

Registered number: 01690574

**Leaders Limited**  
**Annual Report and Financial Statements**  
**For the year ended 31 December 2020**

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Leaders Limited

## Company information

<b>Directors</b>	P L Aitchison M B Cook P Kavanagh M J Light A Thompson P S Weller
<b>Company secretary</b>	P L Aitchison
<b>Registered number</b>	01690574
<b>Registered office</b>	Crowthorne House Nine Mile Ride Wokingham Berkshire RG40 3GZ
<b>Independent auditor</b>	Grant Thornton UK LLP 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

Leaders Limited

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Leaders Limited

## Strategic Report

The directors present their report together with the audited financial statements for the year ended 31 December 2020. The comparatives are for the year ended 31 December 2019.

### 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 directors have continued to adapt in 2020 and have addressed a number of significant challenges – the largest being the impact of the first national lockdown due to the global Covid-19 pandemic.

The directors have responded to the pandemic with a number of initiatives to ensure we strengthen our business and service offering to our customers. One of these initiatives is the ongoing acquisition of high quality businesses which will enable the Company and Group to continue the focus on growth and the expansion of its portfolio and customer offering.

During the year the company completed two acquisitions – Outlook Property Limited was acquired in March 2020 and continued to operate as a standalone company at the year end and Lenwell Limited was acquired in October 2020, with the business transferring to Leaders Limited on acquisition.

During the first national lockdown, all of our branches were closed from 23 March 2020 until 13 May 2020. Following the easing of restrictions in May 2020, the housing market was one of the first sectors of the economy to reopen. Activities within the sales market were buoyed from both an element of pent up demand and the creation of the Stamp Duty Holiday. In every subsequent restriction or lockdown the housing market has remained open. Customers have been able to move home since the end of May-2020 and our branch network has remained open but operating in a Covid secure way.

The Company has made use of various Government grants and support made available as a result of Covid-19. Branches started reopening in accordance with government guidelines towards the end of May 2020. Staff that were not furloughed as a result of the pandemic were able to fulfil their duties remotely. Customers were unable to view properties or move house from 23 March 2020 until the end of May 2020.

The Company utilised the following Covid-19 schemes:

- Coronavirus Job Retention Scheme: All our branches were forced to close from 23 March 2020, and reopened at various stages towards the end of May 2020 due to the lockdown imposed by the UK government at the time. The Company furloughed numerous staff at the time as they were unable to fulfil their usual duties during the lockdown period. Most staff returned to normal work by the end of July 2020 as the housing market improved.
- VAT deferral scheme: The Group reached an agreement with HMRC to defer VAT and certain PAYE payments in 2020 and repay them throughout 2021.
- Business Rates Holiday: The Company has benefitted from the Retail, Hospitality & Leisure Business Rate Holiday scheme and has not been charged rates for a large number of our branches.
- Retail, Hospitality & Leisure Grants: The UK government made available grants monies via local councils for small business rate payers which has benefited the Company.

Leaders Limited

## Strategic Report (continued)

There were some fundamental shifts in the housing and lettings industry, mainly the increased use of virtual viewings and a shift away from city centre apartment living towards out of city centres driven by increased working from home and the desire for additional bedrooms/work spaces as well as outdoor space. The Company been in a position to gain from this shift due to its portfolio location which lends itself to outer city/suburbs as opposed to central London/inner city living.

### Financial review

During the year ended 31 December 2020, the company's revenue was £60,763,915, compared to £59,354,341 for the year ended 31 December 2019. The operating profit before amortisation for the year ended 31 December 2020 was £10,204,918, compared to £7,346,327 for the year ended 31 December 2019. The profit before taxation for the year ended 31 December 2020 was £1,311,013 compared to a loss of £2,176 for the year ended 31 December 2019.

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 2020 held cash of £33,695,525 (31 December 2019 - £8,250,922).

### 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 years ended 31 December 2020 and 31 December 2019 are shown below:

	Year to 31 December 2020	Year to 31 December 2019
Revenue	<b>£60,763,915</b>	£59,354,341
Operating profit before amortisation	<b>£10,204,918</b>	£7,346,327
Lettings Properties under management (no.)	<b>40,602</b>	38,395
Properties let (no.)	<b>16,061</b>	14,569

The increase in each of the KPI's compared to the prior year reflects the ongoing acquisition strategy of the company, offset partly in the year by the impact of the Covid-19 pandemic, particularly the first lockdown period during which our branches were closed and restrictions on home moves were in place.

