

## **Leaders Limited**

Annual Report and Financial Statements

Period Ended

31 December 2017

Company Number 01690574

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# Leaders Limited

## Company Information

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|----------------------------|--|
| <b>Directors</b>           | R J Churchill<br>M J Derry<br>A S Gill<br>P Kavanagh<br>M J Light<br>P D Loverdos<br>M E J Palmer<br>A Thompson<br>P S Weller<br>J Wilkinson<br>M B Cook |
| <b>Company secretary</b>   | M E J Palmer   |
| <b>Registered number</b>   | 01690574   |
| <b>Registered office</b>   | Crowthorne House<br>Nine Mile Ride<br>Wokingham<br>Berkshire<br>RG40 3GZ   |
| <b>Independent auditor</b> | BDO LLP<br>Level 12<br>Thames Tower<br>Station Road<br>Reading<br>Berkshire<br>RG1 1LX   |

# Leaders Limited

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# Leaders Limited

## Strategic Report For the Period Ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the period ended 31 December 2017. The comparatives are for the year ended 31 March 2017.

### Principal activities

The principal activity of the company is that of a residential letting and property management agent.

### Review of the business

During the period ended 31 December 2017, the company's turnover was £42,500,566, compared to £57,211,132 for the year ended 31 March 2017.

The operating profit before amortisation for the 9 month period ended 31 December 2017 was £6,611,843, compared to £12,217,791 for the year ended 31 March 2017. The loss before taxation for the period ended 31 December 2017 was £2,101,753 compared to a loss of £15,392,879 for the year ended 31 March 2017.

During the period ended 31 December 2017 the company continued its acquisition strategy, acquiring six businesses, and the company continues to look to acquire high quality businesses within the industry, whilst maintaining the highest level of service within the existing business.

The key performance indicators ("KPI's") for the company are based around turnover and operating profit before amortisation. A summary of KPI's for 2017 is shown below:

|  | 9 month<br>period ended<br>31 December<br>2017 | Year ended 31<br>March 2017 |
|--|--|-----------------------------|
|  | £  | £                           |
| Turnover                                   | £42,500,566                                    | £57,211,132                 |
| Operating profit before amortisation       | £6,611,843                                     | £12,217,791                 |
| Properties let (no.)                       | 13,627   | 18,354                      |
| Lettings properties under management (no.) | <u>38,770</u>                                  | <u>38,861</u>               |

### Financial instruments

The company holds or issues financial instruments to finance its operations. Operations are mainly financed by a mixture of retained profits and inter-company advances received from parent undertakings. The inter-company advances are mainly used to assist in the financing of the acquisition of new trading businesses, whose operations are transferred up to Leaders Limited upon their acquisition. Finance leases are also used to assist in financing certain capital expenditure. Working capital requirements are met principally out of retained profits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the company's operations. The company does not enter into hedging agreements.

The company is mainly exposed to credit risk arising from its property management and letting activities. It is company policy to assess the credit risk of new customers, where appropriate, and to factor the information from these credit ratings into future dealings with the customers. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The directors monitor the liquidity and cash flow risk of the company carefully. Cash flow is monitored by the directors on a regular basis and appropriate action is taken where additional funds are required, for example the arrangement of new finance leases to purchase significant items of capital equipment.

# Leaders Limited

## Strategic Report (continued) For the Period Ended 31 December 2017

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### Principal risks and uncertainties

The residential letting and property management industry is highly competitive, particularly in areas where the private rental sector provides a higher than national average proportion of the property market. As a result the company faces constant competition within its core business.

The company monitors cash flow as part of its day to day control procedures. The board considers cash flow projections on a monthly basis and ensures that appropriate facilities are available to be drawn upon as necessary.

This report was approved by the board on 9 July 2018 and signed on its behalf.



**M E J Palmer**  
Director

# Leaders Limited

## Directors' Report For the Period Ended 31 December 2017

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The directors present their report and the financial statements for the period ended 31 December 2017.

### Results and dividends

The loss for the period, after taxation, amounted to £3,449,205 (2017 - £14,127,626).

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

### Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on pages 1-2 of these financial statements.

### Directors

The directors who served during the period were:

R J Churchill  
M J Derry  
A S Gill (appointed 3 April 2017)  
P Kavanagh (appointed 3 April 2017)  
M J Light  
P D Loverdos (appointed 3 April 2017)  
M E J Palmer (appointed 3 April 2017)  
A J Somers (resigned 1 February 2018)  
A Thompson  
P S Weller  
J Wilkinson

At 31 December 2017, a third party indemnity provision for the benefit of the company's directors was in force.

Subsequent to the year end M B Cook was appointed on 14 May 2018.

### Future developments

The directors are optimistic about the company's prospects over the next 12 months.

### Employee involvement

The company continues to operate an Internal Communications policy with the aim of engendering greater staff involvement in the business decisions of the company throughout all staff groups. This initiative is in line with the intent of employment legislation on consultation, which came in to effect in April 2006.

### 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.

# Leaders Limited

## Directors' Report (continued) For the Period Ended 31 December 2017

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### Clients' money balances

At the reporting date the company held amounts on behalf of clients totalling £73,227,209 (year ended 31 March 2017 - £69,940,206). All client funds are held in accordance with ARLA regulations (specifically ARLA Bylaw 3 - Client Accounts, Procedures, Requirements and Compliance) and tenant deposits are registered under the Tenancy Deposit and MyDeposits Schemes.

### 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.

### Auditor

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

This report was approved by the board on 9 July 2018 and signed on its behalf.



**M E J Palmer**  
Director

# **Leaders Limited**

## **Directors' Responsibilities Statement For the Period Ended 31 December 2017**

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments 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;
- 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.



