has subsequently allowed the Group to re-start servicing this sector as well. The least affected sector within the portfolio has been the education sector, which has had no significant impact on either new or existing business and clients have continued to meet their payment obligations. Consequently, the Covid-19 pandemic has had some impact on the Group's current operations during April 2020 to May 2020 but this has since recovered to being either above, or at, pre-Covid-19 levels. A further reflection of this recovery is the return to work in June and July 2020 of the majority of the 30% of employees initially furloughed across the Group as a precautionary liquidity management measure.

The Covid-19 pandemic has had a temporary impact on the Group's operations with downside to existing and new business, which has been variable across the different industries in which it operates. The business has however adjusted its operations by providing services remotely to clients where applicable and therefore continues to trade.

The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event. Following the impact of Covid-19 and the sale of the business post year end (refer post balance sheet event note on page 22) an impairment review in respect of intercompany receivables and other assets has been performed and no impairment is indicated as a result of the revised forecasts.

Caesar Midco Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal activity and business review (continued)

On 15th September 2020, HG Capital the ultimate parent company of Citation Topco Limited sold its interest in the Group to KKR via the newly incorporated entity Rocket Topco Limited. KKR have invested £336m in exchange for a mixture of ordinary and preference shares and settling the listed loan notes held by the Group. At the time of the transaction a refinance has taken place with all existing bank debt and other loan notes settled. The new funding includes a fully drawn senior facility of £225m and a £75m acquisition facility which currently remains undrawn.

The Group maintains its commitment to the ongoing investment in staff, operational improvements and technology, including proprietary software.

Principal risks and uncertainties

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

The Company is exposed to credit risk on financial assets such as loan notes. The Company's exposure is only with other Group companies and as such the Directors consider the Company has only a low exposure to credit risk.

The following are the risks of the of the broader Group, that also impact the Company.

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.

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

Key performance indicators

The board uses a range of financial and non-financial performance indicators, reported on a regular basis, to monitor the performance of the Group over time. The Directors do not consider there to be any KPIs for this Company.

Approved by the Board on 11/10/20 and signed on its behalf by:



E Wann
Director

Caesar Midco Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £6,224,651 (2018: loss of £14,963,113).

The Directors do not recommend the payment of a dividend (2018: £Nil).

Directors of the Company

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

C P Morris

J Ingleby

E Wann

Indemnity provision for directors

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

Environmental matters

The Group is committed to minimising the environmental impact of its activities, products and services. The board regularly evaluate the Group's policies in order to ensure compliance with relevant environmental legislation, regulations and other environmental requirements is maintained. During the year, the focus has been on the minimisation of waste through prevention, re-use and recycling and a movement towards working with environmentally responsible suppliers. Consequently, this has seen a reduction in non-recyclable plastic waste used across the Group.

Employee involvement

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and are of interest to them as employees.

Disabled employees

Disabled employees are given full and fair consideration for all types of vacancy. Should an existing employee become disabled, such steps as are practical and reasonable are taken to retain him or her in employment. Where appropriate, assistance with rehabilitation and suitable training are given. Disabled persons have equal opportunities for training, career development and promotion, except insofar as such opportunities are constrained by the practical limitations of their disability.

Financial instruments

The Company's primary financial instruments are cash, inter group receivables and loan notes carried at amortised cost. The Company does not have derivative financial instruments.

Caesar Midco Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Going concern

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

To conclude on going concern for the Company, the directors have considered the liquidity and solvency of Rocket Topco Limited and have considered going concern at the Group level.

The Company participates in a centralised treasury arrangement and so shares banking arrangements with fellow Group companies. 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.

Forecasts are produced monthly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities along with additional stress testing including a sustained reduction in new and existing business, the directors are satisfied that they have a reasonable basis upon which to conclude that the Group is able to continue as a going concern for at least 12 months from the date of signing the financial statements.

Based on their assessment of the Group's financial position, the Company's directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Brexit

The Directors have considered the impact of Brexit on the Group and consider the risk to be minimal. This is due to the Group having a diversified portfolio of over 40,000 clients and sales predominantly being to UK based businesses.

Future developments

The Group is continuing with its strategy of expanding routes to market, adding additional products to its offering and developing the next generation IT platforms for its clients.