Leaders Limited

## Strategic Report (continued)

### Principal risks and uncertainties

The company is exposed to a variety of 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 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. Cash flow projections are reviewed by the Board every month.

Covid-19 has also given rise to risk and uncertainty. Transactional income reduced during the first national lockdown, and should a similar lockdown be put into place in the future, revenues would take a similar hit. That said, it appears the UK government is keen to support the housing market through stamp duty holidays, and during all subsequent lockdowns and restrictions the housing market has remained open.

The company is required to comply with various legal and regulatory requirements, both as an employer and through the provision of services to customers. Any breach of these requirements could expose the company to sanctions and/or reputational risk. The Group has a compliance department to monitor compliance with legal and regulatory requirements and has put in place appropriate policies and procedures, including training, to ensure employees are aware of applicable rules and requirements. There is a strong focus on the delivery of a high level of service to the Group's customers.

The company's employees are key to its ability to deliver a high level of service to its customers and to enable it to grow successfully. There is a risk that the company may not be able to recruit or retain sufficient staff to deliver these objectives. Some of the activities undertaken by the Group to mitigate this risk are included in the Group's s.172 Statement below.

### **s.172 Companies Act 2006 Statement and Statement of engagement with suppliers, customers and others:**

The Leaders Romans Group ("LRG") is one of the UK's largest property services groups - formed by the merger of three well-respected, established brands; Leaders, Romans and Boyer.

Backed by leading private equity firm, Bowmark Capital, we have a network of over 160 branches across the country and employ over 2,100 people.

Leaders Limited

## **Strategic Report (continued)**

LRG depends on the trust and confidence of its stakeholders to operate sustainably in the long term. The Group seeks to put its customers' best interests first, invests in its employees, supports the communities in which it operates and strives to generate sustainable profits for its investors.

The directors acknowledge their duty under s.172 of the Companies Act 2006 and consider that they have both, individually and collectively, acted in the way that, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so, they have had regard, amongst other matters to:

### **The likely consequences of any decision on the long term**

The LRG Board meets on a regular basis to assess and review the performance and the strategic direction of the company. The Board is conscious that these strategic decisions will impact on the long term success of the business, employee and stakeholder engagement as well as on the environment and local communities.

### **The Interests of the Group's Employees**

We believe that our strength lies in our people and in our strong company values. The board has a keen interest in the development and morale of the employees through the oversight of our key recruitment, training and retention policies and our quarterly recognition and award schemes.

The CEO hosts regular two way feedback sessions where employees are encouraged to submit any questions or concerns for the Board's consideration. This enables the board to hear from and interact with all levels of the business.

The company has invested in an Employee Assistance Programme, Employee Care, which accessible to all permanent members of staff via a 24/7 helpline. All employees are able to access confidential counselling, financial and legal telephone advice from an independent consultant as well as guidance on a range of every day issues. In addition the company is further investing in the mental health and wellbeing of its employees and has trained three mental health first aiders within the business who an employee is able to contact in confidence should they wish to reach out for additional support.

### **The Company's Business Relationships**

We believe that the success of LRG is dependent on maintaining strong relationships with our key stakeholders:

#### **Customers**

Our customers and clients range from individuals wishing to sell or rent their property, through to corporate organisations and national house builders. We pride ourselves on being able to tailor the services we provide to meet their individual requirements. Our customers' needs are at the forefront of all of our strategic decision making processes. Policies are in place to ensure customers are treated fairly and the relationships are fundamental to our continued success.

Landlord and tenant needs are serviced by dedicated teams within the Group who undergo rigorous and ongoing training, from the staff in branch to property managers who oversee the requirements

Leaders Limited

## **Strategic Report (continued)**

of both the landlord and the tenant. The Group is a member of ARLA and all client monies are subject to strict annual audits and protected by the rules of the ARLA body.

### **Suppliers**

There is a limited supply chain given the nature of the work undertaken by the Group. However the Group does have a procurement department who oversee all supply contracts and tender contracts where appropriate.

The majority of our suppliers are UK based, although some do have an offshore element where people are employed to deliver manual operational processes and IT solutions. The vast majority of our suppliers are small companies, partnerships or sole traders. We take a collaborative approach when working with our suppliers to ensure that we are working together towards a common strategy to deliver success for all parties.