# Leaders Limited

## Independent Auditor's Report to the Members of Leaders Limited

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### Opinion

We have audited the financial statements of Leaders Limited ("the company") for the period ended 31 December 2017 which comprise the statements of comprehensive income, the balance sheet, the statement of changes in equity and 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 2017 and of its loss for the period 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.

# Leaders Limited

## Independent Auditor's Report to the Members of Leaders Limited (continued)

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 period 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 directors' 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.

# Leaders Limited

## Independent Auditor's Report to the Members of Leaders Limited (continued)

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

### 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  
United Kingdom

9 July 2018

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

# Leaders Limited

## Statement of Comprehensive Income For the Period Ended 31 December 2017

|  | Note | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|--|------|---|-------------------------------------|
| Turnover   | 4    | 42,500,566  | 57,211,132                          |
| Administrative expenses  |      | (45,280,370)  | (74,991,456)                        |
| Other operating income   |      | -   | 1,149,635                           |
| <b>Operating profit before amortisation</b>                    |      | <b>6,611,843</b>                                    | <b>12,217,791</b>                   |
| Amortisation   | 11   | (9,391,647)   | (28,848,480)                        |
| <b>Operating loss</b>  | 5    | <b>(2,779,804)</b>                                  | <b>(16,630,689)</b>                 |
| Income from shares in group undertakings                       |      | (2,953,345)   | 8,836,482                           |
| Write down of investments in group undertakings                |      | 2,953,345   | (8,836,482)                         |
| Interest receivable and similar income                         | 8    | 1,218,978   | 1,569,867                           |
| Interest payable and similar charges                           | 9    | (553,727)   | (366,118)                           |
| Change in fair value of investments                            | 13   | 12,800  | 34,061                              |
| <b>Loss before tax</b>   |      | <b>(2,101,753)</b>                                  | <b>(15,392,879)</b>                 |
| Taxation on loss   | 10   | (1,347,452)   | 1,265,253                           |
| <b>Loss and total comprehensive income for the period/year</b> |      | <b><u>(3,449,205)</u></b>                           | <b><u>(14,127,626)</u></b>          |

The notes on pages 12 to 39 form part of these financial statements.

**Leaders Limited**  
Registered number: 01690574

**Balance Sheet**  
**As at 31 December 2017**

|   | Note | 31 December<br>2017<br>£ | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ | 31 March<br>2017<br>£    |
|---|------|--------------------------|--------------------------|-----------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                          |                          |                       |                          |
| Intangible assets                                       | 11   |                          | 33,793,478               |                       | 40,144,046               |
| Tangible assets   | 12   |                          | 7,267,443                |                       | 7,770,827                |
| Investments   | 13   |                          | 635,046                  |                       | 624,840                  |
|   |      |                          | <u>41,695,967</u>        |                       | <u>48,539,713</u>        |
| <b>Current assets</b>                                   |      |                          |                          |                       |                          |
| Stocks  | 14   | 58,540                   |                          | 155,994               |                          |
| Debtors   | 15   | 10,380,844               |                          | 8,899,936             |                          |
| Cash at bank and in hand                                |      | 5,284,264                |                          | 3,289,612             |                          |
|   |      | <u>15,723,648</u>        |                          | <u>12,345,542</u>     |                          |
| Creditors: amounts falling due within one year          | 16   | (22,478,124)             |                          | (9,920,422)           |                          |
| <b>Net current (liabilities)/assets</b>                 |      |                          | <u>(6,754,476)</u>       |                       | <u>2,425,120</u>         |
| <b>Total assets less current liabilities</b>            |      |                          | <u>34,941,491</u>        |                       | <u>50,964,833</u>        |
| Creditors: amounts falling due after more than one year | 17   |                          | (22,297,445)             |                       | (35,339,839)             |
| <b>Provisions for liabilities</b>                       |      |                          |                          |                       |                          |
| Deferred tax  | 18   |                          | (2,694,606)              |                       | (2,226,349)              |
| <b>Net assets</b>                                       |      |                          | <u><u>9,949,440</u></u>  |                       | <u><u>13,398,645</u></u> |
| <b>Capital and reserves</b>                             |      |                          |                          |                       |                          |
| Called up share capital                                 | 19   |                          | 1,000                    |                       | 1,000                    |
| Profit and loss account                                 |      |                          | 9,948,440                |                       | 13,397,645               |
| <b>Shareholder funds</b>                                |      |                          | <u><u>9,949,440</u></u>  |                       | <u><u>13,398,645</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

  
**M E J Palmer**  
Director

9 July 2018

The notes on pages 12 to 39 form part of these financial statements.

# Leaders Limited

## Statement of Changes in Equity For the Period Ended 31 December 2017

|   | Called up<br>share capital | Profit and<br>loss account | Shareholder<br>funds |
|---|----------------------------|----------------------------|----------------------|
|   | £                          | £                          | £                    |
| At 1 April 2017                           | 1,000                      | 13,397,645                 | 13,398,645           |
| Comprehensive income for the period       |                            |                            |                      |
| Loss for the period                       | -                          | (3,449,205)                | (3,449,205)          |
| Total comprehensive income for the period | -                          | (3,449,205)                | (3,449,205)          |
| At 31 December 2017                       | <u>1,000</u>               | <u>9,948,440</u>           | <u>9,949,440</u>     |

## Statement of Changes in Equity For the Year Ended 31 March 2017

|   | Called up<br>share capital | Profit and<br>loss account | Shareholder<br>funds |
|---|----------------------------|----------------------------|----------------------|
|   | £                          | £                          | £                    |
| At 1 April 2016                         | 1,000                      | 27,525,271                 | 27,526,271           |
| Comprehensive income for the year       |                            |                            |                      |
| Loss for the year                       | -                          | (14,127,626)               | (14,127,626)         |
| Total comprehensive income for the year | -                          | (14,127,626)               | (14,127,626)         |
| At 31 March 2017                        | <u>1,000</u>               | <u>13,397,645</u>          | <u>13,398,645</u>    |

The notes on pages 12 to 39 form part of these financial statements.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 1. General information

Leaders Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Leaders Romans Group Limited as at 31 December 2017 and these financial statements may be obtained from Crowthorne House, Nine Mile Ride, Wokingham, Berkshire, RG40 3GZ.

