Registered number: 02161874

The Romans Group (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

Company information

Directors	P L Aitchison S M P Adcock M B Cook P Kavanagh M J Light K Shaw T Shelford
Company secretary	P L Aitchison
Registered number	02161874
Registered office	Crowthorne House Nine Mile Ride Wokingham Berkshire RG40 3GZ
Independent auditor	Grant Thornton UK LLP 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS
Bankers	National Westminster Bank PLC Abbey Gardens 4 Abbey Street Reading Berkshire RG1 3BA

Contents

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 the provision of property services. There have been no changes in the activities of the company in the year under review.

Review of the business

The company has performed in line with the Directors' expectations in 2020, given the impact of the Covid-19 pandemic. The Board 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 Board 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 to continue its focus on growth and the expansion of its portfolio and customer offering.

In January 2020, the company acquired Moginie James Limited, Moginie James Financial Services and Hello Ted Limited. The businesses, based in Cardiff, are involved in the provision of estate agency services, financial services and short term lettings services. The acquisition saw the company extend its footprint into Wales for the first time.

In March 2020, the company completed the acquisition of Scott Fraser Limited, a lettings focused business based in Oxfordshire.

The acquisitions were settled in cash, funded from our group acquisitions facility (Facility C).

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.

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 has been in a position to profit from this shift due to our portfolio location which lends itself to outer city / suburbs as opposed to central London / inner city living.

The Company has made use of various Government grants and support made available as a result of Covid-19 including the business rates holiday, Coronavirus Job Retention Scheme and VAT deferral scheme.

Strategic Report (continued)

Financial review

During the year ended 31 December 2020, the company's revenue was £31,170,174, compared to £33,029,760 for the year ended 31 December 2019. The operating profit before amortisation for the year ended 31 December 2020 was £3,322,823, compared to £3,436,779 for the year ended 31 December 2019. The profit before taxation for the year ended 31 December 2020 was £1,865,155 compared to a profit of £3,347,865 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

During 2020, the Board has focused on the lettings teams' core KPI's in order to drive organic performance. We have seen improving trends on core performance demonstrated consistently across the lettings division throughout the year, underlined by consistent gains in market share.

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	**£31,170,174**	£33,029,760
Operating profit before amortisation	**£3,322,823**	£3,436,779
Lettings Properties under management (no.)	**8,928**	9,546
Residential sales pipeline	**£4,458,522**	£2,171,691
Residential sales new instructions (no.)	**4,655**	4,006

Operating profit decreased in 2020, driven by the pandemic and national lockdowns. This was offset in part by the contribution from acquisitions coupled with a strong management focus on cost savings throughout year and the utilisation of government grants and support made available as a result of Covid-19.

The number of instructions in residential sales increased year on year and the sales pipeline at the end of 2020 is strong at £4.4m. This is driven by pent up demand resulting from the national lockdowns and also driven by the stamp duty holiday.

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

The company's credit risk is primarily attributable to its trade receivables. Credit risk is managed through strict credit vetting and monitoring. Credit limits are set for customers and where appropriate work is reviewed against available credit before being undertaken. Trade receivables are pursued vigorously by the company.

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.

Strategic Report (continued)

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.

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 several 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.

Strategic Report (continued)

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

Strategic Report (continued)

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.

Approval

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

Paul Aitchison

P L Aitchison
Director

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)
S M P Adcock
M B Cook
P Kavanagh
M J Light (appointed 5 February 2020)
M E J Palmer (resigned 13 January 2020)
K Shaw (appointed 5 February 2020)
T Shelford

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.

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 totaling £21,705,255 (31 December 2019 - £21,793,694).

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 26 February 2021, the Company acquired Gibbs Gillespie Lettings Limited, Gibbs Gillespie Sales Limited and Mortgage and Insurance Bureau Limited, together "Gibbs Gillespie". Gibbs Gillespie is a very successful 13 branch residential sales and letting agency with a financial services business, located in 10 locations across Middlesex, Hertfordshire and Buckinghamshire.

The acquisition was settled in cash, funded from our group 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 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:

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

- 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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE ROMANS GROUP (UK) LIMITED

Opinion

We have audited the financial statements of The Romans Group (UK) 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE ROMANS GROUP (UK) 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,

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE ROMANS GROUP (UK) LIMITED (CONTINUED)

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 on the Financial Reporting Council's website at: 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.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE ROMANS GROUP (UK) LIMITED (CONTINUED)

- 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.
- 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 2997, 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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE ROMANS GROUP (UK) LIMITED (CONTINUED)

events and transactions reflected in the financial statements, the less likely we would become aware of it.

