

Registered number: 10854720

LRG EMPLOYEES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



LRG EMPLOYEES LIMITED

COMPANY INFORMATION

Directors P L Aitchison
P Kavanagh

Company secretary P L Aitchison

Registered number 10854720

Registered office Crowthorne House
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Berkshire
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Independent auditor Grant Thornton UK LLP
Statutory Auditor & Chartered Accountants
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LRG EMPLOYEES LIMITED

CONTENTS

	Page
Strategic Report	1 - 4
Directors' Report	5 - 11
Independent Auditor's Report	12 - 16
Profit and Loss Account	17
Balance Sheet	18
Statement of Changes in Equity	19
Notes to the Financial Statements	20 - 29

LRG EMPLOYEES LIMITED**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report together with the audited financial statements for the year ended 31 December 2021. The comparatives are for the year ended 31 December 2020.

Principal activities

The principal activity of the company is provision of payroll services to the Leaders Romans Group ("Group"). There have been no changes in the activities of the company in the year under review.

Business review

The company has performed in line with the Directors' expectations in 2021.

Financial review

During the year ended 31 December 2021, the company's revenue was £83,743,643, compared to £67,813,420 for the year ended 31 December 2020. The profit before taxation for the year ended 31 December 2021 was £2,784,477 compared to a profit of £2,229,641 for the year ended 31 December 2020.

The company's balance sheet remains strong, with net assets of £9,514,658 at 31 December 2021 (31 December 2020 - £6,711,674).

The group carefully monitors cash flow and at 31 December 2021 held cash of £15,040,329 (31 December 2020 - £33,695,525).

Key performance indicators

The key performance indicator ("KPI") for the company is the number of employees which is shown below for the year ended 31 December 2021 and the year ended 31 December 2020:

	2021	2020
Employees (no.)	2,357	2,026

Principal risks and uncertainties

The company is exposed to a variety of financial 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.

As a provider of employees to a group involved in the provision of property services, the activity levels of the company's business are closely related to that in the housing marketplace. The board of directors monitor work levels within the group on a regular basis to ensure that sufficient and appropriate resources are in place.

The group monitors cash flow as part of its daily control activities. Cash flow projections are prepared on a regular basis to ensure that the appropriate cash reserves are available to fund the future operation of the group's businesses.

The Group 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 Group 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.

LRG EMPLOYEES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

The Group'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 Group 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 s.172 Statement below.

Directors' statement of compliance with duty to promote the success of the Company

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.

We have a network of over 200 branches across the country and employ over 2,500 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 is 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.

LRG EMPLOYEES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

The Company's Business Relationships

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

Customers

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

Landlord and tenant needs are serviced by dedicated teams within the Group who undergo rigorous and ongoing training, from the staff in branch to property managers who oversee the requirements 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 use of virtual viewings which reduce the need for both employees and customers to travel to and from appointments.

We have 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.

LRG EMPLOYEES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Maintaining our Reputation

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

The need to act fairly between members of the Company

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

This report was approved by the board on 30 May 2022 and signed on its behalf.

Paul Aitchison

P L Aitchison
Director

LRG EMPLOYEES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £2,802,984 (2020 - £2,207,425).

No dividends were paid during the year.

The directors do not recommend the payment of a dividend (year ended 31 December 2020 - £Nil).

Directors

The Directors who served during the year were:

P L Aitchison
P Kavanagh

At 31 December 2021, third party indemnity provision for the benefit of the company's directors was in force.

Statement of corporate governance arrangements

The Board is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining stakeholders' trust in the Group. The Group expects all its directors and employees to act with honesty, integrity and fairness. The Group will strive to adopt proper standards of business practice and procedure and operate with integrity and has followed these standards throughout the reporting period.