### **The Impact of the Company's Operations on the Community and the Environment**

The Group is conscious of the environmental impact of its' business activities and is passionate about the environment and are committed to meeting our environmental responsibilities and forging a reputation for excellence in this area. We promote good practice across all of our disciplines aiming to reduce the negative effects our business and supply chains have on the environment.

Our objective is to minimise our impact on the environment by preventing pollution, eliminating any activities that may have an adverse effect on the environment, working in a socially responsible manner and always considering the impact of our actions on the community. A key area of focus is the introduction of virtual viewings which reduce the need for both employees and customers to travel to and from appointments.

We've worked to reduce not only the amount of paper and other resources we as a business consume, but also to promote a green ethos across the schools and community groups we work with in order to ensure the future generation in our local area understand the importance of protecting their environment.

In order to support the local community, the group continues to take steps to support charities and communities through a variety of schemes. Each of our brands work with official charity partners and have gone above and beyond in their fundraising efforts.

### **Maintaining our Reputation**

LRG is passionate about maintaining our reputation for high standards of business conduct. We are aware that the group's reputation could be adversely affected by unsatisfactory levels of customer service and we are conscious how important it is for our customers to receive first class levels of customer support. We have mechanisms in place in order to address and resolve any customer issues.

### **The need to act fairly between members of the Company**

Our intention is to behave responsibly towards our stakeholders (including investors, customers, employees and suppliers) and treat them fairly and equally so that they may benefit from the successful delivery of our strategic objectives.



Leaders Limited

## **Strategic Report (continued)**

### **Approval**

This strategic report was approved on behalf of the Board on 21 May 2021

A handwritten signature in black ink that reads "Paul Aitchison". The signature is written in a cursive, slightly slanted style.

P L Aitchison  
Director

Leaders Limited

## **Directors' Report for the year ended 31 December 2020**

The directors present their report together with the audited financial statements for the year ended 31 December 2020. Comparative information is provided for the year ended 31 December 2019 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 4-9 of these financial statements.

### **Results and dividends**

The profit and loss account is set out on page 18 and shows the profit for the year. No dividends were paid during the year.

The directors do not recommend the payment of a dividend (year ended 31 December 2019 - £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:

P L Aitchison (appointed 13 January 2020)  
M B Cook  
P Kavanagh  
M J Light  
M E J Palmer (resigned 13 January 2020)  
A Thompson  
P S Weller

At 31 December 2020, third party indemnity provision for the benefit of the company's directors was in force.

### **Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

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## **Directors' Report for the year ended 31 December 2020 (continued)**

### **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.

### **Streamlined Energy and Carbon Reporting (SECR)**

It is now a requirement of large organisations to include energy and carbon data in their Annual Reports, under the SECR Regulations. This information has been prepared for The Leaders Romans Group as a whole and is disclosed in the consolidated financial statements of the company's ultimate parent company, The Leaders Romans Group Limited.

### **Clients' money balances**

At the balance sheet date the company held amounts on behalf of clients totalling £61,568,630 (31 December 2019 - £61,639,905).

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

### **Post balance sheet events**

On 27 January 2021, the Company acquired the trade of Eurolet LLP. The business, based in Bishop Stortford, is involved in the provision of estate agency services.

On 10 February 2021, the Company completed the acquisition of Hill & Clark Limited, a five branch lettings and sales agency, based in Lincolnshire.

On 10 March 2021, the Group acquired the trade of Guardian Residential Lettings and Sales LLP. The business, based in Harlow, is involved in the provision residential lettings services.

All acquisitions were settled in cash, funded from the group's banking facilities.

### **Directors' responsibilities**

The directors are responsible for preparing the Strategic Report and 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, 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

Leaders Limited

## **Directors' Report for the year ended 31 December 2020 (continued)**

that they give a true and fair view of the state of affairs and 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Grant Thornton UK LLP, is deemed to have been reappointed in accordance with section 487 of the Companies Act 2006.

