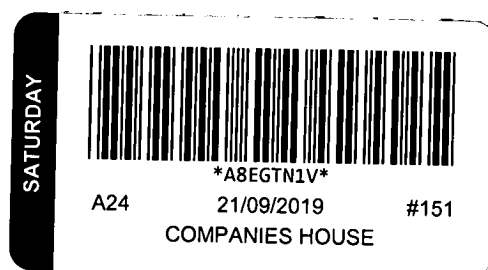


Registered number: 01690574

Leaders Limited
Annual Report and Financial Statements
For the year ended 31 December 2018



Company information

Directors	RJ Churchill MB Cook P Kavanagh MJ Light MEJ Palmer A Thompson PS Weller
Company secretary	MEJ Palmer
Registered number	01690574
Registered office	Crowthorne House Nine Mile Ride Wokingham Berkshire RG40 3GZ
Independent auditor	BDO LLP Level 12 Thames Tower Station Road Reading Berkshire RG1 1LX

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Strategic Report

The directors present their report together with the audited financial statements for the period ended 31 December 2018. The comparatives are for the 9 months ended 31 December 2017.

Principal activities

The principal activity of the company is that of a residential letting and property management agent. There have been no changes in the activities of the company in the year under review.

Review of the business

The company has continued to perform well in 2018, with continued headwinds in the market resulting from the economic and political uncertainty that surrounds Brexit and the significant legislation changes in the lettings market to come in 2019. The Board have continued to adapt in 2018 with a number of initiatives to ensure we strengthen our business and service offering to our customers. A review of strengths and skills within the organisation to meet our future challenges was undertaken resulting in a management restructure. Investment in IT to improve our infrastructure and allow for future development of systems and IT platforms was undertaken.

A re-focus of the lettings teams on core KPI's to drive organic performance has been successful with improving trends on core performance being demonstrated consistently across the lettings division through the year, underlined by consistent gains in market share.

The Group has also piloted and launched a number of new initiatives in our lettings and sales division across both brands (Leaders and Romans) providing better and more tailored service offerings to our customers and our aim continues to be the service provider of choice.

We will continue to adapt and remain agile to meet the challenges ahead, with Brexit uncertainty tempering house transactions and the implementation of the tenant fee ban on 1 June 2019, and focus on providing our customers with innovative service offerings alongside excellent customer service.

Financial review

During the year ended 31 December 2018, the company's revenue was £60,368,660, compared to £42,500,566 for the 9 months ended 31 December 2017. The operating profit before amortisation for the year ended 31 December 2018 was £10,362,290, compared to £6,611,843 for the 9 month period ended 31 December 2017. The loss before taxation for the year ended 31 December 2018 was £306,019 compared to a loss of £2,101,753 for the 9 months ended 31 December 2017.

During the year ended 31 December 2018 the company continued its acquisition strategy, acquiring five businesses. The company continues to look to acquire high quality lettings businesses within the industry, whilst maintaining the highest level of service within the existing business.

The group carefully monitors cash flow and at 31 December 2018 held cash of £10,953,653 (31 December 2017 - £13,751,780).

Strategic Report (continued)

Key performance indicators

The key performance indicators (KPIs") for the company are based around revenue and operating profit before amortisation. A summary of KPIs for the year ended 31 December 2018 and the 9 months ended 31 December 2017 are shown below:

	Year to 31 December 2018	9 Months to 31 December 2017
Revenue	£60,368,660	£42,500,566
Operating profit before amortisation	£10,362,290	£6,611,843
Lettings Properties under management (no.)	39,200	38,770
Properties let (no.)	14,591	13,627

Principal risks and uncertainties

The company is exposed to a variety of financial risks in its day-to-day operations and has in place a series of policies to mitigate these risks. The policies set by the board of directors are implemented by the finance and compliance departments.

The activity levels of the company's business are closely related to that in the housing marketplace. Though we face risks associated with the housing marketplace the directors feel that our diversity of operations in second hand sales, lettings, new homes, planning, residential surveys, mortgages and auctions and our strength of a large core managed lettings portfolio reduces the risks to the company of variations in the housing market. The board of directors monitor work levels on a monthly basis to ensure that sufficient resources are in place.

The group monitors cash flow as part of its daily control activities. Cash flow projections are prepared on a regular basis to ensure that the appropriate cash reserves are available to fund the future operation of the group's businesses.

Approval

This strategic report was approved on behalf of the Board on

8 July 2019



MEJ Palmer
Director
8 July 2019

Directors' Report for the Year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018. Comparative information is provided for the period from 1 April 2017 to 31 December 2017 for the company.

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 4-5 of these financial statements.

Results and dividends

The profit and loss account is set out on page 12 and shows the loss for the year. No dividends were paid during the year.