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.

Grant Thornton UK LLP

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

Profit and loss account for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover	4	31,170,174	33,029,760
Gross profit		31,170,174	33,029,760
Administrative expenses		(30,617,045)	(31,317,094)
Other operating income	5	679,125	140,451
Operating profit before amortisation		3,322,823	3,436,779
Amortisation		(2,090,569)	(1,583,662)
Operating profit	5	1,232,254	1,853,117
Income from shares in group undertakings		1,434,923	-
Amounts written off investments		(1,434,923)	-
Interest receivable and similar income	8	1,113,310	1,201,605
Interest payable and similar charges	9	(134,439)	(225,892)
Change in fair value of financial assets		(345,970)	519,035
Profit before taxation		1,865,155	3,347,865
Taxation	10	(185,016)	207,325
Profit and total comprehensive income for the financial year		1,680,139	3,555,190
Profit for the financial year attributable to:			
The Company's equity shareholders		1,680,139	3,555,190

All amounts relate to continuing operations.

The notes on page 21 to 43 form part of these financial statements.

Balance Sheet as at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Fixed assets			
Intangible assets	11	2,732,112	3,294,362
Tangible assets	12	6,976,352	7,787,717
Investments	13	17,622,708	9,143,116
		27,331,172	20,225,195
Current assets			
Debtors	14	71,326,454	62,824,747
Cash at bank and in hand		763,773	39,006
		72,090,227	62,863,753
Creditors: amounts falling due within one year	15	(62,720,637)	(47,443,830)
Net current assets		9,369,590	15,419,923
Creditors: amounts falling due after more than one year	16	(3,571,666)	(3,892,857)
Provisions for liabilities			
Other provisions	17	(24,548)	(19,548)
Deferred tax	17	(240,803)	(549,107)
Net assets		32,863,745	31,183,606
Capital and reserves			
Share capital	21	12,415	12,415
Share premium		2,937,743	2,937,743
Capital redemption reserve		999	999
Profit and loss account reserve		29,912,588	28,232,449
Shareholders' funds		32,863,745	31,183,606

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: 02161874

The notes on page 21 to 43 form part of these financial statements.

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

For the year ended 31 December 2020

	Share capital	Share premium	Capital redemption reserve	Profit and loss account reserve	Total
	£	£	£	£	£
Balance at 1 January 2020	12,415	2,937,743	999	28,232,449	31,183,606
Profit for the year	-	-	-	1,680,139	1,680,139
Total comprehensive income for the year	-	-	-	1,680,139	1,680,139
Balance at 31 December 2020	12,415	2,937,743	999	29,912,588	32,863,745

For the year ended 31 December 2019

	Share capital	Share premium	Capital redemption reserve	Profit and loss account reserve	Total
	£	£	£	£	£
Balance at 1 January 2019	12,415	2,937,743	999	24,677,259	27,628,416
Profit for the year	-	-	-	3,555,190	3,555,190
Total comprehensive income for the year	-	-	-	3,555,190	3,555,190
Balance at 31 December 2019	12,415	2,937,743	999	28,232,449	31,183,606

The notes on page 21 to 43 form part of these financial statements.

Notes to the financial statements

1. Nature of operations and general information

The Romans Group (UK) 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 United Kingdom. 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 The Romans Group (UK) 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 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 amounts recognised in respect of goods and services, supplied during the year 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.

Notes to the financial statements

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

Rendering of services
Turnover from a contract to provide services which are completed at an identifiable point in time is recognised when the performance obligation is met, the amount of turnover can be measured reliably, and it is probable that the Company will receive the consideration due under the contract.

Turnover represents the amounts (excluding VAT) derived from the provision of work for clients during the year. The transaction price is determined based on the contract, which either specifies fixed fees (for certain service types) or a fee based on the monthly rental income (for lettings) or eventual sale price (for sales). Estate agency income, which represents fees receivable in connection with the sale, purchase and letting of properties, is recognised and invoiced on exchange of contracts.

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

Bank interest receivable is recognised in the period to which it relates.

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

Goodwill is initially recognised at cost and then amortised over the directors' estimate of its useful life of two years.

2.6 Intangible assets

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

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

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

Notes to the financial statements

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 derecognized.

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

Customer relationships	Over 7 years
Non-compete	Over 3 years
Customer lists	Over 0.5 years
Brand / Trademarks	Over 1 year

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

2.7 Tangible fixed assets

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

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Short leasehold property	Over the term of the lease
Fixtures, fittings and equipment	15 to 33% per annum on cost
Motor vehicles	20 to 25% per annum on cost

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

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

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

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

2.8 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.