*Paul Aitchison*

On behalf of the Board  
P L Aitchison  
Director  
21 May 2021

Leaders Limited

## **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 2020, which comprise the profit and loss account, the balance sheet, 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 2020 and of the company's profit 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LEADERS LIMITED (CONTINUED)**

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies 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 for the financial statements**

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

Leaders Limited

## 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 on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### ***The engagement teams understanding of the legal and regulatory framework and which laws and regulations the engagement team identified as being significant in the context of the entity***

The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, to understand these:

- We enquired of management, the audit committee and those charged with governance, concerning the Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, the audit committee and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated our enquiries through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.

## Leaders Limited

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006).
- In addition, we concluded that there are certain significant laws and regulations, such as Estate Agents Act 1979, The Consumers, Estate Agents and Redress Act 1997, ARLA Propertymark Rules, Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to client monies, health and safety, employee matters, environmental matters, data protection, and bribery and corruption practices.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

***The engagement team's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur***

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; and
  - potential management bias in determining estimates and judgements, particularly in relation to assessing the impairment of intangibles, investments and intercompany receivables.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing; with a focus on material manual journals, including those with unusual account combinations and those posted directly to cash, debtors and creditors control accounts;
  - challenging assumptions and judgements made by management in its significant accounting estimates; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement items.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.



Leaders Limited

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LEADERS LIMITED (CONTINUED)**

***The engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations***

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the entity operates; and
  - understanding of the legal and regulatory requirements specific to the entity.

***Matters about non-compliance with laws and regulations and fraud that were communicated with the engagement team***

- We communicated identified laws and regulations throughout the engagement team, including component auditors, and remained alert to indications of non-compliance and the potential for fraud.

### **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.



**Norman Armstrong BSc FCA**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Southampton  
21 May 2021

## Leaders Limited

## Profit and loss account for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover	4	60,763,915	59,354,341
<b>Gross profit</b>		60,763,915	59,354,341
Administrative expenses		(60,003,925)	(59,490,046)
Other operating income	5	887,701	-
<b>Operating profit before amortisation</b>		10,204,918	7,346,327
Amortisation		(8,557,227)	(7,482,032)
<b>Operating profit</b>	5	1,647,691	135,705
Income from shares in group undertakings		8,138,121	722,066
Amounts written off investments		(8,138,121)	(722,066)
Interest receivable and similar income	8	732,233	961,654
Interest payable and similar charges	9	(912,657)	(1,012,285)
Change in fair value of investments		(156,254)	184,160
<b>Profit/(loss) before taxation</b>		1,311,013	(2,176)
Taxation	10	2,628,724	(175,114)
<b>Profit/(loss) and total comprehensive income/(loss) for the financial year</b>		3,939,737	(177,290)
<b>Profit/(loss) for the financial year attributable to:</b>			
The Company's equity shareholders		3,939,737	(177,290)

All amounts relate to continuing operations.

The notes on page 21 to 45 form an integral part of these financial statements.

## Leaders Limited

## Balance Sheet as at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
<b>Fixed assets</b>			
Intangible assets	11	18,739,273	20,160,159
Tangible assets	12	4,434,770	5,695,197
Investments	13,14	5,440,302	617,017
		<u>28,614,345</u>	<u>26,472,373</u>
<b>Current assets</b>			
Stocks	15	28,656	41,230
Debtors	16	129,276,705	90,886,616
Cash at bank and in hand		5,891,315	1,594,311
		<u>135,196,676</u>	<u>92,522,157</u>
Creditors: amounts falling due within one year	17	<u>(132,211,850)</u>	<u>(89,327,082)</u>
<b>Net current assets</b>		<u>2,984,826</u>	<u>3,195,075</u>
Creditors: amounts falling due after more than one year	18	(18,481,242)	(18,481,268)
<b>Provisions for liabilities</b>			
Other provisions	19	(95,579)	(95,579)
Deferred tax	19	<u>(737,264)</u>	<u>(2,745,252)</u>
<b>Net assets</b>		<u>12,285,086</u>	<u>8,345,349</u>
<b>Capital and reserves</b>			
Share capital	23	1,000	1,000
Profit and loss account reserve		<u>12,284,086</u>	<u>8,344,349</u>
<b>Shareholders' funds</b>		<u>12,285,086</u>	<u>8,345,349</u>

The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2021 and were signed on its behalf by:

*Paul Aitchison*

P L Aitchison

Director

Company registration number: 01690574

The notes on page 21 to 45 form an integral part of these financial statements.