The directors do not recommend the payment of a dividend (period ended 31 December 2017 - £Nil).

Disclosures relating to information which is strategically important to the company are made within the strategic report.

Directors

The directors of the company during the year and post year end were as follows:

RJ Churchill
MB Cook (appointed 14 May 2018)
MJ Derry (resigned 31 January 2019)
AS Gill (resigned 31 December 2018)
P Kavanagh
MJ Light
PD Loverdos (resigned 31 August 2018)
MEJ Palmer
A J Somers (resigned 1 February 2018)
A Thompson
PS Weller
J Wilkinson (resigned 31 January 2019)

At 31 December 2018, third party indemnity provision for the benefit of the company's directors was in force.

Employee involvement

Employees are encouraged to discuss with management any matters about which they are concerned and factors affecting the company. In addition, the management take account of employees' interests when making decisions and the employees are informed of the company's performance on a regular basis. Suggestions from employees aimed at improving the company's performance are welcome.

Directors' Report for the Year ended 31 December 2018 (continued)

Equal opportunity

The company's policy is to promote equal opportunity in employment regardless of gender, race, colour or disability subject only to capability and suitability for the task and legal requirements.

Where existing employees become disabled, it is the company's policy to provide continuing employment under terms and conditions and to provide equal opportunity for promotion for disabled employees wherever appropriate.

Clients' money balances

At the balance sheet date the company held amounts on behalf of clients totalling £69,178,627 (31 December 2017 - £73,227,209).

All client funds are held in accordance with ARLA regulations (specifically ARLA Bye-Law 3 - Client Accounts, Procedures, Requirements and Compliance) and tenant deposits are registered under the Tenancy Deposit and MyDeposits Schemes.

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 period. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 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 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.

Directors' Report for the Year ended 31 December 2018 (continued)

Auditor

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

The auditor, BDO LLP, is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

A handwritten signature in black ink, appearing to read 'M E J Palmer', with a long horizontal flourish extending to the right.

On behalf of the Board
M E J Palmer
8 July 2019

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LEADERS LIMITED

Opinion

We have audited the financial statements of Leaders Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account, the balance Sheet as at 31 December and the statement of changes in equity for the year ended 31 December, and the notes to the financial statements, 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 Financial Reporting Standard 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 state of the company's affairs as at 31 December 2018 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the director's report for the year ended 31 December 2018, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LEADERS LIMITED (continued)

not cover the other information and, except to the extent otherwise explicitly stated in our 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 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 and director's report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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' report for the year ended 31 December 2018, 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LEADERS LIMITED (continued)

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.

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 at 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.



Simon Brooker (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK

9 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Profit and loss account for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Turnover	4	60,368,660	42,500,566
Gross profit		60,368,660	42,500,566
Administrative expenses		(61,203,460)	(45,280,370)
Operating profit before amortisation		10,362,290	6,611,843
Amortisation		(11,197,090)	(9,391,647)
Operating loss	5	(834,800)	(2,779,804)
Income from shares in group undertakings		-	2,953,345
Amounts written off investments		-	(2,953,345)
Interest receivable and similar income	8	1,475,154	1,218,978
Interest payable and similar charges	9	(941,936)	(553,727)
Change in fair value of investments		(4,437)	12,800
Loss before taxation		(306,019)	(2,101,753)
Taxation	10	(615,940)	(1,347,452)
Loss and total comprehensive loss for the financial year		(921,959)	(3,449,205)
Loss for the financial year attributable to:			
The Company's equity shareholders		(921,959)	(3,449,205)

All amounts relate to continuing operations.

The notes on page 15 to 39 form an integral part of these financial statements.

Balance Sheet as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Fixed assets			
Intangible assets	11	26,918,890	33,793,478
Tangible assets	12	5,879,967	7,267,443
Investments	13,14	709,238	635,046
		<u>33,508,095</u>	<u>41,695,967</u>
Current assets			
Stocks	15	56,350	58,540
Debtors	16	49,083,398	10,380,844
Cash at bank and in hand		2,988,206	5,284,264
		<u>52,127,954</u>	<u>15,723,648</u>
Creditors: amounts falling due within one year	17	<u>(54,809,351)</u>	<u>(22,478,124)</u>
Net current liabilities		<u>(2,681,397)</u>	<u>(6,754,476)</u>
Creditors: amounts falling due after more than one year	18	(18,845,423)	(22,297,445)
Provisions for liabilities			
Other provisions	19	(544,134)	-
Deferred tax	19	<u>(2,409,660)</u>	<u>(2,694,606)</u>
Net assets		<u>9,027,481</u>	<u>9,949,440</u>
Capital and reserves			
Share capital	23	1,000	1,000
Profit and loss account reserve		<u>9,026,481</u>	<u>9,948,440</u>
Shareholders' funds		<u>9,027,481</u>	<u>9,949,440</u>