Our vision for governance and responsibility is to provide our shareholders and other stakeholders with the confidence that The Leaders Romans Group ("LRG") is a well-managed and responsible Group. The Board takes steps to engage with shareholders and to evaluate the relevant financial, social, ethical and environmental issues that may influence or affect LRG. Our Guiding Principles and Values support our vision, underpin our values and define our approach to all aspects of our business. We strive to do the right thing; we're committed to creative, commercial thinking; we listen, we care and we deliver; we always take a collaborative approach.

Governance and Responsibility framework

Whilst one set of formal governance principles have not been adopted by the board, the directors believe that good corporate governance is central to achieving the Group's objectives and maximising shareholder value, and are committed to high standards of corporate governance. The Board confirms that it has applied the principles as set out below.

There are six principles relating to Corporate Governance which the board regularly challenge and ensure compliance with:

1. Purpose and leadership

The Board believes that in order for LRG to be successful it is important that the Board demonstrates clear leadership and strategic direction in all of its decision making and that this is then clearly and concisely communicated down throughout the organisation.

This need for communication also extends to our stakeholders and representatives of our private equity stakeholder who sit on the Board and attend the monthly Board meetings and have regular contact with the senior management team. There are also regular communications between the CEO, CFO and our private equity investors to ensure that there is a clear understanding of the strategic direction in which the business is moving.

LRG EMPLOYEES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Communication within the organisation is carried out through the use of the Group intranet, regular email communications and updates to the business, as well as updates from the CEO concerning key events. Quarterly and yearly events are also held as well as monthly team meetings to ensure that key strategies and messages are communicated effectively throughout the organisation.

Our culture has been embedded through the development of an employee induction for all new LRG employees. This has allowed the Group to introduce new employees to the business through a consistent approach. We strive for all services and functions within the business to work together and we use the induction to highlight that mission and to demonstrate how it drives the success of our business.

Should an employee have an issue that they are concerned about or a grievance that they want to raise there are processes in place for employees to address these as well as whistle blowing procedures, which include clear guidelines in our employee handbook on the grievance procedure, as well as an anonymous employee helpline where they can raise concerns to our HR and compliance teams. All complaints are monitored by the Board.

2. Board composition

The LRG Board consists of a non-executive Chairman, Chief Executive Officer, Chief Financial Officer, Lettings Director and Sales Director as well as a representative from our Investors. There is also a non-executive director to provide additional support, challenge and advice to the main executive board.

The role of Chairman and the role of Chief Executive are clearly defined and segregated. The Chairman's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. Accurate, timely and clear information is provided to all directors and the Chairman is satisfied that effective communication, principally by the Chief Executive and the Chief Finance Officer, is undertaken with the shareholders.

The Chairman facilitates the contribution of the non-executive director and the relationship with the executive directors. The non-executive director plays a full part by constructively challenging and contributing to the development of strategy. The performance of management is monitored, as is the integrity of financial information and effectiveness of financial controls and risk management systems.

The Board has delegated the responsibility for the day-to-day management of the Group to the Chief Executive Officer, who is responsible for recommending strategy to the Board, leading the executive Directors and for making and implementing operational decisions.

The Board meets on a monthly basis to discuss performance and future strategy and planning. At each Board meeting the Chief Executive Officer provides a review of the business and how it was performing and the Chief Financial Officer provides a detailed review of the Group's financial position. Directors receive reports from each of the key business areas. The Board, supplied with information that is both timely and appropriate, deals with those matters reserved for its decision, and takes all material decisions affecting the Group.

All divisions within the group provide monthly reports to the executive team which highlight performance and concerns, including any HR issues.

In 2021 the range of subjects discussed included: The strategic development of the Group, including the ongoing and changing impact of the Pandemic and the government restrictions in place, and a review of possible acquisitions. Additionally, the Board discussed the Group's financial results, the Budget for 2022, the sale of the group and any regulatory and governance issues.

