

Rouge 2 Limited
Annual report and financial statements
Registered number 05611304
For the year ended 31 March 2016

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Strategic Report

The company is an intermediate holding company within the Red Topco Limited group and has no significant activity in its own right. The company's principal subsidiary is Red Commerce Limited and its financial statements contain a full Strategic Report covering their activities. Furthermore the Red Topco Limited's group Strategic Report contains details of the group's activities.

By order of the board

A handwritten signature in black ink, appearing to read 'A McRae', with a stylized flourish at the end.

A McRae
Director

2nd May 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company is to act as an intermediate holding company.

Business review, results and dividends

The results for the year ended 31 March 2016 are set out on page 5.

The directors do not recommend payment of a dividend (2015: £nil).

Directors and directors' interests

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

A McRae
C Mitchell (Resigned 28th July 2015)
R Marshall (Appointed 29 July 2015)
J Sealy (Appointed 1 February 2016)

Political and charitable contributions

During the year the company made no charitable contributions (2015: £nil) and no political contributions (2015: £nil).

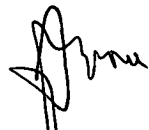
Provision of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A McRae
Director

33 Gracechurch Street
London
EC3V 0BT

2nd May 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Rouge 2 Limited

We have audited the financial statements of Rouge 2 Limited for the year ended 31 March 2016 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

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

Mark Sheppard (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

2nd May 2017

Profit and loss account
for the year ended 31 March 2016

	<i>Note</i>	2016 £'000	2015 £'000
Administration expenses		-	-
Operating profit	-	-	-
Profit on ordinary activities before taxation		-	-
Taxation on profit on ordinary activities		-	-
Profit for the year		-	-

All results arose from continuing operations.

There was no other comprehensive income in 2015 or 2016.

The notes on pages 7 to 11 form part of these financial statements.

Balance sheet
at 31 March 2016

	<i>Note</i>	2016		2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	4		16,149		16,149
Creditors: amounts falling due within one year	5	(22,219)		(22,219)	
Net current liabilities			(22,219)		(22,219)
Net liabilities			(6,070)		(6,070)
Capital and reserves					
Called up share capital	6		-		-
Profit and loss account			(6,070)		(6,070)
Equity shareholders' deficit			(6,070)		(6,070)

The notes on pages 7 to 11 form part of these financial statements.

These financial statements were approved by the board of directors on 2nd May 2017 and were signed on its behalf by:



A McRae
Director

Statement of Changes in Equity

	Called up share capital £100	Profit and loss account £000	Total equity £000
Balance at 1 April 2014		(6,070)	(6,070)
Total comprehensive income for the period			
Profit or loss		-	-
Other comprehensive income		-	-
Balance at 31 March 2015		(6,070)	(6,070)
Total comprehensive income for the period			
Profit or loss		-	-
Other comprehensive income		-	-
Balance at 31 March 2016		(6,070)	(6,070)

Notes to the financial statements (forming part of the financial statements)

1 Accounting policies

Rouge 2 Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

The Company’s ultimate parent undertaking, Red Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Red Topco Limited are available to the public and may be obtained from the Company’s registered office. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Red Topco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 9.

1.1 Measurement convention

The financial statements have been prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, which the directors believe is appropriate for the following reasons.

Notes (continued)

1.2 Going concern (continued)

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, which the directors believe is appropriate for the following reasons.

Notwithstanding the fact that the Company has net liabilities of £6.1 million at 31 March 2016 (2015: £6.1 million), the Company does not expect to have any significant cash requirements in the year ahead, as all of its liabilities are either due after more than one year, or the directors are in receipt of a confirmation from fellow group companies that they will not be called upon for a minimum of 12 months from the date on which the financial statements have been approved. Whilst these confirmations are not legally enforceable, there is no past practice of fellow group companies reneging on such arrangements, and these companies have sufficient financial strength to operate without reliance on these liabilities.

The directors have also assessed the validity of the going concern status of the Red Topco Limited group, which contains bank debt which is secured by the company. Since the balance sheet date the group has refinanced the term loan facilities with more flexible invoice discount facilities. Based on detailed cashflow projections prepared by the group through to 31 March 2018 and less detailed projections through to 31 March 2020, including sensitivity analysis on key assumptions, the directors consider that the Group will continue to operate within the amended facilities.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Investments

Investments in subsidiary undertakings are stated at cost.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2 Remuneration of directors

None of the directors received remuneration for their services to the company during the year (2015: £nil).

Notes (continued)

3 Notes to the profit and loss account

The company is an intermediate holding company and does not employ any staff directly (2015: none).

Auditor's remuneration of £2,000 (2015: £2,000) in respect of the audit of these financial statements for the year ended 31 March 2016 is borne by Red Commerce Limited, a fellow subsidiary.

4 Fixed asset investments

The Company has a 100% investment in its subsidiary, Red Commerce Limited. This investment is held at historical cost of £16,149,000.

The company's subsidiary undertakings at the year end are as follows:

Subsidiary undertakings	Country of Incorporation	Principal activity	Direct/ Indirect	Class and percentage of shares held
Red Commerce Limited	England & Wales	IT staffing	Ind	Ordinary 100%
Red Commerce GmbH	Germany	IT staffing	Ind	Ordinary 100%
Rouge Commerce AB	Sweden	IT staffing	Ind	Ordinary 100%
Rouge 2 Limited	England & Wales	Intermediate holding company	Di	Ordinary 100%
Red Commerce Consultoria	Brazil	IT staffing	Ind	Ordinary 100%
E Recrutamento Ltda				
Red Commerce Inc	USA	IT staffing	Ind	Ordinary 100%
Red Commerce Schweiz	Switzerland	IT staffing	Ind	Ordinary 100%

5 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts due to group undertakings	22,219	22,219

6 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
Equity:		
10,100 ordinary shares of £0.01 each	101	101

Notes (continued)

7 Ultimate parent company

Red Topco Limited is the ultimate parent company of its group and the highest level at which consolidated financial statements are prepared. The ultimate controlling party is Dunedin Capital Partners (GPII) Ltd, being the administrator of the investment fund which holds a controlling stake in Red Topco Limited.

The consolidated financial statements of this group are available to the public and may be obtained 33 Gracechurch Street, London, EC3V 0BT.

8 Contingent liabilities

The company has provided a charge over all its assets to the Group's bankers as security against amounts owed to the bank. At 31 March 2016 amounts owed totalled £9.5million (2015: £4.3 million).

The company has guaranteed loan notes issued by Red Midco Limited. At 31 March 2016 amounts owed under the loan notes totalled £47.5million (2015: £44.6 million).

9 Accounting estimates and judgements

Key sources of estimation uncertainty and critical accounting judgements

The company has not traded in the year and therefore there are no accounting estimates or critical judgements involved in accounting for the result for the year other than determining whether the carrying value of the Company's investment in subsidiaries continues to be supported and whether it is appropriate to prepare the financial statements on a going concern basis (see note 1). In determining whether the carrying value of investments is supported the directors have prepared value in use calculations for the trading companies based on various trading scenarios.