The financial statements were approved by the Board of Directors and authorised for issue on 8 July 2019 and were signed on its behalf by:



M E J Palmer

Director

Company registration number: 01690574

The notes on page 15 to 39 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2018

For the year ended 31 December 2018

	Share capital	Profit and loss account reserve	Total
	£	£	£
Balance at 1 January 2018	1,000	9,948,440	9,949,440
Loss for the year	-	(921,959)	(921,959)
Total comprehensive income for the year	-	(921,959)	(921,959)
At 31 December 2018	1,000	9,026,481	9,027,481

For the 9 months ended 31 December 2017

	Share capital	Profit and loss account reserve	Total
	£	£	£
Balance at 1 April 2017	1,000	13,397,645	13,398,645
Loss for the period	-	(3,449,205)	(3,449,205)
Total comprehensive income for the period	-	(3,449,205)	(3,449,205)
Balance at 31 December 2017	1,000	9,948,440	9,949,440

The notes on page 15 to 39 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2018

1. Nature of operations and general information

Leaders Limited is a private company limited by shares incorporated in England & Wales. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report and the report of the directors.

2. Principal Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling.

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 FRS 102:

- The requirements of section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- The requirements of section 7 Statement of Cash Flows;
- The requirements of section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- The requirements of section 33 Related Party Disclosures paragraph 33.7.

This information is included in the financial statements of The Leaders Romans Group Limited as at 31 December 2018, and these financial statements may be obtained from Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ.

Exemption from preparation of consolidated financial statements

The financial statements contain information about Leaders Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to produce consolidated financial statements, as it is included in the consolidated accounts of a larger group.

2.2 Turnover

Turnover comprises invoiced commissions and fees in respect of managing properties on behalf of landlords and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured, based on when performance obligations have been satisfied.

It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Notes to the financial statements

2.3 Interest income and costs

Interest income and expense is recognised using the effective interest method, which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

2.4 Investments

Fixed asset investments in subsidiaries are stated at cost. Investments are tested for impairment when circumstances indicate that the carrying value may be impaired.

2.5 Goodwill

Goodwill represents the future economic benefits arising from business combinations which are not individually identified and separately recognised.

Goodwill is amortised through the profit and loss account over the directors' estimate of its useful economic life of 2 to 7 years.

Goodwill is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

2.6 Intangible assets

Acquired intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

The useful lives of all intangible assets are assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the profit and loss account as administrative expenses. Useful economic lives of intangible assets are based on expected future cash flows.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.

Notes to the financial statements

Amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Customer relationships	Over 7 years
Brand	Over 1 year
Non-compete	Over 3 years
Customer lists	Over 0.5 years
Website & software	Over 5 years

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

2.7 Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the profit and loss account in the period in which they are incurred.

Depreciation is provided on all tangible fixed assets and is calculated as follows:

Leasehold improvements	Over the term of the lease
Fixtures, fittings and equipment	20% per annum on cost
Motor vehicles	25 to 33% per annum on cost

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all vehicles, fixtures, fittings and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the profit and loss account.

2.8 Impairment of non-financial assets

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units that is expected to benefit from the synergies of the combination. Each unit to which goodwill is allocated represents the lowest level within the Company that independent cash flows are monitored.

Notes to the financial statements

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired.

At each balance sheet date the Directors review the carrying amounts of the Company's non-current assets, other than goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss on other non-financial assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the profit and loss account immediately.

2.9 Stock

Stocks of stationery are valued at purchase cost. Such stocks are held in order to support the company's ongoing marketing and promotional activities and are expensed as they are used.

At the balance sheet date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 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.

Notes to the financial statements

2.11 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Investments in listed shares are classified as fair value through profit or loss (FVTPL) and measured initially and subsequently at fair value, with changes reported each period in the profit and loss account.

All other financial assets are classified as held at amortised cost and initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

After initial recognition, financial assets other than investments in listed shares are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are impaired if there is objective evidence of impairment. The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Classification and measurement of financial liabilities

The Company's financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest costs or interest income.

2.12 Current taxation

Current taxation for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

2.13 Deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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.

Notes to the financial statements

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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 if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal 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 liabilities are provided in full, and are not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit and loss account, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employment benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefits and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals.

Pension costs

The company operates defined contribution pension schemes for the benefit of employees. The assets of the schemes are administered by trustees in funds independent from those of the company. The pension costs charged against profits represent the amount of contributions payable to the schemes in respect of the accounting period.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Notes to the financial statements

2.15 Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.16 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares issued.
- "Profit and loss account reserve" represents the accumulated profits and losses attributable to equity shareholders.