LRG EMPLOYEES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3. Director responsibilities

Director compliance has continued to be a focus during 2021 and we have a robust structure through carrying out background checks both on initial appointment and also following any promotion to a more senior role to ensure that we are satisfied with our directors' conduct. We are also working on initiating training around Ethnicity, Diversity & culture, with annual skill gap analysis being undertaken.

There are clear lines of reporting within our organisational structure as well as job specifications outlining roles and responsibilities. The Board encourages independent and creative thinking whilst ensuring that there is a robust organisational structure in place to ensure that Directors and managers retain accountability for their decisions and their team members.

We have an internal compliance team whose role it is to ensure that systems and controls are operating effectively and to highlight any areas of concern. They regularly review Company and Group policies around anti-money laundering, whistle blowing policies, GDPR, IT and social media policies as well as the overall governance and compliance of our numerous branch employees. Additionally we have clear review and appeal processes in place to ensure that we are able to conduct an independent review of any decision should an employee deem the outcome to be unfair.

In order to provide additional oversight and control we have an audit committee headed by an independent non-executive director.

The Group also has a remuneration committee which reviews senior staff salaries and benefit packages to ensure that Directors' remuneration is fair and reasonable and any senior positions must be approved by the Private Equity Investor as well as by the Board.

4. Opportunity and risk

The Group's creation and preservation of value over the long term can be seen through our core values; We do the right thing; We're committed to creative, commercial thinking; We listen, we care and we deliver; We always take a collaborative approach. Through these values the Group supports innovation and encourages entrepreneurship which in turn helps to identify local initiatives as well as opportunities to explore at a group level. These values are regularly communicated at the beginning of team meetings.

Reporting is carried out on a monthly, quarterly and annual basis and each year we undergo budget planning for the following year, as well as a review of our 5 year strategy. Every month there is a Board meeting attended by the investors where the Board review that month's performance and discuss any areas of concern or areas of opportunity. Strategic decisions are made during these monthly board meetings and the action points are then distributed down to the Directors and the operational teams. Outside of these monthly Board meetings, the senior management team and the direct reports of the CEO meet on a weekly basis where there is the opportunity to discuss any issues and areas of concern and to update the Directors on the progress made to date.

Additional risk management and assessment is carried out through our Health And Safety team with regular health and safety assessments being carried out on a rolling basis across all areas of the business and in particular at branch level and head office.

The Board is responsible for reviewing and approving the Group's system of internal controls and its adequacy and effectiveness. This system of internal controls includes financial, operational and compliance controls and risk management. It is the role of management to implement the agreed policies on risk and control. Our system of internal financial and operational controls is designed to meet the Group's particular needs and aims to facilitate effective and efficient operations, to safeguard the Group's assets, ensure proper accounting records are maintained and ensure that the financial information used within the business and for publication is reliable.

LRG EMPLOYEES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Key features of our system of internal control are as follows:

Group organisation and culture - Through its statements and actions the Board emphasises a culture of integrity, competence, fairness and responsibility. The Board focuses mainly on strategic issues, senior management performance and financial performance. Our Chief Executive and the Group Executive, as his senior executive team, concentrate on operational performance, operational decision-making and the formulation of strategic proposals to the Board. The Group's managing directors manage their businesses with the support of senior managers. The Board determines how the chief executive operates within a framework of delegated authorities and reserved powers which seek to ensure that certain transactions, significant in terms of their size or type, are undertaken only after Board review.

Control environment - Our operational structure has clearly documented and communicated principles of delegation of authority and segregation of duties. The Group's management systems include financial policies and procedures, corporate and business quality assurance manuals, health and safety procedures and environmental management procedures. These procedures are subject to review to ensure that improvements to enhance controls can be made.

Financial reporting - The Board approves a strategic plan and annual budgets for the Group. The financial performance of individual business segments is reported regularly and compared to annual budgets. Forecasts for the Group are updated and reviewed by the Board regularly.