## Leaders Limited

## Statement of Changes in Equity for the year ended 31 December 2020

## For the year ended 31 December 2020

	Share capital	Profit and loss account reserve	Total
	£	£	£
Balance at 1 January 2020	1,000	8,344,349	8,345,349
Profit for the year	-	3,939,737	3,939,737
Total comprehensive income for the year	-	3,939,737	3,939,737
Balance at 31 December 2020	1,000	12,284,086	12,285,086

## For the year ended 31 December 2019

	Share capital	Profit and loss account reserve	Total
	£	£	£
Balance at 1 January 2019	1,000	8,521,639	8,522,639
Loss for the year	-	(177,290)	(177,290)
Total comprehensive loss for the year	-	(177,290)	(177,290)
Balance at 31 December 2019	1,000	8,344,349	8,345,349

The notes on page 21 to 45 form an integral part of these financial statements.

Leaders Limited

## Notes to the financial statements for the year ended 31 December 2020

### 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 company information page and the nature of the company's operations and its principal activities are set out in the strategic report and the directors' report.

### 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 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 11.42, 11.44, 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 2020, 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 Going concern

The company is a subsidiary of The Leaders Romans Group Limited. The financial statements have been prepared on the going concern basis. On forming this assumption, the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future.

#### 2.3 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.

Leaders Limited

## Notes to the financial statements

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

### 2.4 Interest receivable

Interest receivable is recognised in the period to which it relates.

### 2.5 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.

### 2.6 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.

### 2.7 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 year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. 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 year 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.

Leaders Limited

## 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.

### 2.8 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 year 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.

### 2.9 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.

Leaders Limited

## 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 years.

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 years. A reversal of an impairment loss is recognised in the profit and loss account immediately.

### 2.10 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.

### 2.11 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

### 2.12 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 and derivative financial instruments are classified as fair value through profit or loss (FVTPL) and measured initially and subsequently at fair value, with changes reported each year 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.

### 2.13 Taxation

The tax expense for the year 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.

### 2.14 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 years.

Leaders Limited

## Notes to the financial statements

### 2.15 Deferred taxation

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.

### 2.16 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 year.

#### *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 years. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Leaders Limited

## Notes to the financial statements

### 2.17 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.

### 2.18 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.

Leaders Limited

## Notes to the financial statements

### 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 year.

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 year in which the revisions are made including all future years 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.

#### ***Lease accounting***

Determine whether leases entered into by the company as 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 years 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.

Leaders Limited

## Notes to the financial statements

### *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 year 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 years.

### *NDO provision*

The NDO provision includes an estimate of potential amounts payable in respect of cases taken to arbitration. In arriving at an appropriate provision, consideration is given to the likely outcome of cases based on past experience - both numbers of successful cases and the amounts paid out. The amounts charged to the profit and loss account may differ to actual payments made to the extent that past experience differs to the actual outcome of arbitration cases.

### *Consideration paid on acquisition*

The value of investments in newly acquired subsidiaries includes contingent and deferred consideration, which are estimated by the Directors based on forecast trading of the acquired company. At the year end the estimated deferred consideration was £0.16m (2019: £0.16m). Reductions to prior year estimates of £0.02m were made in the year.

## 4. Turnover

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

## 5. Operating loss

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets - owned	2,494,125	1,559,541
Depreciation of tangible fixed assets – leased	352,564	488,062
Amortisation of intangible assets	8,557,227	7,482,032
Operating lease costs	2,374,804	2,413,144
Covid-19 – retail, leisure and hospitality grants	(887,701)	-
(Profit)/loss on the sale of tangible fixed assets	-	(10,508)
Auditor's remuneration - fees payable to the Company's Auditor and its Associates for:		
- the audit of the Company's annual accounts	69,654	87,000

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 Group Limited.

Leaders Limited

## Notes to the financial statements

### 6. Employees

The aggregate payroll costs of the employees were as follows:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Staff costs</b>		
Wages and salaries	23,407,503	25,271,466
Social security costs	2,273,072	2,084,475
Pension costs	614,080	539,597
	<u>26,294,655</u>	<u>27,895,538</u>

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

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

	Year ended 31 December 2020 Number	Year ended 31 December 2019 Number
<b>By activity:</b>		
Sales	464	479
Administration and management	554	589
	<u>1,018</u>	<u>1,068</u>

Leaders Limited

## Notes to the financial statements

### 7. Directors' Remuneration

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Directors' emoluments	862,237	1,084,089
Pension contributions	34,590	22,452
Compensation for loss of office	-	11,005
	<hr/>	<hr/>
	1,117,546	1,117,546
	<hr/>	<hr/>

There was 1 director in the company's defined contribution pension scheme (year ended 31 December 2019: 2).