3. Significant management judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of turnover and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions and accounting estimates are subject to regular review. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Notes to the financial statements

Lease accounting

Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Impairment of assets

Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Trade debtor impairment loss

A provision is made for any balances beyond an age where they are expected to be recovered. This is based on past experience across the sales ledger and requires a degree of judgement in assessing which periods to review and whether to isolate exceptions in forming a general rule.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Useful lives of intangible assets

Intangible assets are amortised over their estimated useful lives with the charge recorded in administrative expenses. Useful lives are based on management's estimates of the period that the assets will generate turnover which are periodically renewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the profit and loss account in specific periods.

4. Turnover

The Company's turnover is all derived from the UK and is attributable solely to the company's principal activity.

Notes to the financial statements

5. Operating loss

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Operating loss is stated after charging:		
Depreciation of tangible fixed assets	2,139,168	1,676,544
Amortisation of intangible assets	11,197,090	9,391,647
Operating lease costs	2,372,284	2,251,124
Loss on the sale of tangible fixed assets	21,627	5,375
Auditors' remuneration - fees payable to the Company's Auditor and its Associates for:		
- the audit of the Company's annual accounts	40,000	23,920

The company has taken advantage of the exemption from the requirement to disclose details of the auditor's remuneration for non-audit services. This is disclosed in the consolidated financial statements of its parent company, The Leaders Romans Midco 2 Limited.

6. Employees

The aggregate payroll costs of the employees were as follows:

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Staff costs		
Wages and salaries	24,706,581	18,791,487
Social security costs	2,079,124	1,704,693
Pension costs	380,891	248,104
	<u>27,166,596</u>	<u>20,744,284</u>

Included within staff costs and average number of employees are staff that are subcontracted from LRG Employees Limited, a fellow group company.

Notes to the financial statements

Average monthly number of persons employed by the Company during the year was as follows:

	Year ended 31 December 2018 Number	9 months ended 31 December 2017 Number
By activity:		
Sales	564	600
Administration and management	502	557
	<hr/> 1,066	<hr/> 1,157
	<hr/>	<hr/>

7. Directors' Remuneration

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Directors' emoluments	2,089,577	1,451,927
Pension contributions	40,642	40,748
Compensation for loss of office	38,328	59,725
	<hr/> 2,168,547	<hr/> 1,552,400
	<hr/>	<hr/>

There were 5 directors in the company's defined contribution pension scheme (period ended 31 December 2017: 4).

Emoluments of the highest paid director were £290,454 (period ended 31 December 2017 - £152,678). Company pension contributions of £Nil (period ended 31 December 2017 - £15,625) were made to a money purchase scheme on their behalf.

Notes to the financial statements

8. Interest receivable and similar income

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Interest receivable from group companies	-	13,561
Interest on cash deposits	1,475,154	1,205,417
	<u>1,475,154</u>	<u>1,218,978</u>

9. Interest payable and similar charges

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Interest on intercompany balances	718,972	356,484
Interest on finance leases	222,964	197,243
	<u>941,936</u>	<u>553,727</u>

10. Taxation on ordinary activities

Analysis of charge in the year

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Corporation tax – current year:		
Current tax on losses of the period	1,288,465	1,219,567
Adjustment in respect of previous periods	3,422	6,422
Deferred tax – current year:		
Origination and reversal of timing differences	(361,470)	124,442
Adjustments in respect of prior years	<u>(314,477)</u>	<u>(2,979)</u>
Total tax charge	<u>615,940</u>	<u>1,347,452</u>

Notes to the financial statements

	Year ended 31 December 2018	9 months ended 31 December 2017
	£	£
Loss before taxation	(306,019)	(2,101,753)
Loss by rate of tax (2018: 19%; 2017: 19%)	(58,144)	(399,333)
PPE timing differences not recognised	781,890	514,391
Expenses not deductible for tax purposes	187,711	19,938
Income not deductible for tax purposes	-	(2,796)
Capital allowances for period/year in excess of depreciation	1,149,055	1,302,434
Deferred tax release on amortisation	(483,692)	(40,334)
Group relief claimed	(635,446)	(11,246)
Adjustments in respect of prior periods	(311,055)	3,443
Effect of change in tax rate	(14,379)	(32,671)
Other tax adjustments, reliefs and transfers	-	(6,374)
Total tax	615,940	1,347,452

The effect of changes to the corporation tax rates substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016) includes reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. This will impact the company's future tax charge accordingly. There were no other factors that may affect future tax charges. The deferred tax liability at 31 December 2018 and 2017 has been calculated based on the rates substantively enacted at the date of the balance sheet.

