

Registered number: 10854720

LRG Employees Limited
Annual Report and Financial Statements
For the year ended 31 December 2018



Company information

Directors	P Kavanagh MEJ Palmer
Company secretary	MEJ Palmer
Registered number	10854720
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

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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 7 July (incorporation) 2017 to 31 December 2017 for the company.

Principal activity

The principal activity of the company is provision of payroll services to the Leaders Romans Group.

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)
MEJ Palmer
P Kavanagh
PD Loverdos (resigned 31 August 2018)

At 31 December 2018, 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.

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.

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

Directors' responsibilities

The directors are responsible for preparing the 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.

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 LRG EMPLOYEES LIMITED

Opinion

We have audited the financial statements of LRG Employees 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 LRG EMPLOYEES 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LRG EMPLOYEES LIMITED (continued)

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF LRG EMPLOYEES 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 £	6 months ended 31 December 2017 £
Turnover		58,110,415	2,968,907
Administrative expenses		<u>(56,016,833)</u>	<u>(2,866,485)</u>
Operating profit	4	<u>2,093,582</u>	<u>102,422</u>
Profit before taxation		2,093,582	102,422
Taxation	7	<u>44,998</u>	<u>(19,460)</u>
Profit and total comprehensive income for the financial year / period		<u>2,138,580</u>	<u>82,962</u>
Profit for the financial year / period attributable to: The Company's equity shareholders		<u>2,138,580</u>	<u>82,962</u>

All amounts relate to continuing operations.

The notes on page 12 to 19 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	52,797,667	2,933,072
Cash at bank and in hand		25,000	25,000
		<u>52,822,667</u>	<u>2,958,072</u>
Creditors: amounts falling due within one year	9	<u>(50,601,025)</u>	<u>(2,875,010)</u>
Net current assets		<u>2,221,642</u>	<u>83,062</u>
Net assets		<u>2,221,642</u>	<u>83,062</u>
Capital and reserves			
Share capital	10	100	100
Profit and loss account reserve		<u>2,221,542</u>	<u>82,962</u>
Shareholders' funds		<u>2,221,642</u>	<u>83,062</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: 10854720

The notes on page 12 to 19 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	100	82,962	83,062
Profit for the year	-	2,138,580	2,138,580
Total comprehensive income for the year	-	2,138,580	2,138,580
At 31 December 2018	100	2,221,542	2,221,642

For the 6 months ended 31 December 2017

	Share capital	Profit and loss account reserve	Total
	£	£	£
Balance at 7 July 2017	-	-	-
Profit for the period	-	82,962	82,962
Total comprehensive income for the year	-	82,962	82,962
Shares issued	100	-	100
Transactions with owners	100	82,962	83,062
At 31 December 2017	100	82,962	83,062

The notes on page 12 to 19 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

LRG Employees 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 represents income from recharging payroll and related costs to other group companies. It is recognised as the relevant costs are incurred. The amounts recognised are not related to contracts with customers.

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

Financial assets are classified as held at amortised cost and initially measured at fair value adjusted for transaction costs.

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.

Notes to the financial statements

Impairment of financial assets

Financial assets are impaired if there is objective evidence of impairment. The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Classification and measurement of financial liabilities

The Company's financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

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

2.5 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 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.

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.

Notes to the financial statements

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.

2.7 Employment benefits

Pension costs

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

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

Holiday pay accrual

No holiday pay has been accrued within the company on the basis that each group company that is recharged payroll costs has recorded a holiday pay accrual for the employees that are recharged.

2.8 Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares issued.
- "Profit and loss account reserve" represents the accumulated profits and losses attributable to equity shareholders.

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 period.

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 period in which the revisions are made including all future periods affected.

The directors have made no key judgements or estimates in preparing these financial statements.

Notes to the financial statements

4. Operating profit

	Year ended 31 December 2018 £	6 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	5,000	-

The company has taken advantage of the exemption from the requirement to disclose details of the auditor's remuneration for non-audit services. This is disclosed in the consolidated financial statements of its ultimate parent company, The Leaders Romans Group Limited.

5. Employees

The aggregate payroll costs of the employees were as follows:

	Year ended 31 December 2018 £	6 months ended 31 December 2017 £
Staff costs		
Wages and salaries	49,656,183	2,583,342
Social security costs	5,359,667	229,327
Pension costs	986,229	34,270
	<u>56,002,079</u>	<u>2,846,939</u>

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

	Year ended 31 December 2018 Number	6 months ended 31 December 2017 Number
By activity:		
Sub-contracted to operating companies	1,982	1,373

Notes to the financial statements

6. Directors' Remuneration

The emoluments of all Directors both during the year and the prior period were paid by other Group companies for services to the Group as a whole, and the Directors did not receive separate emoluments for their services to the Company, which are considered to be incidental. No recharge for any of these services was made to the Company.

7. Taxation on ordinary activities

Analysis of charge in the year

	Year ended 31 December 2018 £	6 months ended 31 December 2017 £
Corporation tax – current year:		
Current tax on profits of the period		19,460
Adjustments in respect of prior periods	(19,460)	-
Deferred tax – current year:		
Origination and reversal of timing differences	(25,538)	-
Total tax charge	(44,998)	19,460

	Year ended 31 December 2018 £	6 months ended 31 December 2017 £
Profit before taxation	2,093,580	102,422
Profit by rate of tax (2018: 19%; 2017: 19%)	397,780	19,460
Change in tax rates	3,005	-
Group relief claimed	(426,323)	
Adjustments in respect of prior periods	(19,460)	
Total tax	(44,998)	19,460

Notes to the financial statements

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. The deferred tax asset at 31 December 2017 has been calculated based on the rates substantively enacted at the date of the balance sheet.

Deferred tax:

The deferred tax asset consists of the following amounts:

	31 December 2018 £	31 December 2017 £
Short term timing differences	25,538	-

8. Debtors

	31 December 2018 £	31 December 2017 £
Amounts owed by group undertakings	52,759,998	2,932,971
Other debtors	12,131	101
Deferred taxation	25,538	-
	<u>52,797,667</u>	<u>2,933,072</u>

The Directors consider the carrying value of trade and other debtors 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 £
Amount owed to group undertakings	48,624,514	1,939,595
Corporation tax	-	19,460
Other taxation and social security	1,431,967	764,897
Other payables	160,784	125,693
Accruals and deferred income	383,760	25,365
	<u>50,601,025</u>	<u>2,875,010</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 £1.00 each	100	100	100	100

11. 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.

12. Ultimate controlling party

The company is a subsidiary of The Leaders Romans Bidco 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.

Notes to the financial statements

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 LRG Employees 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.