

Registered number: 06247563

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



Company information

Directors	P Kavanagh MJ Light MEJ Palmer PS Weller
Company secretary	MEJ Palmer
Registered number	06247563
Registered office	Crowthorne House Nine Mile Ride Wokingham Berkshire RG40 3GZ
Independent auditor	BDO LLP Level 12 Thames Tower Station Road Reading Berkshire RG1 1LX

Contents

	Page
Directors' Report	4
Directors' Responsibility Statement	4
Independent Auditor's Report	6
Profit and Loss Account	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Directors' Report for the Year ended 31 December 2018

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

Principal activities

The principal activity of the company is the provision of management services to franchises operating in the residential property market. There have been no changes in the activities of the company in the period under review.

Results and dividends

The profit and loss account is set out on page 9 and shows the profit for the year. No dividends were paid during the year.

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

Directors

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

AS Gill (resigned 31 December 2018)
P Kavanagh
MJ Light
PD Loverdos (resigned 31 August 2018)
MEJ Palmer
PS Weller

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

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland).

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

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



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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ELLDEE FRANCHISING LIMITED

Opinion

We have audited the financial statements of Elldee Franchising Limited ("the company") for the year ended 31 December 2018 which comprise the profit and loss account for the ended 31 December, the balance Sheet as at 31 December and the statement of changes in equity for the year ended 31 December, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report for the year ended 31 December 2018, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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

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

Responsibilities of Directors

As explained more fully in the directors' report for the year ended 31 December 2018, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

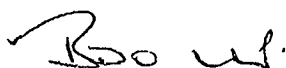
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

9 July 2019

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

Profit and loss account for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Turnover	4	10,792	8,899
Administrative expenses		<u>(5,486)</u>	<u>(11,741)</u>
Operating profit / (loss)	5	<u>5,306</u>	<u>(2,842)</u>
Profit / (loss) before taxation		5,306	(2,842)
Taxation	7	<u>-</u>	<u>-</u>
Profit / (loss) and total comprehensive income / (loss) for the financial year		<u>5,306</u>	<u>(2,842)</u>
Profit / (loss) for the financial year attributable to: The Company's equity shareholders		<u>5,306</u>	<u>(2,842)</u>

All amounts relate to continuing operations.

The notes on page 12 to 17 form an integral part of these financial statements.

Balance Sheet as at 31 December 2018

	Note	31 December 2018 £	31 December 2017 £
Current assets			
Debtors	8	433	900
Cash at bank and in hand		25,000	65,743
		<u>25,433</u>	<u>66,643</u>
Creditors: amounts falling due within one year	9	<u>(22,967)</u>	<u>(69,483)</u>
Net assets / (liabilities)		<u>2,466</u>	<u>(2,840)</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account reserve		<u>2,464</u>	<u>(2,842)</u>
Total equity / deficit		<u>2,466</u>	<u>(2,840)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1 A - small entities.

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



M E J Palmer

Director

Company registration number: 06247563

The notes on page 12 to 17 form an integral part of these financial statements.

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

For the year ended 31 December 2018

	Share capital £	Profit and loss account reserve £	Total £
Balance at 1 January 2018	2	(2,842)	(2,840)
Profit for the year	-	5,306	5,306
Total comprehensive income for the year	-	5,306	5,306
At 31 December 2018	2	2,464	2,466

For the 9 months ended 31 December 2017

	Share capital £	Profit and loss account reserve £	Total £
Balance at 1 April 2017	2	-	2
Loss for the period	-	(2,842)	(2,842)
Total comprehensive loss for the period	-	(2,842)	(2,842)
Balance at 31 December 2017	2	(2,842)	(2,840)

The notes on page 12 to 17 form an integral part of these financial statements.

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

1. Nature of operations and general information

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

2. Principal Accounting Policies

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1 A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1 A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Turnover

Turnover comprises fees receivable from franchisees and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured, based on when performance obligations have been satisfied

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

2.3 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.4 Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

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

Notes to the financial statements

Subsequent measurement of financial assets

After initial recognition, 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 reviewed at the end of each reporting period for objective evidence of impairment. Where this is observed, an impairment loss is recognised in the profit and loss account.

Classification and measurement of financial liabilities

The Company's financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

2.5 Current taxation

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

2.6 Deferred taxation

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

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

In preparing these financial statements, management did not have to make any significant judgements.

Notes to the financial statements

There are no key sources of estimation uncertainty in preparing these financial statements.

4. Turnover

The Company's turnover is all derived from franchise services within the UK.

5. Operating profit

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Operating profit is stated after charging:		
Auditors' remuneration - fees payable to the Company's Auditor and its Associates for:		
- the audit of the Company's annual accounts	-	-

Audit costs of £Nil (Period ended 31 December 2017: £Nil) were borne by another group company.

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.

6. Employees

During the year the company had no employees and there were no directors' emoluments (period ended 31 December 2017: Nil).

7. Taxation on ordinary activities

Analysis of charge in the year

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Corporation tax – current year	-	-
Total tax charge	-	-

Notes to the financial statements

	Year ended 31 December 2018 £	9 months ended 31 December 2017 £
Profit / (loss) before taxation	5,306	(2,842)
Profit / (loss) by rate of tax 19% (2018: 19%)	1,008	(540)
Group relief (claimed) / surrendered	(1,008)	540
Total tax	-	-

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

8. Debtors

	31 December 2018 £	31 December 2017 £
Amounts due from group undertakings	433	-
Prepayments	-	900
	433	900

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

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

Notes to the financial statements

9. Creditors: amounts falling due within one year

	31 December 2018 £	31 December 2017 £
Trade creditors	52	-
Amounts owed to group undertakings	12,553	59,549
Other taxation and social security	1,137	954
Other creditors	9,225	6,138
Accruals and deferred income	-	2,842
	<u>22,967</u>	<u>69,483</u>

10. Share capital

The total allotted share capital of the Company is:

Allotted, called up and fully paid

	2018 Number	2018 £	2017 Number	2017 £
Ordinary shares of £1 each	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

11. 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 2018 totalled £124,985,000 (31 December 2017 - £126,734,000).

12. 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.

Notes to the financial statements

13. Ultimate controlling party

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

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

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

Both of the consolidated accounts which include the results of this company are available to the public and may be obtained from 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.