Emoluments of the highest paid director were £196,787 (year ended 31 December 2019 - £213,211). Company pension contributions of £11,250 (year ended 31 December 2019 - £6,250) were made to a money purchase scheme on their behalf.

Leaders Limited

**Notes to the financial statements****8. Interest receivable and similar income**

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Interest on cash deposits	732,233	961,654
	732,233	961,654

**9. Interest payable and similar charges**

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Interest on intercompany balances	817,668	819,689
Interest on finance leases	94,989	192,596
	912,657	1,012,285



Leaders Limited

**Notes to the financial statements****10. Taxation****Analysis of charge in the year**

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Corporation tax:		
Current tax on profits of the year	-	(299)
Adjustment in respect of previous years	(233,441)	(95,760)
Deferred tax:		
Origination and reversal of timing differences	(549,670)	271,173
Adjustments in respect of prior years	(1,940,312)	-
Effect of changes in tax rates	94,699	-
	<hr/> (2,628,724) <hr/>	<hr/> 175,114 <hr/>

Leaders Limited

**Notes to the financial statements**

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Profit/(loss) before taxation</b>	1,311,013	(2,176)
Profit by rate of tax (2020: 19%; 2019: 19%)	249,092	(413)
Fixed asset timing differences	-	1,736,442
Expenses not deductible for tax purposes	2,984,461	96,927
Income not deductible for tax purposes	(1,546,243)	(34,990)
Deferred tax release on amortisation	-	(2,123)
Group relief claimed	(1,849,685)	(1,425,753)
Adjustments in respect of prior years	(2,173,753)	(95,760)
Effect of change in tax rate	94,699	(39,179)
Other tax adjustments, reliefs and transfers	(387,295)	(60,037)
<b>Total tax</b>	<b>(2,628,724)</b>	<b>175,114</b>

**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 2020 £	31 December 2019 £
Accelerated capital allowances	(781,289)	195,511
Arising on business combinations	1,518,553	2,549,741
	737,264	2,745,252

## Leaders Limited

## Notes to the financial statements

## 11. Intangible assets

	Customer Relationships	Brand	Non-Compete	Customer Lists	Website and Software	Goodwill	Total
	£	£	£	£	£		£
<b>Cost</b>							
At 1 January 2019	19,012,099	3,403,318	154,002	759,547	568,140	81,845,926	105,743,032
Additions	336,205	-	-	2,841	-	384,255	723,301
Disposals	-	-	-	(710,906)	-	-	(710,906)
At 31 December 2019	19,348,304	3,403,318	154,002	51,482	568,140	82,230,181	105,755,427
Additions	1,641,436	364,978	-	31,982	3,056	5,110,110	7,151,562
Adjustments	-	-	-	-	-	(15,221)	(15,221)
Disposals	-	(3,335,818)	-	-	-	-	(3,335,818)
<b>At 31 December 2020</b>	<b>20,989,740</b>	<b>432,478</b>	<b>154,002</b>	<b>83,464</b>	<b>571,196</b>	<b>87,325,070</b>	<b>109,555,950</b>
<b>Accumulated Amortisation</b>							
At 1 January 2019	8,107,365	3,383,135	127,702	756,194	351,825	66,097,921	78,824,142
Charge for year	2,389,555	-	26,300	2,998	100,200	4,962,979	7,482,032
Disposals	-	-	-	(710,906)	-	-	(710,906)
<b>At 31 December 2019</b>	<b>10,496,920</b>	<b>3,383,135</b>	<b>154,002</b>	<b>48,286</b>	<b>452,025</b>	<b>71,060,900</b>	<b>85,595,268</b>
Charge for year	2,803,865	82,179	-	12,809	86,003	5,572,371	8,557,227
Disposals	-	(3,335,818)	-	-	-	-	(3,335,818)
<b>At 31 December 2020</b>	<b>13,300,785</b>	<b>129,496</b>	<b>154,002</b>	<b>61,095</b>	<b>538,028</b>	<b>76,633,271</b>	<b>90,816,677</b>
<b>Net book value</b>							
At 31 December 2020	7,688,955	302,982	-	22,369	33,168	10,691,799	18,739,273
At 31 December 2019	8,851,384	20,183	-	3,196	116,115	11,169,281	20,160,159

The amortisation charge is included within administrative expenses.