Business conduct policy - The Group believes that integrity is a fundamental prerequisite for successful business relationships, both internally and externally. Reputation, trust and confidence are essential elements that we seek to protect and enhance to the benefit of all with whom we have a relationship. The Group seeks to understand and meet its customers' needs, whilst seeking continuous improvement. Across the Group there are procedures in place that seek to underpin this approach. By so doing the Group aims to meet the needs of all stakeholders.

Functional reporting - The Board assesses the risks facing the business on an ongoing basis and has identified a number of other key areas that are subject to regular reporting to the Board such as human resources and health and safety. Furthermore during the induction process staff are tested on key policies including:

- Tax evasion
- Anti-Money Laundering
- Bribery risks
- GDPR

Staff are also given copies of the employee handbook and trained on other key areas including equal opportunities, health and safety, IT policies and other security policies within the Group.

5. Remuneration

The Board believes that executive remuneration should be aligned to the Group's purpose and values, and it should be clearly linked to the successful delivery of the company's long-term strategy. The CEO, CFO and the HR Director together with the Chairman, Investor Directors and non-executive director are engaged in the process for setting remuneration for other directors to ensure that remuneration is fair and incentivised in-line with the company's long term strategic goals. By taking into consideration their duties, responsibilities, experiences and performance, the wages and the benefits of senior management are determined in a manner that is compatible to equivalent job conditions and the company's strategies and policies.

LRG EMPLOYEES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

LRG has a structured remuneration policy based around the organisational structure of the business and job grades which are matched to roles and responsibilities. This ensures that the wider workforce's remuneration packages are fair and comparable across the group by division and function and are regularly reviewed by the senior management team. Deviation from these grades require board sign off in advance.

The Group also runs a commission based pay structure within its customer facing roles to ensure that employee remuneration and reward is linked to the key business objectives, goals and strategy.

6. Stakeholder relationships and engagement

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

The Board has outlined within its strategic report and its' s.172 statement how it considers the impacts of the Group's activities on its current and future stakeholders. This can be found on pages 1 - 4.

Stakeholder engagement is a key component of how the business operates – with employee engagement being a key pillar. Decisions concerning operational changes are often made through input from our employees following our employee engagement surveys. We also operate an open culture between our senior management team and employees, meaning staff are able to raise any feedback directly with our CEO and other executive board members. We run a question forum to allow employees to submit questions to our CEO which also allows them the opportunity to submit suggestions or concerns. The output of these forums are communicated to all staff.

Another way we engage with our employees is through recognition. We run quarterly awards and incentives for all employees across the group. Furthermore staff have access to a helpline where they can anomalously raise concerns or grievances if it is not appropriate to follow the procedures set out in our Grievance Policy.

The Group actively promotes charity work and support throughout its network of branches and to its employees, and asks its local branches to be involved within the communities in which they are placed.

Through following these principles of governance, combined with our values, the Group seeks to put its' stakeholders best interests first, invest in its employees, support the communities in which it operates and strives to generate sustainable profits for its investors. All the Group's policies are regularly reviewed to ensure they are up to date and require director sign off.

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.

LRG EMPLOYEES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Streamlined Energy and Carbon Reporting (SECR)

It is 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.

Post balance sheet events

On 28 February 2022, the Leaders Romans Group was acquired by certain investment vehicles advised by Platinum Equity Advisors, LLC. As part of this transaction, the group's bank debt was refinanced, with existing facilities being repaid and replaced with new facilities which have repayments dates between 2027 and 2029.

Directors' responsibilities statement

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 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic 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 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 for the Company's financial statements 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;
- 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 to 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.

LRG EMPLOYEES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 May 2022 and signed on its behalf.

Paul Aitchison

P L Aitchison
Director

LRG EMPLOYEES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LRG EMPLOYEES LIMITED

Opinion

We have audited the financial statements of LRG Employees Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Balance Sheet, the 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 2021 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 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.

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.

LRG EMPLOYEES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LRG EMPLOYEES LIMITED

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 statement, 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.