Caesar Midco Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Post balance sheet events

Sale of Group

On 15th September 2020, HG Capital the ultimate parent company of Citation Topco Limited sold its interest in the Group to KKR via the newly incorporated entity Rocket Topco Limited. KKR have invested £336m in exchange for a mixture of ordinary and preference shares and settling the listed loan notes held by the Group. At the time of the transaction a refinance has taken place with all existing bank debt and other loan notes settled. The new funding includes a fully drawn senior facility of £225m and a £75m acquisition facility which currently remains undrawn.

Covid-19

The Covid-19 pandemic had a temporary impact on the Group's operations with downside to existing and new business, this has been variable across the different industries in which it operates. The business has however adjusted its operations and continues to trade.

The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event.

Following the impact of Covid-19 and the sale of the Group post year end an impairment review in respect of intercompany receivables and other assets has been performed and no impairment is indicated as a result of the revised forecasts.

Post year end, on 6th January 2020, the Group acquired the Xact Group Limited and its subsidiary Xact Consulting Limited, a provider of HR, Health and Safety and Employment Law advice. The cash consideration on completion was £7,186,061 with up to a further £1,000,000 of contingent consideration, this was funded out of cash reserves.

Within the Citation Group of Companies, post year-end in July 2020, Safety Management (UK) Limited acquired the entire trade and assets at net book value of P&R Services (Southampton) Limited. Subsequently Safety Management (UK) Limited changed its name to Citation Fire and Electrical Limited.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditor

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

Approved by the Board on 1/16/20 and signed on its behalf by:



E Wann
Director

Caesar Midco Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Caesar Midco Limited

Independent Auditor's Report to the Members of Caesar Midco Limited

Opinion

We have audited the financial statements of Caesar Midco Limited for the year ended 31 December 2019 which comprise, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter - Effects of Covid-19

We draw attention to Notes 2 and 14 of the financial statements, which describe the economic consequences the Group is facing as a result of Covid-19, the associated impact on trading and the going concern consideration thereof. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

Caesar Midco Limited

Independent Auditor's Report to the Members of Caesar Midco Limited (continued)

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Caesar Midco Limited

Independent Auditor's Report to the Members of Caesar Midco Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

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

Date:.....2 October 2020

Caesar Midco Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Administrative expenses		-	(776)
Operating loss		-	(776)
Interest receivable and similar income	5	6,759	13,713
Interest payable and similar expenses	6	(12,984)	(27,900)
		<u>(6,225)</u>	<u>(14,187)</u>
Loss before taxation		(6,225)	(14,963)
Taxation	7	-	-
Loss for the financial year		<u>(6,225)</u>	<u>(14,963)</u>
 Total comprehensive expense for the year		 <u>(6,225)</u>	 <u>(14,963)</u>

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

The above results were derived from continuing operations.

Caesar Midco Limited

(Registration number: 8319789)

Statement of Financial Position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Current assets			
Debtors	9	<u>96,593</u>	<u>89,833</u>
		96,593	89,833
Creditors: Amounts falling due within one year	10	<u>(120,173)</u>	<u>(107,188)</u>
Total assets less current liabilities		<u>(23,580)</u>	<u>(17,355)</u>
Net liabilities		<u>(23,580)</u>	<u>(17,355)</u>
Capital and reserves			
Called up share capital	12	8	8
Share premium account	13	768	768
Profit and loss account		<u>(24,356)</u>	<u>(18,131)</u>
Shareholders' deficit		<u>(23,580)</u>	<u>(17,355)</u>

Approved and authorised by the Board on 11/10/20 and signed on its behalf by:



E Wann
Director

Caesar Midco Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Called up Share capital £ 000	Share premium account £ 000	Equity Attributable to owners of Parent Company £ 000	Total Equity £ 000
At 1 January 2019	8	768	(18,131)	(17,355)
Loss for the year	-	-	(6,225)	(6,225)
Total comprehensive income	-	-	(6,225)	(6,225)
At 31 December 2019	<u>8</u>	<u>768</u>	<u>(24,356)</u>	<u>(23,580)</u>

	Called up Share capital £ 000	Share premium account £ 000	Equity Attributable to owners of Parent Company £ 000	Total Equity £ 000
At 1 January 2018	8	768	(3,168)	(2,392)
Loss for the year	-	-	(14,963)	(14,963)
Total comprehensive income	-	-	(14,963)	(14,963)
At 31 December 2018	<u>8</u>	<u>768</u>	<u>(18,131)</u>	<u>(17,355)</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

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

The address of its registered office is:

Kings Court
Water Lane
Wilmslow
Cheshire
SK9 5AR

2 Accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102, as it applies to the financial statements of the Company for the year ended 31 December 2019. The financial statements are prepared in sterling which is the functional currency of the Company.