Leaders Limited

**Notes to the financial statements****12. Tangible fixed assets**

	<b>Leasehold improvements</b>	<b>Fixtures, Fittings &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 January 2019	3,476,491	6,394,447	4,322,839	14,193,777
Additions	944,896	1,339,168	-	2,284,064
Transfers	-	-	17,984	17,984
Disposals	-	(12,279)	(1,337,991)	(1,350,270)
At 31 December 2019	4,421,387	7,721,336	3,002,832	15,145,555
Additions	279,968	773,051	22,233	1,075,252
Transfers	-	-	-	-
Disposals	-	-	(599,777)	(599,777)
<b>At 31 December 2020</b>	<b>4,701,355</b>	<b>8,494,387</b>	<b>2,425,288</b>	<b>15,621,030</b>
<b>Accumulated Depreciation</b>				
At 1 January 2019	1,737,367	4,151,191	2,425,252	8,313,810
Charge for year	471,392	1,077,801	498,410	2,047,603
Transfers	-	-	12,016	12,016
Disposals	-	(205)	(922,866)	(923,071)
At 31 December 2019	2,208,759	5,228,787	2,012,812	9,450,358
Charge for year	668,716	1,186,758	354,254	2,209,728
Transfers	-	-	-	-
Disposals	-	-	(473,826)	(473,826)
<b>At 31 December 2020</b>	<b>2,877,475</b>	<b>6,415,545</b>	<b>1,893,240</b>	<b>11,186,260</b>
<b>Net book value</b>				
At 31 December 2020	1,823,880	2,078,842	532,048	4,434,770
At 31 December 2019	2,212,628	2,492,549	990,020	5,695,197

Depreciation is included within administrative expenses.

Included within the motor vehicles net book values above are £509,813 (2019: £987,522) relating to assets held under finance leases.

The accumulated depreciation for motor vehicles held under finance leases was £1,851,850 (year ended 31 December 2019 - £1,973,926).

Leaders Limited

## Notes to the financial statements

### 13. Investments in subsidiaries

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2019	601,175
Additions	<u>2</u>
At 31 December 2019	601,177
Additions	<u>4,822,855</u>
At 31 December 2020	<u>5,424,032</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	
			2020	2019
Leaders Sales Limited	Property Sales	England & Wales	100	100
Elldée 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

## Leaders Limited

## Notes to the financial statements

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Group	
			2020	2019
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	100
Temples (Northwich) Limited	Dormant	England & Wales	100	100
PDC (Chester and Nantwich) Limited	Dormant	England & Wales	100	100
Suttons City Living Limited	Dormant	England & Wales	100	100
DPC Properties Limited t/a Upp Properties	Dormant	England & Wales	100	100
GPS Property Management Limited	Dormant	England & Wales	100	100
Essex & Suffolk Lettings Limited	Dormant	England & Wales	100	100
Outlook Property Limited	Estate agency	England & Wales	100	-
Lenwell Limited	Dormant	England & Wales	100	-

Leaders Limited

**Notes to the financial statements****Indirect subsidiaries**

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Group	
			2020	2019
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 £
<b>Cost</b>	
At 1 January 2019	108,063
Changes in fair value of investments	(92,223)
	<hr/>
At 31 December 2019	15,840
Changes in fair value of investments	430
	<hr/>
At 31 December 2020	<hr/> <hr/> 16,270

**15. Stocks**

	31 December 2020 £	31 December 2019 £
Promotional stock and stationery	28,656	41,230
	<hr/>	<hr/>

Leaders Limited

**Notes to the financial statements****16. Debtors**

	31 December 2020 £	31 December 2019 £
Trade debtors	1,490,074	2,107,328
Amounts owed by group undertakings	125,282,574	85,759,092
Corporation tax	-	73,241
Other debtors	126,193	204,459
Prepayments and accrued income	2,377,864	2,742,496
	<u>129,276,705</u>	<u>90,886,616</u>