LRG EMPLOYEES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LRG EMPLOYEES LIMITED

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/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 team's 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 an instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated our enquires through our review of board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.
- 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 1079, The Consumers, Estate Agents and Redress Act 1997, ARLA Propertymark Rules, Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to client monies, health and safety, employee matters, environmental matters, data protection, and bribery and corruption practices.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications or fraud or non-compliance with laws and regulations throughout the audit.

LRG EMPLOYEES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LRG EMPLOYEES LIMITED

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 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. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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 the 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.

LRG EMPLOYEES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LRG EMPLOYEES LIMITED

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 Accountant
Southampton
30 May 2022

LRG EMPLOYEES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover		83,743,643	67,813,420
Gross profit		83,743,643	67,813,420
Administrative expenses		(80,820,638)	(65,583,779)
Operating profit	4	2,923,005	2,229,641
Interest payable and similar expenses	7	(138,528)	-
Profit before tax		2,784,477	2,229,641
Tax on profit	8	18,507	(22,216)
Profit for the financial year		2,802,984	2,207,425

The notes on pages 20 to 29 form part of these financial statements.

LRG EMPLOYEES LIMITED
REGISTERED NUMBER: 10854720

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	412	3,634
		<u>412</u>	<u>3,634</u>
Current assets			
Debtors: amounts falling due within one year	11	238,281,200	165,404,704
Cash at bank and in hand		25,000	25,000
		<u>238,306,200</u>	<u>165,429,704</u>
Creditors: amounts falling due within one year	12	(228,791,954)	(158,721,664)
Net current assets		<u>9,514,246</u>	<u>6,708,040</u>
Total assets less current liabilities		<u>9,514,658</u>	<u>6,711,674</u>
Net assets		<u><u>9,514,658</u></u>	<u><u>6,711,674</u></u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account		9,514,558	6,711,574
		<u><u>9,514,658</u></u>	<u><u>6,711,674</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 May 2022.

Paul Aitchison

P L Aitchison
 Director

The notes on pages 20 to 29 form part of these financial statements.

LRG EMPLOYEES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £	Profit and loss account reserve £	Total £
At 1 January 2020	100	4,504,149	4,504,249
Profit for the year	-	2,207,425	2,207,425
Total comprehensive income for the year	-	2,207,425	2,207,425
At 1 January 2021	100	6,711,574	6,711,674
Profit for the year	-	2,802,984	2,802,984
Total comprehensive income for the year	-	2,802,984	2,802,984
At 31 December 2021	100	9,514,558	9,514,658

The notes on pages 20 to 29 form part of these financial statements.

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****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 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. Accounting policies**2.1 Basis of preparation of financial statements**

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

The following principal accounting policies have been applied:

2.2 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 to 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;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Leaders Romans Group Limited as at 31 December 2021 and these financial statements may be obtained from Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ.

2.3 Going concern

The company is a subsidiary of The Leaders Romans Group Limited. The financial statements have been prepared on the going concern basis. In reaching this conclusion, the directors have reviewed forecasts for the group of which the company is a part, which demonstrate a reasonable expectation that both the company and its wider group will continue to generate cash and have adequate resources to continue in operational existence for a period not less than 12 months from the date of signing these financial statements.

2.4 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.

2.5 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.

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2. Accounting policies (continued)****2.6 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****2. Accounting policies (continued)****2.7 Current and deferred 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 and 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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

- 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 they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences 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 is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Pensions**Defined contribution pension plan**

The Company operates a defined contribution 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 profit or loss 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.

2.9 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

LRG EMPLOYEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Other equipment	- Over a 12 month period on cost
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Impairment of non-financial assets

At each balance sheet date, the Directors review the carrying amounts of the Company's non-current assets, 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.

An impairment loss is recognised as an expense immediately.

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

2.12 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.

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****3. 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.

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.

Impairment of intercompany balances

Determine whether there are indicators of impairment of the balances due from other group companies. Factors taken into consideration in reaching such a decision include the current and expected future performance of the entities concerned.