The Company is itself a subsidiary undertaking and is exempt from the requirement to prepare Group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its Group.

2.2 Going concern

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

To conclude on going concern for the Company, the directors have considered the liquidity and solvency of Rocket Topco Limited and have considered going concern at the Group level.

The Company participates in a centralised treasury arrangement and so shares banking arrangements with fellow Group companies. 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.

Forecasts are produced monthly along with any related sensitivity analysis to allow proactive management of any business risks including liquidity risk. Using these forecasts and sensitivities along with additional stress testing including a sustained reduction in new and existing business, the directors are satisfied that they have a reasonable basis upon which to conclude that the Group is able to continue as a going concern for at least 12 months from the date of signing the financial statements.

Based on their assessment of the Group's financial position, the Company's directors believe that the Group will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

2.3 Financial reporting standard 102 - reduced disclosure exemptions

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

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Related party disclosures;
- Cashflow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Citation Topco Limited include the equivalent disclosures, the Company has also taken the exemption under FRS102 available in respect of the following disclosure.

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

2.4 Judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no judgements or material estimation uncertainties affecting the reported financial performance and position in the current or prior year.

2.5 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

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

2.7 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at 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 Profit and loss account.

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.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

2.7 Financial instruments (continued)

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

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

2.8 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.

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.10 Called up share capital

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

2.11 Finance income and costs policy

Interest income and costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

3 Operating loss

Arrived at after charging/(crediting)

	2019	2018
	£ 000	£ 000
Impairment of investments	-	776

Audit fees of £nil (2018: £nil) were borne by other Group companies and not recharged.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Employees

Directors' remuneration

The Company has no employees other than the Directors.

The Directors received no remuneration for their services to this Company (2018: £Nil).

5 Interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest receivable on loans from group undertakings	6,759	13,713
	<u>6,759</u>	<u>13,713</u>

In previous years, the intercompany interest payable under the terms of the intercompany agreement was waived. In the prior year all entities agreed that interest previously waived would be charged from thereon in, with interest previously waived also accrued along with the interest payable for the prior year. In the current year the charge relates solely to interest payable for the current year. Interest is accrued at 12% per annum.

6 Interest payable and similar expenses

	2019 £ 000	2018 £ 000
Interest payable on loans from group undertakings (see note 5)	12,984	27,900
	<u>12,984</u>	<u>27,900</u>

7 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	(6,225)	(14,963)
Corporation tax at standard rate	(1,183)	(2,843)
Group relief	1,183	2,696
Permanent differences	-	147
Total tax charge/(credit)	<u>-</u>	<u>-</u>

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Caesar Bidco Limited	England and Wales***	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 Legislation
QMS International Limited*	England and Wales***	Ordinary shares	100%	Provision of ISO Consultancy
Education Personnel Management Holdings Limited*	England and Wales***	Ordinary shares	100%	Holding company
Safety Management Advisory Services Limited*	England and Wales***	Ordinary shares	100%	SSIP accreditation
Education Personnel Management Limited*	England and Wales***	Ordinary shares	100%	Employment Legislation and payroll services
BCAS Consulting Limited*	England and Wales***	Ordinary shares	100%	Dormant
P&R Services (Southampton) Limited*	England and Wales***	Ordinary shares	100%	Electrical Safety services
Safety Management (UK) Limited*	England and Wales***	Ordinary shares	100%	Fire Safety services
Citation (NBS) Limited*	England and Wales***	Ordinary shares	100%	Dormant
Solutionhost Group Limited*	England and Wales***	Ordinary shares	100%	Holding company
HS Direct Limited*	England and Wales***	Ordinary shares	100%	Health & Safety services
Solution Host (UK) Limited*	England and Wales***	Ordinary shares	100%	Software hosting

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Fixed asset investments (continued)

EL Direct Ltd*	England and Wales***	Ordinary shares	100%	Employment Law services
Southall Associates Ltd*	England and Wales***	Ordinary shares	100%	Health & Safety services
Avec Partnership Limited*	England and Wales***	Ordinary shares	100%	Professional support services to schools and academies
Food Alert Limited*	England and Wales***	Ordinary shares	100%	Food Safety services

* held by a subsidiary undertaking

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

The Group has made the following acquisitions in the period 1st January 2019 to 31st December 2019 and these have no direct accounting consequences within Caesar Midco Limited:

On 31st January 2019, Southall Associates Ltd was acquired by Citation Limited.