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

#### 2.4 Period of account

The results of these statements are shown for the 9 month period ended 31 December 2017 in order to bring the reporting period in line with the group. As such, results are not entirely comparable with comparative period.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.5 Turnover

Turnover represents the total amount of invoiced commissions and fees received in respect of managing properties on behalf of landlords, together with sales of goods and services from outside customers, it is disclosed net of value added tax. Commission and fees are recognised when invoices are raised for the service.

#### 2.6 Acquisition of new businesses

Upon the acquisition of new unincorporated businesses the trade, assets and liabilities are acquired directly by Leaders Limited and any excess of consideration paid over the fair value of the net assets acquired is treated as purchased goodwill and identifiable intangibles. When incorporated businesses are acquired, immediately after acquisition the trade, assets and liabilities are transferred to Leaders Limited and any excess of fair value over the original cost of the investment is treated as goodwill and identifiable intangibles.

#### 2.7 Intangible assets

##### Goodwill

Goodwill arises upon the acquisition of established trading businesses being either companies or unincorporated entities. Goodwill is calculated as the difference between the fair value of the consideration paid and the fair value of the net assets acquired. Goodwill is amortised through the statement of comprehensive income over the directors' estimate of its useful economic life of 2 to 7 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### Intangibles fixed assets and amortisation

Intangibles recognised separately from goodwill acquired as part of the acquisition of established trading businesses are recognised at fair value and are subsequently amortised on a straight line basis over their useful economic life.

|                        |                  |
|------------------------|------------------|
| Customer relationships | - over 7 years   |
| Brand                  | - over 1 year    |
| Non-compete            | - over 3 years   |
| Customer lists         | - over 0.5 years |
| Website and software   | - over 5 years   |

Useful economic lives of intangible assets are based on expected future cash flows.

#### 2.8 Website development costs

Where the company's websites are expected to generate future revenues in excess of the costs of developing those websites, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred.



# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                                  |                                |
|----------------------------------|--------------------------------|
| Leasehold properties             | - over the period of the lease |
| Motor vehicles                   | - 25% - 33%                    |
| Fixtures, fittings and equipment | - 20%                          |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### 2.11 Stocks

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.

#### 2.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 2.13 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.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.14 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 statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the 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.

#### 2.15 Creditors

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

#### 2.16 Finance costs

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

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.17 Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. 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 the statement of comprehensive income over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the statement of comprehensive income over the period of the lease and 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 the statement of comprehensive income on a straight-line basis over the term of the lease.

#### 2.18 Pensions

##### Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is 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.

#### 2.20 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 2. Accounting policies (continued)

#### 2.21 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. 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 on the basis of 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.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are not discounted.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company as a lessee are operating or finance leases. This decision depends 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.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. 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,

Other key sources of estimation uncertainty

- 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 the 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 goodwill and 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 revenue which are periodically renewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods.

### 4. Turnover

Turnover represents amounts derived from the provision of services which fall within the company's ordinary activities. The turnover all arises in the United Kingdom and is attributable solely to the company's principal activities.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 5. Operating loss

The operating loss is stated after charging/(crediting):

|   | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|---|---|-------------------------------------|
| Amortisation of intangible assets, including goodwill   | 9,391,647   | 28,848,480                          |
| Depreciation  | 1,676,544   | 2,488,753                           |
| Loss/(profit) on disposal of tangible assets  | 5,375   | (41,768)                            |
| Operating lease expense   | 2,251,124   | 2,837,515                           |
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | <u>23,920</u>                                       | <u>26,000</u>                       |

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.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 6. Employees

Staff costs were as follows:

|                       | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|-----------------------|---|-------------------------------------|
| Wages and salaries    | 18,791,487  | 25,557,873                          |
| Social security costs | 1,704,693   | 2,258,149                           |
| Pension costs         | 248,104   | 359,127                             |
|                       | <u>20,744,284</u>                                   | <u>28,175,149</u>                   |

The average monthly number of employees, including the directors, during the period was as follows:

|                               | 9 month<br>period<br>ended<br>31<br>December<br>2017<br>No. | Year<br>ended<br>31<br>March<br>2017<br>No. |
|-------------------------------|---|---|
| Administration and management | 557   | 488   |
| Sales                         | 600   | 696   |
|                               | <u>1,157</u>  | <u>1,184</u>                                |

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

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 7. Directors' remuneration

|                       | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|-----------------------|---|-------------------------------------|
| Directors' emoluments | 1,511,652   | 1,513,850                           |
| Pension contributions | 40,748  | 42,122                              |
|                       | <u>1,552,400</u>                                    | <u>1,555,972</u>                    |

Included in directors emoluments for the period are amounts totalling £59,725 (year ended 31 March 2017 - £Nil) which relate to compensation for loss of office.

During the period retirement benefits were accruing to 4 directors (year ended 31 March 2017 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £152,678 (year ended 31 March 2017 - £201,608).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,625 (year ended 31 March 2017 - £929).