Deferred tax:

Deferred tax assets and liabilities are offset where the Company has a legal enforceable right to do so.

The deferred tax liability consists of the following amounts:

	31 December 2018	31 December 2017
	£	£
Accelerated capital allowances	(77,785)	(203,130)
Arising on business combinations	2,487,445	2,897,736
	2,409,660	2,694,606

Notes to the financial statements

11. Intangible assets

	Customer Relationships	Brand	Non-Compete	Customer Lists	Website and Software	Goodwill	Total
	£	£	£	£	£		£
Cost							
At 1 April 2017	15,464,471	3,028,737	154,002	537,622	677,020	78,644,755	98,506,607
Additions	1,463,529	307,081	-	173,284	17,690	1,100,879	3,062,463
Disposals	(20,686)	-	-	-	(127,854)	-	(148,540)
At 31 December 2017	16,907,314	3,335,818	154,002	710,906	566,856	79,745,634	101,420,530
Additions	2,104,785	67,500	-	48,641	1,284	2,285,266	4,507,476
Disposals	-	-	-	-	-	(184,974)	(184,974)
At 31 December 2018	19,012,099	3,403,318	154,002	759,547	568,140	81,845,926	105,743,032
Accumulated Depreciation							
At 1 April 2017	3,730,670	2,761,800	37,832	533,279	280,882	51,018,098	58,362,561
Charge for year	1,798,657	356,179	38,536	94,547	82,066	7,021,662	9,391,647
Disposals	-	-	-	-	(127,156)	-	(127,156)
At 31 December 2017	5,529,327	3,117,979	76,368	627,826	235,792	58,039,760	67,627,052
Charge for year	2,578,038	265,156	51,334	128,368	116,033	8,058,161	11,197,090
At 31 December 2018	8,107,365	3,383,135	127,702	756,194	351,825	66,097,921	78,824,142
Net book value							
At 31 December 2018	10,904,734	20,183	26,300	3,353	216,315	15,748,005	26,918,890
At 31 December 2017	11,377,987	217,839	77,634	83,080	331,064	21,705,874	33,793,478

The amortisation charge is included within administrative expenses.

As part of the rationalisation of the company, the trades of Temples (Nantwich) Limited, Temples (Northwich) Limited, PDC (Chester and Nantwich) Limited, Suttons City Living Limited, DPC Properties Limited and GPS Property Management Limited were transferred into Leaders Limited. As a result, the investments in Temples (Nantwich) Limited, Temples (Northwich) Limited, PDC (Chester and Nantwich) Limited, Suttons City Living Limited, DPC Properties Limited and GPS Property Management Limited have been partially reclassified as intangible.

The transfer of trades resulted in an apparent overvaluation of the investments held in the company's books, though there was no overall loss to the group. The Companies Act 2006 requires that, where any such overvaluation is expected to be permanent, the investment should be written down accordingly. In the opinion of the directors, the proportion of the trade transferred equated to the reasonable basis to transfer the amount from investments into intangible assets. The directors consider that the substance of the transaction was merely to reorganise the group's operation and such treatments would fail to give a true and fair view. Accordingly, the diminution in value of the investments has instead been reallocated to goodwill.

Notes to the financial statements

12. Tangible fixed assets

	Short Leasehold Property £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 2017	2,429,100	9,596,709	4,982,485	17,008,294
Additions	474,811	842,000	-	1,316,811
Disposals	-	(4,350,609)	(149,652)	(4,500,261)
Transfer between classes	-	-	(30,572)	(30,572)
At 31 December 2017	2,903,911	6,088,100	4,802,261	13,794,272
Additions	599,534	387,635	5,500	992,669
Transfers	-	-	29,595	29,595
Disposals	(26,954)	(81,288)	(514,517)	(622,759)
At 31 December 2018	3,476,491	6,394,447	4,322,839	14,193,777
Accumulated Depreciation				
At 1 April 2017	1,027,388	6,488,089	1,721,990	9,237,467
Charge for year	279,310	893,712	503,522	1,676,544
Disposals	-	(4,298,427)	(76,959)	(4,375,386)
Transfer between classes	-	-	(11,796)	(11,796)
At 31 December 2017	1,306,698	3,083,374	2,136,757	6,526,829
Charge for year	438,353	1,138,350	562,465	2,139,168
Transfers	-	-	9,961	9,961
Disposals	(7,684)	(70,533)	(283,931)	(362,148)
At 31 December 2018	1,737,367	4,151,191	2,425,252	8,313,810
Net book value				
At 31 December 2018	1,739,124	2,243,256	1,897,587	5,879,967
At 31 December 2017	1,597,213	3,004,726	2,665,504	7,267,443

Depreciation is included within administrative expenses.