4. Operating profit

The operating profit is stated after charging:

	2021	2020
	£	£
Tangible fixed assets - depreciation	3,928	-
Auditors' remuneration	7,200	5,358
	<u>7,200</u>	<u>5,358</u>

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.

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****5. Employees**

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	71,141,146	57,771,840
Social security costs	7,710,545	6,352,476
Pension costs	1,618,910	1,448,803
	<u>80,470,601</u>	<u>65,573,119</u>

During the year the company made claims amounting to £290,474 (2020 - £4,541,523) under the UK Government's furlough scheme. The claims are reflected in the financial statements of the group companies to which the employees have been subcontracted.

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Sub-contracted to operating companies	<u>2,357</u>	<u>2,026</u>

6. Directors' remuneration

The emoluments of all Directors both during the year and the prior year 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. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	138,528	-
	<u>138,528</u>	<u>-</u>

LRG EMPLOYEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation

	2021 £	2020 £
Current tax		
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	(7,581)	(2,155)
Adjustment in respect of prior years	(1,350)	24,371
Effect of changes in tax rates	(9,576)	-
Total deferred tax	(18,507)	22,216
Taxation on profit on ordinary activities	(18,507)	22,216

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	2,784,477	2,229,641
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	529,051	423,632
Effects of:		
Change in tax rates	(9,576)	(2,264)
Group relief	(536,632)	(423,523)
Adjustments to tax charge in respect of prior periods	(1,350)	24,371
Total tax charge for the year	(18,507)	22,216

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £250,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning taxable profits between the two levels. These changes were substantively enacted at the Balance Sheet date and therefore an adjustment has been made to deferred taxation balances to account for this change.

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****9. Deferred taxation**

	2021 £	2020 £
At beginning of year	21,393	43,609
Charged to profit or loss	18,507	(22,216)
At end of year	39,900	21,393

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	578	(194)
Short term timing differences	39,322	21,587
	39,900	21,393

10. Tangible fixed assets

	Other equipment £
Cost	
At 1 January 2021	3,634
Additions	706
At 31 December 2021	4,340
Depreciation	
Charge for the year	3,928
At 31 December 2021	3,928
Net book value	
At 31 December 2021	412
At 31 December 2020	3,634

LRG EMPLOYEES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****11. Debtors**

	2021 £	2020 £
Amounts owed by group undertakings	238,196,345	165,279,886
Other debtors	10,727	102,599
Prepayments and accrued income	34,228	826
Deferred taxation	39,900	21,393
	<u>238,281,200</u>	<u>165,404,704</u>

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	9,527	-
Amounts owed to group undertakings	225,470,847	150,600,947
Other taxation and social security	2,119,642	7,246,315
Other creditors	377,348	291,332
Accruals and deferred income	814,590	583,070
	<u>228,791,954</u>	<u>158,721,664</u>

13. Share capital

	2021 £	2020 £
Allotted, issued and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

14. 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 2021 totalled £177,079,206 (2020: £158,829,829).

LRG EMPLOYEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. 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.

16. Post balance sheet events

On 28 February 2022, the Leaders Romans Group was acquired by certain investment vehicles advised by Platinum Equity Advisors, LLC. As part of this transaction, the group's bank debt was refinanced, with existing facilities being repaid and replaced with new facilities which have repayments dates between 2027 and 2029.

17. Controlling party

The company is a subsidiary of The Leaders Romans Bidco Limited. At 31 December 2021, 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 LRG Employees Limited, Crowthorne House, Nine Mile Ride, Wokingham, Berkshire RG40 3GZ or Companies House.

At 31 December 2021, the company was ultimately controlled by funds managed by Bowmark Capital LLP. On 28 February 2022, the Leaders Romans Group was sold and is now indirectly owned and controlled by certain investment vehicles advised by Platinum Equity Advisors, LLC.