### 8. Interest receivable and similar income

|  | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|--|---|-------------------------------------|
| Interest receivable from group companies | 13,561  | -                                   |
| Bank interest received                   | 1,205,417   | 1,569,867                           |
|  | <u>1,218,978</u>                                    | <u>1,569,867</u>                    |

### 9. Interest payable and similar charges

|  | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|--|---|-------------------------------------|
| Group interest payable                     | 356,484   | 100,948                             |
| Finance leases and hire purchase contracts | 197,243   | 265,170                             |
|  | <u>553,727</u>                                      | <u>366,118</u>                      |



# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 10. Taxation

|  | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|--|---|-------------------------------------|
| Current tax on losses for the period/year      | 1,219,567   | -                                   |
| Adjustments in respect of previous periods     | 6,422   | (105,595)                           |
| <b>Total current tax</b>                       | <b>1,225,989</b>                                    | <b>(105,595)</b>                    |
| <b>Deferred tax</b>                            |   |                                     |
| Origination and reversal of timing differences | 124,442   | (1,158,229)                         |
| Effect of tax rate change                      | -   | (1,429)                             |
| Adjustments in respect of prior years          | (2,979)   | -                                   |
| <b>Total deferred tax</b>                      | <b>121,463</b>                                      | <b>(1,159,658)</b>                  |
| <b>Taxation on loss on ordinary activities</b> | <b>1,347,452</b>                                    | <b>(1,265,253)</b>                  |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 10. Taxation (continued)

#### Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (year ended 31 March 2017 - higher than) the standard rate of corporation tax in the UK of 19% (year ended 31 March 2017 - 20%). The differences are explained below:

|  | 9 month<br>period ended<br>31 December<br>2017<br>£ | Year ended<br>31 March<br>2017<br>£ |
|--|---|-------------------------------------|
| Loss on ordinary activities before tax   | <u>(2,101,753)</u>                                  | <u>(15,392,879)</u>                 |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%) | (399,333)   | (3,078,575)                         |
| <b>Effects of:</b>   |   |                                     |
| Expenses not deductible for tax purposes   | 19,938  | 1,793,835                           |
| Income not deductible for tax purposes   | (2,796)   | (1,767,296)                         |
| Capital allowances for period/year in excess of depreciation   | 1,302,434   | 2,271,499                           |
| Deferred tax release on amortisation   | (40,334)  | (769,019)                           |
| Group relief claimed   | (11,246)  | (1,487,738)                         |
| Effect of tax rate change  | (32,671)  | 48,684                              |
| Adjustment in respect of prior periods   | 3,443   | (105,595)                           |
| Other tax adjustments, reliefs and transfers   | (6,374)   | (15,786)                            |
| Fixed asset timing differences not recognised  | 514,391   | 1,844,738                           |
| <b>Total tax charge for the period/year</b>  | <u><b>1,347,452</b></u>                             | <u><b>(1,265,253)</b></u>           |

#### Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on the rates substantively enacted at the date of the balance sheet.

## Leaders Limited

### Notes to the Financial Statements For the Period Ended 31 December 2017

#### 11. Intangible asset

|                       | Brand names<br>£ | Customer lists<br>£ | Non-compete agreement<br>£ | Customer relationships<br>£ | Purchased goodwill<br>£ | Website and software<br>£ | Total<br>£        |
|-----------------------|------------------|---------------------|----------------------------|-----------------------------|-------------------------|---------------------------|-------------------|
| <b>Cost</b>           |                  |                     |                            |                             |                         |                           |                   |
| At 1 April 2017       | 3,028,737        | 537,622             | 154,002                    | 15,464,471                  | 78,644,755              | 677,020                   | 98,506,607        |
| Additions             | 307,081          | 173,284             | -                          | 1,463,529                   | 1,100,879               | 17,690                    | 3,062,463         |
| Disposals             | -                | -                   | -                          | (20,686)                    | -                       | (127,854)                 | (148,540)         |
| At 31 December 2017   | 3,335,818        | 710,906             | 154,002                    | 16,907,314                  | 79,745,634              | 566,856                   | 101,420,530       |
| <b>Amortisation</b>   |                  |                     |                            |                             |                         |                           |                   |
| At 1 April 2017       | 2,761,800        | 533,279             | 37,832                     | 3,730,670                   | 51,018,098              | 280,882                   | 58,362,561        |
| Charge for the period | 356,179          | 94,547              | 38,536                     | 1,798,657                   | 7,021,662               | 82,066                    | 9,391,647         |
| On disposals          | -                | -                   | -                          | -                           | -                       | (127,156)                 | (127,156)         |
| At 31 December 2017   | 3,117,979        | 627,826             | 76,368                     | 5,529,327                   | 58,039,760              | 235,792                   | 67,627,052        |
| <b>Net book value</b> |                  |                     |                            |                             |                         |                           |                   |
| At 31 December 2017   | <u>217,839</u>   | <u>83,080</u>       | <u>77,634</u>              | <u>11,377,987</u>           | <u>21,705,874</u>       | <u>331,064</u>            | <u>33,793,478</u> |
| At 31 March 2017      | <u>266,937</u>   | <u>4,343</u>        | <u>116,170</u>             | <u>11,733,801</u>           | <u>27,626,657</u>       | <u>396,138</u>            | <u>40,144,046</u> |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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### 11. Intangible assets (continued)

As part of the rationalisation of the company, the traders of Bulmer Estates Limited, MBM Management Limited, Prescott Hall Limited, City Lettings (Norwich) Limited and J South Limited were transferred into Leaders Limited. As a result, the investments in Bulmer Estates Limited, MBM Management Limited, Prescott Hall Limited, City Lettings (Norwich) Limited and J South 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.