Notes to the financial statements

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.

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 Cash at bank and in hand

Cash at bank and in hand comprises cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

2.11 Financial instruments

Recognition and derecognition

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

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

Notes to the financial statements

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

Classification and initial measurement of financial assets
All financial assets other than derivatives 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, non-derivative financial assets 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 other than derivatives are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.

Derivatives
Derivative financial assets and liabilities are measured at fair value.

2.12 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.

2.13 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.

2.14 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.

Notes to the financial statements

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 and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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.

2.15 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.

2.16 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

Notes to the financial statements

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.

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.

2.17 Equity
Equity comprises the following:

- "Share capital" represents the nominal value of equity shares issued.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Profit and loss account reserve" represents the accumulated profits and losses attributable to equity shareholders.
- "Capital redemption reserve" contains the nominal value of own shares that have been acquired by the company and cancelled.

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.

Notes to the financial statements

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

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

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

Trade debtors 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.

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 revenue which are periodically reviewed 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 future 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.

Notes to the financial statements

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 £620,000 (2019: £120,000). Decreases to prior year estimates of £127,163 were made in the year.

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 activity.

5. Operating profit

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- Owned assets	979,952	1,193,424
- Assets held under finance leases	691,411	1,961,248
Amortisation of intangible assets	2,090,571	1,583,662
Operating lease costs	1,867,998	1,890,938
Covid-19 – retail, leisure and hospitality grants	(575,000)	-
(Profit)/loss on the sale of tangible fixed assets	(297,498)	6,207
Auditor's remuneration - fees payable to the Company's Auditor and its Associates for:		
- the audit of the Company's annual accounts	46,414	30,200

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 ultimate parent company, The Leaders Romans Group 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 £
Staff costs		
Wages and salaries	14,212,143	14,415,881
Social security costs	1,497,809	1,409,820
Pension costs	346,408	294,827
	16,056,360	16,120,528

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
By activity:		
Sales and distribution	343	305
Administration and management	156	169
	499	474

7. Directors' Remuneration

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Directors' emoluments	535,519	545,279
Pension contributions	17,981	7,767
Compensation for loss of office	-	29,708
	553,500	582,754

Directors' remuneration includes amounts allocated from group companies.

Notes to the financial statements

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 £161,578 (year ended 31 December 2019 - £172,327). Company pension contributions of £1,752 (year ended 31 December 2019 - £1,074) were made to a money purchase scheme on their behalf.

8. Interest receivable and similar income

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Interest on cash deposits	524,559	543,658
Interest on intercompany balances	544,106	657,947
Other interest receivable	44,645	-
	1,113,310	1,201,605

9. Interest payable and similar charges

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Interest on finance leases	133,633	225,892
Other interest	806	-
	134,439	225,892

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	121,237	-
Adjustment in respect of previous years	505,708	(41,625)
Deferred tax:		
Origination and reversal of timing differences	(305,522)	(165,700)
Adjustment in respect of previous years	(179,849)	(181,404)
Effect of changes in tax rates	43,442	-
Total tax charge	185,016	(207,325)

Notes to the financial statements

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Profit before taxation	1,865,155	3,347,865
Profit by rate of tax (2020: 19%; 2019: 19%)	354,379	636,094
Expenses not deductible for tax purposes	583,423	450,109
Income not taxable	(272,635)	-
Other tax adjustments, reliefs and transfers	(133,625)	5,107
Adjustments in respect of prior years	325,859	(41,625)
Group relief claimed	(715,827)	(1,129,530)
Adjustments to tax rates	43,442	6,259
Deferred tax release on amortisation	-	(181,404)
Deferred tax not recognised	-	47,665
Total tax	185,016	(207,325)

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	(193,908)	25,941
Tax losses	-	(4,701)
Business combinations	434,711	527,867
	240,803	549,107