Included within the motor vehicles net book values above are £1,882,699 (2017: £2,624,820) relating to assets held under finance leases.

The accumulated depreciation for motor vehicles held under finance leases was £2,391,068 (period ended 31 December 2017 - £2,079,696).

Notes to the financial statements

13. Investments in subsidiaries

	Shares in subsidiary undertakings £
Cost	
At 1 April 2017	525,140
Disposals	(2,594)
	<hr/>
At 31 December 2017	522,546
Additions	78,629
	<hr/>
At 31 December 2018	<u>601,175</u>

Details of the Company's subsidiaries are as follows:

Direct subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Group	
			2018	2017
Leaders Sales Limited	Property Sales	England & Wales	100	100
Elldae Franchising Limited	Management Services	England & Wales	100	100
Principal Property Services Limited	Dormant	England & Wales	100	100
JSM Property Management Limited	Dormant	England & Wales	100	100
Brian Smith Property Management Limited	Dormant	England & Wales	100	100
Saxon Management (New Milton) Limited	Dormant	England & Wales	100	100
Saxon Management (Christchurch) Limited	Dormant	England & Wales	100	100
Goddard & Co Rentals Limited	Dormant	England & Wales	100	100
Goddard & Co Rentals (Felixstowe) Limited	Dormant	England & Wales	100	100
Goddard & Co Rentals (Mid-Suffolk) Limited	Dormant	England & Wales	100	100
Bush Property Management Limited	Dormant	England & Wales	100	100
Lloyds Property Agents Limited	Dormant	England & Wales	100	100
Spinnaker Residential Limited	Dormant	England & Wales	100	100
Oaks Property UK Limited	Dormant	England & Wales	100	100
Alexanders Residential Lettings Limited	Dormant	England & Wales	100	100
Temples Property Management (BSE) Limited	Dormant	England & Wales	100	100
Swan Residential Limited	Dormant	England & Wales	100	100
Brookes Hall Limited	Dormant	England & Wales	100	100
Isherwoods Residential Limited	Dormant	England & Wales	100	100

Notes to the financial statements

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Group	
			2018	2017
Mitchell and Perryer Limited	Dormant	England & Wales	100	100
QB Management Limited	Dormant	England & Wales	100	100
Simply Lets Limited	Dormant	England & Wales	100	100
Lynda Paine Lettings Limited	Dormant	England & Wales	100	100
Waterside Properties (Poole) Limited	Dormant	England & Wales	100	100
Leaders Waterside Properties Limited	Dormant	England & Wales	100	100
Perry Bishop and Chambers Limited	Dormant	England & Wales	100	100
IMS Lettings Limited	Dormant	England & Wales	100	100
Aston Mead Estate Agents Limited	Dormant	England & Wales	100	100
Town & Country (Holdings) Limited	Dormant	England & Wales	100	100
CT Trading Limited	Dormant	England & Wales	100	100
Leeco (Buckingham) Limited	Dormant	England & Wales	100	100
Heritage Property (Leamington Spa) Limited	Dormant	England & Wales	100	100
Giles Fullerton (East Anglia) Limited	Dormant	England & Wales	100	100
Tudor Property Consultants Limited	Dormant	England & Wales	100	100
Premier Places Limited	Dormant	England & Wales	100	100
Homeseach Property Management	Dormant	England & Wales	100	100
Minchin Fellows Limited	Dormant	England & Wales	100	100
Leaders MA (Holdings) Limited	Dormant	England & Wales	100	100
Allen Estates Limited	Dormant	England & Wales	100	100
Watson Blackburn Limited	Dormant	England & Wales	100	100
Bulmer Estates Limited	Dormant	England & Wales	100	100
MBM Management Limited	Dormant	England & Wales	100	100
Prescott Hall Limited	Dormant	England & Wales	100	100
City Lettings (Norwich) Limited	Dormant	England & Wales	100	100
J South Limited	Dormant	England & Wales	100	100
Temples (Nantwich) Limited	Dormant	England & Wales	100	-
Temples (Northwich) Limited	Dormant	England & Wales	100	-
PDC (Chester and Nantwich) Limited	Dormant	England & Wales	100	-
Suttons City Living Limited	Dormant	England & Wales	100	-
DPC Properties Limited t/a Upp Properties	Dormant	England & Wales	100	-
GPS Property Management Limited	Dormant	England & Wales	100	-

Notes to the financial statements

Indirect subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Group	
			2018	2017
Lloyds Property Agents (Ashton) Limited	Dormant	England & Wales	100	100
Lloyds Property Agents (Wigan) Limited	Dormant	England & Wales	100	100
Town & Country Property Services (Worcester) Limited	Dormant	England & Wales	100	100
T&C (Lettings) Limited	Dormant	England & Wales	100	100
Leaders MA (BSE) Limited	Dormant	England & Wales	100	100
Watson Mitchell Limited	Dormant	England & Wales	100	100
Ideal Homes (Bedford) Limited	Dormant	England & Wales	100	100

All undertakings' registered office is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire, RG40 3GZ.