The effect of this transaction is that there is £24,717,508 (year ended 31 March 2017 - £30,195,844) of goodwill and intangibles on the company's balance sheet at 31 December 2017 that would not otherwise have arisen.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 12. Tangible fixed assets

|                                       | Leasehold<br>properties<br>£ | Motor<br>vehicles<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Total<br>£        |
|---------------------------------------|------------------------------|------------------------|---|-------------------|
| <b>Cost or valuation</b>              |                              |                        |   |                   |
| At 1 April 2017                       | 2,429,100                    | 4,982,485              | 9,596,709                                   | 17,008,294        |
| Additions                             | 474,811                      | -                      | 842,000                                     | 1,316,811         |
| Disposals                             | -                            | (149,652)              | (4,350,609)                                 | (4,500,261)       |
| Transfers between classes             | -                            | (30,572)               | -   | (30,572)          |
| At 31 December 2017                   | <u>2,903,911</u>             | <u>4,802,261</u>       | <u>6,088,100</u>                            | <u>13,794,272</u> |
| <b>Depreciation</b>                   |                              |                        |   |                   |
| At 1 April 2017                       | 1,027,388                    | 1,721,990              | 6,488,089                                   | 9,237,467         |
| Charge for the period on owned assets | 279,310                      | 503,522                | 893,712                                     | 1,676,544         |
| Disposals                             | -                            | (76,959)               | (4,298,427)                                 | (4,375,386)       |
| Transfers between classes             | -                            | (11,796)               | -   | (11,796)          |
| At 31 December 2017                   | <u>1,306,698</u>             | <u>2,136,757</u>       | <u>3,083,374</u>                            | <u>6,526,829</u>  |
| <b>Net book value</b>                 |                              |                        |   |                   |
| At 31 December 2017                   | <u>1,597,213</u>             | <u>2,665,504</u>       | <u>3,004,726</u>                            | <u>7,267,443</u>  |
| At 31 March 2017                      | <u>1,401,712</u>             | <u>3,260,495</u>       | <u>3,108,620</u>                            | <u>7,770,827</u>  |

The net book value of tangible assets includes £2,624,820 (year ended 31 March 2017 - £3,160,754) of assets held under hire purchase agreements. The related depreciation charge for these assets for the period was £419,792 (year ended 31 March 2017 - £699,084).

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 13. Fixed asset investments

|   | Group<br>undertakings<br>£ | Other<br>investments<br>£ | Total<br>£     |
|---|----------------------------|---------------------------|----------------|
| <b>Cost or valuation</b>                    |                            |                           |                |
| At 1 April 2017                             | 525,140                    | 99,700                    | 624,840        |
| Changes in fair value of listed investments | -                          | 12,800                    | 12,800         |
| Disposals                                   | (2,594)                    | -                         | (2,594)        |
| At 31 December 2017                         | <u>522,546</u>             | <u>112,500</u>            | <u>635,046</u> |
| <b>Net book value</b>                       |                            |                           |                |
| At 31 December 2017                         | <u>522,546</u>             | <u>112,500</u>            | <u>635,046</u> |
| At 31 March 2017                            | <u>525,140</u>             | <u>99,700</u>             | <u>624,840</u> |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

| Name   | Class of shares | Holding | Principal activity  |
|--|-----------------|---------|---------------------|
| Leaders Sales Limited                        | Ordinary        | 100 %   | Property sales      |
| Elldae Franchising Limited                   | Ordinary        | 100 %   | Management services |
| Principal Property Services Limited          | Ordinary        | 100 %   | Dormant             |
| Shoreline Properties (Ocean Village) Limited | Ordinary        | 100 %   | Dormant *           |
| JSM Property Management Limited              | Ordinary        | 100 %   | Dormant             |
| Browns Property Services (Surrey) Limited    | Ordinary        | 100 %   | Dormant *           |
| Brian Smith Property Management Limited      | Ordinary        | 100 %   | Dormant             |
| Saxon Management (New Milton) Limited        | Ordinary        | 100 %   | Dormant             |
| Saxon Management (Christchurch) Limited      | Ordinary        | 100 %   | Dormant             |
| Goddard & Co Rentals Limited                 | Ordinary        | 100 %   | Dormant             |
| Goddard & Co Rentals (Felixstowe) Limited    | Ordinary        | 100 %   | Dormant             |
| Goddard & Co Rentals (Mid-Suffolk) Limited   | Ordinary        | 100 %   | Dormant             |
| Bush Property Management Limited             | Ordinary        | 100 %   | Dormant             |
| Lloyds Property Agents Limited               | Ordinary        | 100 %   | Dormant             |
| Spinnaker Residential Limited                | Ordinary        | 100 %   | Dormant             |
| Oaks Property UK Limited                     | Ordinary        | 100 %   | Dormant             |
| Alexanders Residential Lettings Limited      | Ordinary        | 100 %   | Dormant             |
| Temples Property Management (BSE) Limited    | Ordinary        | 100 %   | Dormant             |
| Swan Residential Limited                     | Ordinary        | 100 %   | Dormant             |
| Brookes Hall Limited                         | Ordinary        | 100 %   | Dormant             |
| Isherwoods Residential Limited               | Ordinary        | 100 %   | Dormant             |
| Mitchell & Perryer Limited                   | Ordinary        | 100 %   | Dormant             |
| QB Management Limited                        | Ordinary        | 100 %   | Dormant             |
| Simply Lets Limited                          | Ordinary        | 100 %   | Dormant             |
| Lynda Paine Lettings Limited                 | Ordinary        | 100 %   | Dormant             |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