Notes to the financial statements

11. Intangible assets

	Customer Relationships	Brand	Non-Compete	Customer Lists	Goodwill	Total
	£	£	£	£	£	£
Cost						
At 1 January 2019	6,354,740	1,953,310	479,618	323,233	17,227,713	26,338,614
Adjustments	-	-	-	-	(127,163)	(127,163)
At 31 December 2019	6,354,740	1,953,310	479,618	323,233	17,100,550	26,211,451
Additions	113,528	391,090	-	198,672	825,031	1,528,321
At 31 December 2020	6,468,268	2,344,400	479,618	521,905	17,925,581	27,739,772
Accumulated Amortisation						
At 1 January 2019	2,376,139	1,945,661	472,122	296,004	16,243,501	21,333,427
Charge for year	912,385	7,649	7,496	27,229	628,903	1,583,662
At 31 December 2019	3,288,524	1,953,310	479,618	323,233	16,872,404	22,917,089
Charge for year	922,781	360,102	-	198,672	609,016	2,090,571
At 31 December 2020	4,211,305	2,313,412	479,618	521,905	17,481,420	25,007,660
Net book value						
At 31 December 2020	2,256,963	30,988	-	-	444,161	2,732,112
At 31 December 2019	3,066,216	-	-	-	228,146	3,294,362

The amortisation charge is included within administrative expenses.

Notes to the financial statements

12. Tangible fixed assets

	Short Leasehold Property	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 January 2019	5,931,783	3,962,748	6,879,074	16,773,605
Additions	122,460	315,643	1,852,993	2,291,096
Disposals	(15,078)	(289,430)	(758,472)	(1,062,980)
At 31 December 2019	6,039,165	3,988,961	7,973,595	18,001,721
Additions	45,568	337,326	1,446,107	1,829,001
Acquisitions	-	435,775	-	435,775
Disposals	-	-	(1,420,069)	(1,420,069)
At 31 December 2020	6,084,733	4,762,062	7,999,633	18,846,428
Accumulated Depreciation				
At 1 January 2019	3,133,676	2,440,027	2,190,390	7,764,093
Charge for year	487,713	705,711	1,961,248	3,154,672
Disposals	(7,332)	(239,415)	(458,014)	(704,761)
At 31 December 2019	3,614,057	2,906,323	3,693,624	10,214,004
Charge for year	493,139	547,283	1,331,171	2,371,593
Acquisitions	-	426,531	-	426,531
Disposals	-	-	(1,142,052)	(1,142,052)
At 31 December 2020	4,107,196	3,880,137	3,882,743	11,870,076
Net book value				
At 31 December 2020	1,977,537	881,925	4,116,890	6,976,352
At 31 December 2019	2,425,108	1,082,638	4,279,971	7,787,717

Depreciation is included within administrative expenses.

Included within the motor vehicles net book values above are £4,116,890 (2019 - £4,279,971) relating to assets held under finance leases.

The accumulated depreciation for motor vehicles held under finance leases was £3,882,743 (2019 - £3,693,624).

Notes to the financial statements

13. Investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2019	10,093,272
Additions	-
At 31 December 2019	10,093,272
Additions	8,479,592
At 31 December 2020	18,572,864
Impairment	
At 1 January 2019	950,156
At 31 December 2019 and 31 December 2020	950,156
Net book value	
At 31 December 2020	17,622,708
At 31 December 2019	9,143,116

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 Company 2020	2019
LRG Financial Services Limited	Mortgage Advisers	England & Wales	100	100
Romans Professional Services Limited	Chartered Surveyors	England & Wales	100	100
Boyer Planning Limited	Planning Consultants	England & Wales	100	100
Harmers Limited	Dormant	England & Wales	100	100
Atkinson & Keene Limited	Dormant	England & Wales	100	100
JM Lettings Limited	Dormant	England & Wales	100	100
Romans Sales and Lettings Limited	Dormant	England & Wales	100	100
Jacksons Residential Limited	Dormant	England & Wales	100	100
Caroline Clark & Associates Limited	Dormant	England & Wales	100	100
Sherriff Mountford Limited	Dormant	England & Wales	100	100
Drummonds Property Rentals Limited	Dormant	England & Wales	100	100
Campsie Lettings Limited	Dormant	England & Wales	100	100

Notes to the financial statements

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Company 2020	2019
Romans Commercial Limited	Dormant	England & Wales	100	100
James Griffin Lettings Limited	Dormant	England & Wales	100	100
Amethyst Lettings Holdings Limited	Dormant	England & Wales	100	100
Amethyst Lettings Limited	Dormant	England & Wales	100	100
Handovers (Lettings) Limited	Dormant	England & Wales	100	100
Bennett Residential Limited	Dormant	England & Wales	100	100
Let's Rent Limited	Dormant	England & Wales	100	100
Penyards Property Management Holdings Limited	Dormant	England & Wales	100	100
The Brampton Partnership (Estate Agents) Limited	Dormant	England & Wales	100	100
First Contact Limited t/a Clearmove	Dormant	England & Wales	100	100
Bath Property Letting Limited	Dormant	England & Wales	100	100
Brampton Sales & Lettings Limited	Dormant	England & Wales	100	100
CF Lettings (Bath) Limited	Dormant	England & Wales	100	100
Marlows Lettings & Property Management Limited	Dormant	England & Wales	100	100
Property Concept Limited	Dormant	England & Wales	100	100
Moginie James Limited	Dormant	England & Wales	100	-
Moginie James Financial Services Limited	Dormant	England & Wales	100	-
Hello Ted Limited	Lettings	England & Wales	100	-
Scott Fraser Limited	Estate agency	England & Wales	100	-