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

**17. Creditors: amounts falling due within one year**

	31 December 2020 £	31 December 2019 restated £
Trade payables	396,544	1,013,908
Amounts owed to subsidiary undertakings	118,354,372	83,017,978
Other taxation and social security	6,118,492	1,068,439
Other payables	1,949,397	522,053
Finance leases and hire purchase contracts	511,418	989,120
Accruals and deferred income	4,881,627	2,715,584
	<u>132,211,850</u>	<u>89,327,082</u>

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

	31 December 2020 £	31 December 2019 £
Finance lease liabilities	-	-
Amounts owed to group undertakings	18,481,242	18,481,268
	<u>18,481,242</u>	<u>18,481,268</u>



Leaders Limited

## 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 2020 £	31 December 2019 £
Not later than one year	511,418	989,120
Later than one year and not later than two years	-	-
	<u>511,418</u>	<u>989,120</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 years.

Payments recognised as an expense are disclosed in note 5.

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

	31 December 2020 £	31 December 2019 £
Not later than 1 year	2,709,029	2,717,915
After 1 year and not later than 5 years	8,265,602	8,043,141
After 5 years	<u>4,102,153</u>	<u>4,062,051</u>
	<u>15,076,784</u>	<u>14,823,107</u>

Leaders Limited

## Notes to the financial statements

### 19. Provisions

	NDO Provision £	Deferred taxation £
At 1 January 2020	95,579	2,745,252
Charged/(credited) to profit and loss	-	(2,395,283)
Arising on business combinations	-	387,295
	<u>95,579</u>	<u>737,264</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 2020 £	31 December 2019 £
Amounts held on behalf of clients	61,568,630	61,639,905
Amounts due to clients	(61,568,630)	(61,639,905)
	<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 2020 totalled £158,829,829 (31 December 2019 - £132,424,753).

At 31 December 2020, the company had a contingent liability in respect of NDO products sold amounting to £1,455,878 (2019: £1,320,921).

Leaders Limited

## 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 £614,080 for the year (year ended 31 December 2019 - £539,597). Contributions totalling £Nil (2019 - £Nil) 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

	2020 Number	2020 £	2019 Number	2019 £
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. Events after the balance sheet date

On 27 January 2021, the Company acquired the trade of Eurolet LLP. The business, based in Bishop Stortford, is involved in the provision of estate agency services.

On 10 February 2021, the Company completed the acquisition of Hill & Clark Limited, a five branch lettings and sales agency, based in Lincolnshire.

On 10 March 2021, the Company acquired the trade of Guardian Residential Lettings and Sales LLP. The business, based in Harlow, is involved in the provision residential lettings services.

All acquisitions were settled in cash, funded from the group's banking facilities.

Leaders Limited

## Notes to the financial statements

### 26. Ultimate controlling party

The company is a subsidiary of Leaders Lettings Trading Limited. At 31 December 2020, 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.

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 Leaders Romans Group 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.

## Leaders Limited

**Notes to the financial statements****27. Acquisitions**

The company continued its strategy of growth by acquisition and acquired 100% of the share capital of Lenwell Limited on 30 October 2020 for a total cash consideration of £8,236,328 (including expenses of £61,211). Immediately following the purchase of the company, its trade and net assets were hived into Leaders Limited.

The cash consideration includes amounts payable on completion, an estimate of any deferred consideration and any amounts payable for net assets acquired. 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 £
<b>Fixed assets</b>			
Tangible fixed assets	16,675	-	16,675
Customer relationships	-	1,641,436	1,641,436
Customer lists	-	31,982	31,982
Brand	-	364,978	364,978
	<hr/>	<hr/>	<hr/>
<b>Current assets</b>			
Debtors	1,012,152	-	1,012,152
Cash	948,428	-	948,428
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	1,977,255	2,038,396	4,015,651
	<hr/>	<hr/>	<hr/>
Creditors	(502,138)	-	(502,138)
Deferred tax	-	(387,295)	(387,295)
	<hr/>	<hr/>	<hr/>
<b>Net assets</b>	1,475,117	1,651,101	3,126,218
			<hr/>
Cash consideration (including expenses £61,211)			8,236,328
Net assets acquired			(3,126,218)
			<hr/>
Goodwill arising on acquisition			5,110,110
			<hr/>