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|  |          |       |           |
|--|----------|-------|-----------|
| Waterside Properties (Poole) Limited         | Ordinary | 100 % | Dormant   |
| Leaders Waterside Properties Limited         | Ordinary | 100 % | Dormant   |
| Perry Bishop and Chambers Limited            | Ordinary | 100 % | Dormant   |
| IMS Lettings Limited                         | Ordinary | 100 % | Dormant   |
| Aston Mead Estate Agents Limited             | Ordinary | 100 % | Dormant   |
| Town & Country (Holdings) Limited            | Ordinary | 100 % | Dormant   |
| CT Trading Limited                           | Ordinary | 100 % | Dormant   |
| Leeco (Buckingham) Limited                   | Ordinary | 100 % | Dormant   |
| Heritage Property (Leamington Spa) Limited   | Ordinary | 100 % | Dormant   |
| Gilles Fullerton (East Anglia) Limited       | Ordinary | 100 % | Dormant   |
| Tudor Property Consultants Limited           | Ordinary | 100 % | Dormant   |
| Premier Places Limited                       | Ordinary | 100 % | Dormant   |
| Homesearch Property Management               | Ordinary | 100 % | Dormant   |
| Minchin Fellows Limited                      | Ordinary | 100 % | Dormant   |
| Leaders MA (Holdings) Limited                | Ordinary | 100 % | Dormant   |
| Allen Estates Limited                        | Ordinary | 100 % | Dormant   |
| Watson Blackburn Limited                     | Ordinary | 100 % | Dormant   |
| Bulmer Estates Limited                       | Ordinary | 100 % | Dormant   |
| MBM Management Limited                       | Ordinary | 100 % | Dormant   |
| Prescott Hall Limited                        | Ordinary | 100 % | Dormant   |
| City Lettings (Norwich) Limited              | Ordinary | 100 % | Dormant   |
| J South Limited                              | Ordinary | 100 % | Dormant   |
| Grants' Property Management Limited          | Ordinary | 100 % | Dormant * |
| Taylor Robinson Rentals Limited              | Ordinary | 100 % | Dormant * |
| Coast & Country Residential Lettings Limited | Ordinary | 100 % | Dormant * |
| JML Residential Lettings Limited             | Ordinary | 100 % | Dormant * |
| Indigo Sales & Lettings Limited              | Ordinary | 100 % | Dormant * |
| Darwoods Property Services Limited           | Ordinary | 100 % | Dormant * |
| Hobbits Property Management Limited          | Ordinary | 100 % | Dormant * |



# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

|  |          |       |           |
|--|----------|-------|-----------|
| Drummond of Godalming Limited            | Ordinary | 100 % | Dormant * |
| CPM Holdings Limited                     | Ordinary | 100 % | Dormant * |
| Oak Residential Limited                  | Ordinary | 100 % | Dormant * |
| Hometrax Limited                         | Ordinary | 100 % | Dormant * |
| Accent Property Management Limited       | Ordinary | 100 % | Dormant * |
| Haines & Co Limited                      | Ordinary | 100 % | Dormant * |
| Burns Property Management Limited        | Ordinary | 100 % | Dormant * |
| KR Letting Services Limited              | Ordinary | 100 % | Dormant * |
| The Letting Shop Limited                 | Ordinary | 100 % | Dormant * |
| Vernon Property Management Limited       | Ordinary | 100 % | Dormant * |
| Clarendon Letting and Management Limited | Ordinary | 100 % | Dormant * |

The registered address of the above direct subsidiary undertakings is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ.

\*Subsidiary undertakings dissolved subsequent to the period end.

### Indirect Subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

| Name   | Class of shares | Holding | Principal activity |
|--|-----------------|---------|--------------------|
| Lloyds Property Agents (Ashton) Limited              | Ordinary        | 100 %   | Dormant            |
| Lloyds Property Agents (Wigan) Limited               | Ordinary        | 100 %   | Dormant            |
| Town & Country Property Services (Worcester) Limited | Ordinary        | 100 %   | Dormant            |
| T&C (Lettings) Limited                               | Ordinary        | 100 %   | Dormant            |
| Leaders MA (BSE) Limited                             | Ordinary        | 100 %   | Dormant            |
| Watson Mitchell Limited                              | Ordinary        | 100 %   | Dormant            |
| Ideal Homes (Bedford) Limited                        | Ordinary        | 100 %   | Dormant            |
| County Property Management Limited                   | Ordinary        | 100 %   | Dormant *          |
| Oak Estates Limited                                  | Ordinary        | 100 %   | Dormant *          |

The registered address for the above indirect subsidiary undertakings is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ.

\*Subsidiary undertakings dissolved subsequent to the period end.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 14. Stocks

|                                  | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ |
|----------------------------------|--------------------------|-----------------------|
| Promotional stock and stationery | <u>58,540</u>            | <u>155,994</u>        |

### 15. Debtors

|                                    | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ |
|------------------------------------|--------------------------|-----------------------|
| Trade debtors                      | 50,502                   | 41,757                |
| Other debtors                      | 407,851                  | 713,938               |
| Prepayments and accrued income     | 2,904,160                | 2,110,123             |
| Amounts owed by group undertakings | 7,018,331                | 5,819,674             |
| Tax recoverable                    | -                        | 214,444               |
|                                    | <u>10,380,844</u>        | <u>8,899,936</u>      |

All amounts shown under debtors fall due for payment within one year.