Indirect subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Company 2020	2019
Penyards Property Management Limited	Dormant	England & Wales	100	100

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

Notes to the financial statements

14. Debtors

	31 December 2020 £	31 December 2019 £
Trade debtors	2,695,825	2,897,135
Amounts owed by group undertakings	65,191,973	56,814,325
Other debtors	864,872	962,813
Prepayments and accrued income	678,680	1,324,176
Tax recoverable	1,895,104	826,298
	71,326,454	62,824,747

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

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

15. Creditors: amounts falling due within one year

	31 December 2020 £	31 December 2019 £
Trade creditors	933,276	1,452,876
Amounts owed to group undertakings	57,127,454	41,065,411
Other taxation and social security	1,334,011	1,240,688
Other creditors	329,704	584,392
Obligations under finance leases	1,337,522	1,509,436
Accruals and deferred income	1,658,670	1,591,027
	62,720,637	47,443,830

Notes to the financial statements

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

	31 December 2020 £	31 December 2019 £
Obligations under finance leases	3,571,666	3,892,857

The Company leases certain items of its equipment 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	1,337,522	1,509,436
Later than one year and not later than two years	1,327,102	1,862,410
Later than two years and not later than five years	2,244,564	2,030,447
	4,909,188	5,402,293

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 £
Land and buildings		
Not later than 1 year	1,314,448	1,315,081
After 1 year and not later than 5 years	4,838,885	4,726,116
After 5 years	5,080,724	6,073,644
	11,234,057	12,114,841

Notes to the financial statements

17. Provisions

	NDO Provision £	Deferred taxation £
At 1 January 2020	19,548	549,107
Arising on acquisition	-	133,625
Charged to profit and loss	5,000	(441,929)
At 31 December 2020	24,548	240,803

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.

18. Client Money Balances

	31 December 2020 £	31 December 2019 £
Amounts held on behalf of clients	21,705,255	21,793,694
Amounts due to clients	(21,705,255)	(21,793,694)
	-	-

19. 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 £346,408 for the year (year ended 31 December 2019 - £294,827). Contributions totalling £Nil (2019 - £Nil) were payable to the funds at the reporting date and are included in other payables.

Notes to the financial statements

20. 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 £318,890 (2019: £271,349).

21. 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 £0.001 each	12,415,000	12,415	12,415,000	12,415

22. 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.

23. Events after the balance sheet date

On 26 February 2021, the Company acquired Gibbs Gillespie Lettings Limited, Gibbs Gillespie Sales Limited and Mortgage and Insurance Bureau Limited, together "Gibbs Gillespie". Gibbs Gillespie is a very successful 13 branch residential sales and letting agency with a financial services business, located in 10 locations across Middlesex, Hertfordshire and Buckinghamshire.

The acquisition was settled in cash, funded from our group banking facilities.

Notes to the financial statements

24. Ultimate controlling party

The company is a subsidiary of Romans 3 Limited whose registered address is Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ or Companies House. At 31 December 2020, 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 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.

Notes to the financial statements

25. Acquisitions

The company acquired the trade and assets of Moginie James Limited on 29 January 2020 for a cash consideration of £1,388,372 (including expenses of £Nil).

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
	£	£	£
Fixed assets			
Tangible fixed assets	14,494	-	14,494
Investments	5,281	-	5,281
Customer relationships	-	113,528	113,528
Customer lists	-	198,672	198,672
Brand	-	391,090	391,090
Current assets			
Debtors	400,498	-	400,498
Cash	249	-	249
Total assets	420,522	703,290	1,123,812
Creditors	(426,846)	-	(426,846)
Deferred tax	-	(133,625)	(133,625)
Net assets	(6,324)	569,665	563,341
Cash consideration (including expenses of £Nil)			1,388,372
Net assets acquired			(563,341)
Goodwill arising on acquisition			**825,031**