On 22nd August 2019, Avec Partnership Limited was acquired by Citation Holdings Limited.

On 23rd October 2019, Food Alert Limited was acquired by Citation Holdings Limited.

Post year-end in July 2020 Safety Management (UK) Limited acquired the entire trade and assets at net book value of P&R Services (Southampton) Limited. Subsequently Safety Management (UK) Limited changed its name to Citation Fire and Electrical Limited.

9 Debtors

	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	96,592	89,833
Taxation and Social Security	1	-
	<u>96,593</u>	<u>89,833</u>

This relates to intercompany loans to Caesar Bidco Limited and Citation Holdings Limited. Balances are repayable on demand.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Creditors

	2019 £ 000	2018 £ 000
Due within one year		
Amounts owed to group undertakings	120,173	107,189
Taxation and social security	-	(1)
	<u>120,173</u>	<u>107,188</u>

The amounts owed to group undertakings relate to intercompany loans from Caesar Topco Limited and Citation Limited. The amounts are repayable on demand.

11 Financial instruments

	2019 £ 000	2018 £ 000
Financial assets		
Financial assets measured at amortised cost	<u>96,592</u>	<u>89,833</u>
	<u>96,592</u>	<u>89,833</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(120,173)</u>	<u>(107,189)</u>
	<u>(120,173)</u>	<u>(107,189)</u>

Financial assets measured at amortised cost comprise amounts owed from group undertakings.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings.

12 Called up share capital

Authorised, allotted and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
775,835 Ordinary share of £0.01 each	<u>776</u>	<u>8</u>	<u>776</u>	<u>8</u>

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Share premium account

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

14 Post balance sheet events

Sale of Group

On 15th September 2020, HG Capital the ultimate parent company of Citation Topco Limited sold its interest in the Group to KKR via the newly incorporated entity Rocket Topco Limited. KKR have invested £336m in exchange for a mixture of ordinary and preference shares and settling the listed loan notes held by the Group. At the time of the transaction a refinance has taken place with all existing bank debt and other loan notes settled. The new funding includes a fully drawn senior facility of £225m and a £75m acquisition facility which currently remains undrawn.

Covid-19

The Covid-19 pandemic had a temporary impact on the Group's operations with downside to existing and new business, this has been variable across the different industries in which it operates. The business has however adjusted its operations and continues to trade.

The Company considers the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event.

Following the impact of Covid-19 and the sale of the Group post year end an impairment review in respect of intercompany receivables and other assets has been performed and no impairment is indicated as a result of the revised forecasts.

Post year end, on 6th January 2020, the Group acquired the Xact Group Limited and its subsidiary Xact Consulting Limited, a provider of HR, Health and Safety and Employment Law advice. The cash consideration on completion was £7,186,061 with up to a further £1,000,000 of contingent consideration, this was funded out of cash reserves.

Within the Citation Group of Companies, post year-end in July 2020, Safety Management (UK) Limited acquired the entire trade and assets at net book value of P&R Services (Southampton) Limited. Subsequently Safety Management (UK) Limited changed its name to Citation Fire and Electrical Limited.

Caesar Midco Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

15 Controlling party

At 31 December 2019, the Company was a wholly owned subsidiary undertaking of Citation Topco Limited, a Company registered and incorporated in Jersey. The largest Group in which the results of the Company are consolidated is that headed by Citation Topco Limited. The smallest Group in which they are consolidated is that headed by Citation Holdco Limited. Copies of the financial statements of both Citation Topco Limited and Citation Holdco Limited are available from 22 Grenville Street, St Helier, Jersey JE4 8PX.

The Company's immediate parent undertaking is Caesar Topco Limited.

The ultimate parent undertaking and controlling party at 31st December 2019 was HG Pooled Management Limited, incorporated in England. Following the sale of the Group on 15th September 2020 (refer to Note 14) the new ultimate parent undertaking and controlling party is Rocket Aggregator L.P. incorporated in Canada.