### 16. Creditors: amounts falling due within one year

|   | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ |
|---|--------------------------|-----------------------|
| Trade creditors   | 2,700,483                | 1,204,054             |
| Amounts owed to subsidiary undertakings                     | 2,506,397                | 2,286,759             |
| Amounts owed to group undertakings                          | 10,456,852               | 1,103,345             |
| Corporation tax   | 1,063,716                | -                     |
| Other taxation and social security                          | 1,019,631                | 2,038,233             |
| Accruals and deferred income                                | 2,159,737                | 1,976,666             |
| Other creditors   | 603,949                  | 243,082               |
| Obligations under finance lease and hire purchase contracts | 1,967,359                | 1,068,283             |
|   | <u>22,478,124</u>        | <u>9,920,422</u>      |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 17. Creditors: amounts falling due after more than one year

|  | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ |
|--|--------------------------|-----------------------|
| Net obligations under finance leases and hire purchase contracts | 661,548                  | 2,092,490             |
| Amounts owed to group undertakings                               | 21,635,897               | 33,247,349            |
|  | <u>22,297,445</u>        | <u>35,339,839</u>     |

Creditors falling due after more than one year at the reporting date may be further analysed as follows:

#### Maturity of debt:

|   | Parent<br>company<br>31 December<br>2017<br>£ | Hire<br>purchase<br>31 December<br>2017<br>£ | Total<br>31 December<br>2017<br>£ |
|---|---|--|-----------------------------------|
| In one year or less, on demand                      | -   | 1,967,359                                    | 1,967,359                         |
| In more than one year but not more than two years   | -   | 504,578                                      | 504,578                           |
| In more than two years but not more than five years | -   | 156,969                                      | 156,969                           |
| In more than five years                             | 21,635,897                                    | -  | 21,635,897                        |
|   | <u>21,635,897</u>                             | <u>2,628,906</u>                             | <u>24,264,803</u>                 |

|   | Parent<br>company<br>31 March<br>2017<br>£ | Hire<br>purchase<br>31 March<br>2017<br>£ | Total<br>31 March<br>2017<br>£ |
|---|--|---|--------------------------------|
| In one year or less, on demand                      | -  | 1,068,283                                 | 1,068,283                      |
| In more than one year but not more than two years   | -  | 1,501,907                                 | 1,501,907                      |
| In more than two years but not more than five years | -  | 590,583                                   | 590,583                        |
| In more than five years                             | 33,247,349                                 | -   | 33,247,349                     |
|   | <u>33,247,349</u>                          | <u>3,160,773</u>                          | <u>36,408,122</u>              |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 18. Deferred taxation

|                                  | 31 December<br>2017<br>£  |
|----------------------------------|---------------------------|
| At beginning of period           | (2,226,349)               |
| Charged to profit or loss        | (121,463)                 |
| Arising on business combinations | (346,794)                 |
| <b>At end of period</b>          | <b><u>(2,694,606)</u></b> |

The provision for deferred taxation is made up as follows:

|                                | 31 December<br>2017<br>£ | 31 March<br>2017<br>£   |
|--------------------------------|--------------------------|-------------------------|
| Accelerated capital allowances | (203,130)                | (364,927)               |
| Tax losses carried forward     | 2,897,736                | 2,591,276               |
|                                | <b><u>2,694,606</u></b>  | <b><u>2,226,349</u></b> |

### 19. Share capital

|   | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ |
|---|--------------------------|-----------------------|
| <b>Allotted, called up and fully paid</b> |                          |                       |
| 100,000- ordinary shares of £0.01 each    | <b><u>1,000</u></b>      | <b><u>1,000</u></b>   |

### 20. Reserves

The company's capital and reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value of the shares issued.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 21. Acquisitions

#### *Acquisition of City Lettings (Norwich) Limited*

On 15 November 2017 the company acquired the entire share capital of City Lettings (Norwich) Limited for a cash consideration of £1,035,309 (including expenses of £8,443). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below.

|  | Book value<br>£ | Fair value<br>adjustment<br>£ | Fair value<br>£  |
|--|-----------------|-------------------------------|------------------|
| <b>Fixed assets</b>                            |                 |                               |                  |
| Customer relationships                         | -               | 387,393                       | 387,393          |
| Customer lists                                 | -               | 32,154                        | 32,154           |
| Brand  | -               | 51,717                        | 51,717           |
| <b>Current assets</b>                          |                 |                               |                  |
| Debtors  | 19,176          | -                             | 19,176           |
| Cash   | 297,402         | -                             | 297,402          |
| <b>Total assets</b>                            | <b>316,578</b>  | <b>471,264</b>                | <b>787,842</b>   |
| Creditors                                      | (19,712)        | -                             | (19,712)         |
| Deferred tax                                   | -               | (84,602)                      | (84,602)         |
| <b>Net assets</b>                              | <b>296,866</b>  | <b>386,662</b>                | <b>683,528</b>   |
| Cash consideration (including expenses £8,443) |                 |                               | <b>1,035,309</b> |
| Net assets acquired                            |                 |                               | <b>(683,528)</b> |
| Goodwill arising on acquisition                |                 |                               | <b>351,781</b>   |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 21. Acquisitions (continued)

#### *Acquisition of J South Limited*

On 7 December 2017 the company acquired the entire share capital of City Lettings (Norwich) Limited for a cash consideration of £952,287 (including expenses of £8,009). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below.