14. Other investments

	Listed equity investments £
Cost	
At 1 April 2017	99,700
Changes in fair value of investments	<u>12,800</u>
At 31 December 2017	112,500
Changes in fair value of investments	<u>(4,437)</u>
At 31 December 2018	<u><u>108,063</u></u>

15. Stocks

	31 December 2018 £	31 December 2017 £
Promotional stock and stationery	<u>56,350</u>	<u>58,540</u>

Notes to the financial statements

16. Debtors

	31 December 2018 £	31 December 2017 £
Trade debtors	880,382	50,502
Amounts owed by group undertakings	44,528,833	7,018,331
Other debtors	236,380	407,851
Prepayments and accrued income	3,437,803	2,904,160
	<u>49,083,398</u>	<u>10,380,844</u>

The Directors consider the carrying value of trade and other debtors is approximate to its fair value.

17. Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade payables	912,945	2,700,483
Amounts owed to subsidiary undertakings	46,385,257	2,506,397
Amounts owed to group undertakings	-	10,456,852
Corporation tax	2,358,196	1,063,716
Other taxation and social security	1,023,130	1,019,631
Other payables	550,682	603,949
Finance leases and hire purchase contracts	1,667,867	1,967,359
Accruals and deferred income	1,911,274	2,159,737
	<u>54,809,351</u>	<u>22,478,124</u>

18. Creditors: amounts falling due after more than one year

	31 December 2018 £	31 December 2017 £
Finance lease liabilities	234,925	661,548
Amounts owed to group undertakings	18,610,498	21,635,897
	<u>18,845,423</u>	<u>22,297,445</u>

Notes to the financial statements

Amounts owed to group undertakings are due in more than five years.

The Company leases certain fixed assets under finance leases.

The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Finance lease liabilities minimum lease payments:

	31 December 2018 £	31 December 2017 £
Not later than one year	1,667,867	1,967,359
Later than one year and not later than two years	234,925	504,578
Later than two years and not later than five years	-	156,969
	<u>1,902,792</u>	<u>2,628,906</u>

Operating Leases

Operating leases primarily relate to land and buildings.

The Company does not have an option to purchase any of the operating leased assets at the expiry of the lease periods.

Payments recognised as an expense are disclosed in note 5.

Aggregate future minimum lease payments under non-cancellable operating lease commitments

	31 December 2018 £	31 December 2017 £
Not later than 1 year	2,681,488	2,744,186
After 1 year and not later than 5 years	8,009,173	8,488,941
After 5 years	4,451,696	4,746,526
	<u>15,142,357</u>	<u>15,979,653</u>

Notes to the financial statements

19. Provisions

	NDO Provision £	Deferred taxation £
At 1 January 2018	-	2,694,606
Charged to profit and loss	582,225	(675,946)
Utilised in the year	(38,091)	-
Acquired in the year	-	391,000
	<u>544,134</u>	<u>2,409,660</u>

The deferred taxation provision represents timing differences between the treatment of items for tax and accounting purposes.

The NDO provision represents potential amounts payable to landlords at the balance sheet date under the terms of the company's NDO product.

20. Client Money Balances

	31 December 2018 £	31 December 2017 £
Amounts held on behalf of clients	69,178,627	73,227,209
Amounts due to clients	(69,178,627)	(73,227,209)
	<u>-</u>	<u>-</u>

21. Contingent liabilities

The company has guaranteed the borrowings of The Leaders Romans Bidco Limited, a fellow subsidiary of The Leaders Romans Group Limited. The borrowings subject to the guarantee at 31 December 2017 totalled £124,985,000 (31 December 2017 - £126,734,00).

Notes to the financial statements

22. Retirement benefit plans

The company operates defined contributions pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £380,891 for the year (period ended 31 December 2017 - £248,104). Contributions totalling £Nil (2017 - £59,927) were payable to the funds at the reporting date and are included in accruals.

23. Share capital

The total allotted share capital of the Company is:

Allotted, issued and fully paid

	2018 Number	2018 £	2017 Number	2017 £
Ordinary shares of £0.01 each	100,000	1,000	100,000	1,000

24. Related party transactions

The company is a wholly owned subsidiary within the group headed by The Leaders Romans Group Limited and has taken advantage of the exemption conferred by FRS 102 'Related Party Disclosures' not to disclose related party transactions with The Leaders Romans Group Limited or other wholly owned subsidiaries within the group.

25. Ultimate controlling party

The company is a subsidiary of Leaders Lettings Trading Limited. At 31 December 2018, the company's ultimate parent company was The Leaders Romans Group Limited. The registered address for both companies is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ or Companies House.

The Leaders Romans Midco 2 Limited is the smallest group in which the results of the company are consolidated.

The Leaders Romans Group Limited is the largest group in which the results of the company are consolidated.

Both of the consolidated accounts which include the results of this company are available to the public and may be obtained from Leaders Limited, Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ or Companies House.

The company is ultimately controlled by funds managed by Bowmark Capital LLP.

Notes to the financial statements

26. Acquisitions

The company continued its strategy of growth by acquisition and acquired a number of businesses during the year.

The cash consideration includes amounts payable on completion, an estimate of any deferred consideration and any amounts payable for net assets acquired.

Date acquired	Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Group 31 December 2018
15/03/2018	Temples (Nantwich) Limited	Estate agents	England & Wales	100%
15/03/2018	Temples (Northwich) Limited	Estate agents	England & Wales	100%
15/03/2018	PDC (Chester and Nantwich) Limited	Estate agents	England & Wales	100%
20/05/2018	Suttons City Living Limited	Estate agents	England & Wales	100%
05/07/2018	DPC Properties Limited t/a Upp Properties	Estate agents	England & Wales	100%
14/08/2018	GPS Property Management Limited	Estate agents	England & Wales	100%

The company also acquired the lettings and property management business of Glyn Jones & Company Limited on 19 September 2018.

Notes to the financial statements

Acquisition of PDC (Chester and Nantwich) Limited, Temples (Nantwich) Limited and Temples (Northwich) Limited

On 15 March 2018 the company acquired the entire share capital of PDC (Chester and Nantwich) Limited, Temples (Nantwich) Limited and Temples (Northwich) Limited for a cash consideration of £2,054,080 (including expenses of £27,510). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below.

	Book value	Fair value adjustments	Fair value
	£	£	£
Fixed assets			
Customer relationships	-	827,679	827,679
Customer lists	-	12,685	12,685
Brand	-	42,790	42,790
Current assets			
Debtors	607,976	-	607,976
Cash	225,899	-	225,899
Total assets	833,875	883,154	1,717,029
Creditors	(283,555)	-	(283,555)
Deferred tax	-	(156,082)	(156,082)
Net assets	550,320	727,072	1,277,392
Cash consideration (including expenses £27,510)			2,054,080
Net assets acquired			(1,277,392)
Goodwill arising on acquisition			776,688

Notes to the financial statements

Acquisition of Suttons City Living Limited

On 20 May 2018 the company acquired the entire share capital of Suttons City Living Limited for a cash consideration of £1,057,457 (including expenses of £21,409). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below:

	Book value	Fair value adjustments	Fair value
	£	£	£
Fixed assets			
Tangible fixed asset	17,025	(14,275)	2,750
Customer relationships	-	527,258	527,258
Customer lists	-	14,580	14,580
Brand	-	12,142	12,142
	<hr/>	<hr/>	<hr/>
Current assets			
Debtors	53,710	-	53,710
Cash	75,612	-	75,612
	<hr/>	<hr/>	<hr/>
Total assets	146,347	539,705	686,052
	<hr/>	<hr/>	<hr/>
Creditors	(63,901)	-	(63,901)
Deferred tax	-	(97,520)	(97,520)
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Net assets	82,446	442,185	524,631
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Cash consideration (including expenses £21,409)			1,057,457
Net assets acquired			(524,631)
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Goodwill arising on acquisition			532,826
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Notes to the financial statements

Non-significant acquisitions

The company acquired the entire share capital of DPC Properties Limited t/a Upp Properties, GPS Property Management Limited and the lettings and property management business of Glyn Jones & Company Limited for a combined cash consideration of £1,488,179 (including combined expenses of £23,730). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below.

	Book value	Fair value adjustments	Fair value
	£	£	£
Fixed assets			
Tangible fixed asset	2,047	-	2,047
Intangible fixed assets	129,175	(129,175)	-
Customer relationships	-	749,848	749,848
Customer lists	-	21,376	21,376
Brand	-	12,568	12,568
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Current assets			
Debtors	4,384	-	4,384
Cash	42,157	-	42,157
	<hr/>	<hr/>	<hr/>
Total assets	177,763	654,617	832,380
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Creditors	(162,139)	-	(162,139)
Deferred tax	-	(137,398)	(137,398)
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Net assets	15,624	517,219	532,843
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Cash consideration (including expenses £23,730)			1,488,179
Net assets acquired			(532,843)
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Goodwill arising on acquisition			955,336
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