|  | Book value<br>£ | Fair value<br>adjustment<br>£ | Fair value<br>£  |
|--|-----------------|-------------------------------|------------------|
| <b>Fixed assets</b>                            |                 |                               |                  |
| Tangible fixed assets                          | 35,684          | -                             | 35,684           |
| Customer relationships                         | -               | 274,550                       | 274,550          |
| Customer lists                                 | -               | 38,379                        | 38,379           |
| Brand  | -               | 98,198                        | 98,198           |
| <b>Current assets</b>                          |                 |                               |                  |
| Debtors  | 233,390         | -                             | 233,390          |
| Cash   | 158,394         | -                             | 158,394          |
| <b>Total assets</b>                            | <b>427,468</b>  | <b>411,127</b>                | <b>838,595</b>   |
| Creditors                                      | (109,882)       | -                             | (109,882)        |
| Deferred tax                                   | (2,919)         | (74,632)                      | (77,551)         |
| <b>Net assets</b>                              | <b>314,667</b>  | <b>336,495</b>                | <b>651,162</b>   |
| Cash consideration (including expenses £8,009) |                 |                               | <b>952,287</b>   |
| Net assets acquired                            |                 |                               | <b>(651,162)</b> |
| Goodwill arising on acquisition                |                 |                               | <b>301,125</b>   |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 21. Acquisitions (continued)

#### *Acquisition of MBM Management Limited*

On 5 July 2017 the company acquired the entire share capital of MBM Management Limited for a cash consideration of £526,292 (including expenses of £8,533). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below.

|  | Book value<br>£  | Fair value<br>adjustment<br>£ | Fair value<br>£  |
|--|------------------|-------------------------------|------------------|
| <b>Fixed assets</b>                            |                  |                               |                  |
| Customer relationships                         | -                | 336,807                       | 336,807          |
| Customer lists                                 | -                | 54,826                        | 54,826           |
| Brand  | -                | 66,900                        | 66,900           |
| <b>Current assets</b>                          |                  |                               |                  |
| Debtors  | 1,000            | -                             | 1,000            |
| Cash   | (14,728)         | -                             | (14,728)         |
| <b>Total assets</b>                            | <b>(13,728)</b>  | <b>458,533</b>                | <b>444,805</b>   |
| Creditors                                      | (108,513)        | -                             | (108,513)        |
| Deferred tax                                   | -                | (82,861)                      | (82,861)         |
| <b>Net assets</b>                              | <b>(122,241)</b> | <b>375,672</b>                | <b>253,431</b>   |
| Cash consideration (including expenses £8,533) |                  |                               | <b>526,292</b>   |
| Net assets acquired                            |                  |                               | <b>(253,431)</b> |
| Goodwill arising on acquisition                |                  |                               | <b>272,861</b>   |

# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 21. Acquisitions (continued)

#### *Non-significant acquisitions*

The company acquired the entire share capital of Prescott Hall Limited; Bulmer Estates Limited and the residential lettings and management and residential agency business of HPM Sales and Letting Agency MBM Management Limited for a combined cash consideration of £617,913 (including combined expenses of £11,962). The book and fair value of the assets acquired, and the resulting goodwill arising is shown in the table below.

|   | Book value<br>£ | Fair value<br>adjustment<br>£ | Fair value<br>£  |
|---|-----------------|-------------------------------|------------------|
| <b>Fixed assets</b>                             |                 |                               |                  |
| Customer relationships                          | -               | 464,779                       | 464,779          |
| Customer lists                                  | -               | 47,925                        | 47,925           |
| Brand   | -               | 69,577                        | 69,577           |
| <b>Current assets</b>                           |                 |                               |                  |
| Debtors   | 20,643          | -                             | 20,643           |
| Cash  | 7,017           | -                             | 7,017            |
| <b>Total assets</b>                             | <b>27,660</b>   | <b>582,281</b>                | <b>609,941</b>   |
| Creditors                                       | (61,709)        | -                             | (61,709)         |
| Deferred tax                                    | (1,050)         | (104,699)                     | (105,749)        |
| <b>Net assets</b>                               | <b>(35,099)</b> | <b>477,582</b>                | <b>442,483</b>   |
| Cash consideration (including expenses £11,962) |                 |                               | <b>617,913</b>   |
| Net assets acquired                             |                 |                               | <b>(442,483)</b> |
| Goodwill arising on acquisition                 |                 |                               | <b>175,430</b>   |

### 22. 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 £126,734,000 (31 March 2017 - £128,536,226).



# Leaders Limited

## Notes to the Financial Statements For the Period Ended 31 December 2017

### 23. Pension commitments

The company operates a money purchase pension scheme and also funds a number of private money purchase schemes. The assets of these schemes are held separately from those of the company in independently administered funds.

The pension charge for the period of £248,104 (year ended 31 March 2017 - £359,127) represents the aggregate contributions payable by the company to the schemes of which £57,634 (year ended 31 March 2017 - £59,927) were outstanding at 31 December 2017 and are included in accruals.

### 24. Clients' money balances

|                                   | 31<br>December<br>2017<br>£ | 31 March<br>2017<br>£ |
|-----------------------------------|-----------------------------|-----------------------|
| Amounts held on behalf of clients | 73,227,209                  | 69,940,206            |
| Amounts due to clients            | (73,227,209)                | (69,940,206)          |
|                                   | <u>-</u>                    | <u>-</u>              |

### 25. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 31 December<br>2017<br>£ | 31 March<br>2017<br>£ |
|--|--------------------------|-----------------------|
| Not later than 1 year                        | 2,744,186                | 2,821,483             |
| Later than 1 year and not later than 5 years | 8,488,941                | 8,389,731             |
| Later than 5 years                           | 4,746,526                | 4,864,838             |
|  | <u>15,979,653</u>        | <u>16,076,052</u>     |

### 26. 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.

# **Leaders Limited**

## **Notes to the Financial Statements For the Period Ended 31 December 2017**

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### **27. Ultimate parent company and controlling party**

At 31 December 2017, the company was a subsidiary of Leaders Lettings Trading Limited. The company's ultimate parent company was The Leaders Romans Group Limited.

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 The Romans Group (UK) 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.