

Red Bidco Limited
Annual report and financial statements
Registered number 07551924
For the year ended 31 March 2019



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Strategic report

The company is an intermediate holding company within the Red Topco Limited group and as such has no significant activity in its own right other than the provision of financing through bank loans raised by the company. The company's principal subsidiary is Red Commerce Limited, and its financial statements contain a full Strategic Report covering their activities. Furthermore, the Red Topco Limited's group Strategic Report contains details of the group's activities.

By order of the board

A handwritten signature in black ink, appearing to read 'R Eades'.

R Eades
Director

12th December 2019

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Principal activities

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

Business results

The results for the year are set out on page 7.

Dividends

The directors do not recommend payment of a dividend (2018: *£nil*).

Directors and directors' interests

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

R Eades (appointed 7th May 2018)
A McRae (resigned 7th May 2018)
R Marshall
J Sealy

Political and charitable contributions

During the year the company made no charitable contributions (2018: *£nil*) and no political contributions (2018: *£nil*).

Provision of information to the auditor

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

Auditor

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

By order of the board



R Eades
Director

12th December 2019

5th floor
33 Gracechurch Street
London
EC3V 0BT

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors Report to the Members of RED Bidco Limited

Opinion

We have audited the financial statements of Red Bidco Limited (“the company”) for the year ended 31 March 2019 which comprise the Profit and loss account, Balance Sheet, Statement of changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31st March 2019 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group’s future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group’s future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors’ conclusions, we considered the inherent risks to the company’s business model, including the impact of Brexit, and analysed how those risks might affect the company’s financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor’s report is not a guarantee that the company will continue in operation.

Strategic report and directors’ report

The directors are responsible for the strategic report and the directors’ report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors’ report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

Independent Auditor's Report to the Members of RED Bidco Limited

(continued)

- we have not identified material misstatements in the strategic report and the directors' report
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

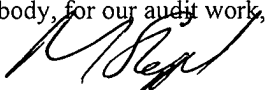
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.


Mark Sheppard (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Forest Gate
Brighton Road
Crawley

RH11 9PT

Date

13 December 2019

Profit and loss account
for the year ended 31 March 2019

	<i>Notes</i>	2019 £'000	2018 £'000
Administration expenses	3	-	10
Operating Profit/(loss)		<u>-</u>	<u>10</u>
Net finance income/(expense)	4	-	1
Profit/(loss) before taxation		<u>-</u>	<u>11</u>
Taxation on profit		-	-
Profit/(Loss) for the year		<u><u>-</u></u>	<u><u>11</u></u>

All results arose from continuing operations.

There was no other comprehensive income in 2018 or 2019.

The notes on pages 10 to 15 form part of these financial statements.

Balance sheet
as at 31 March 2019

	<i>Note</i>	2019 £'000	2018 £'000
Investments	5	<u>26,840</u>	<u>26,840</u>
Current assets			
Debtors	6	12,672	12,672
Creditors: amounts falling due within one year	7	<u>(43,268)</u>	<u>(43,268)</u>
Net current liabilities		(30,596)	(30,596)
Total assets less current liabilities		<u>(3,756)</u>	<u>(3,756)</u>
 Net liabilities		 <u><u>(3,756)</u></u>	 <u><u>(3,756)</u></u>
 Capital and reserves			
Called up share capital	8	23	23
Share premium account	9	205	205
Profit and loss account	9	<u>(3,984)</u>	<u>(3,984)</u>
Equity shareholders' deficit		<u><u>(3,756)</u></u>	<u><u>(3,756)</u></u>

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 12th December 2019 and were signed on its behalf by:



R Eades
Director

Statement of Changes in Equity

	Share capital	Share Premium account	Profit & loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 31 March 2018	23	205	(3,984)	(3,756)
Total comprehensive income for the period				
Profit or loss	-	-	-	-
Balance at 31 March 2019	<u>23</u>	<u>205</u>	<u>(3,984)</u>	<u>(3,756)</u>

The notes on pages 10 to 15 form part of these financial statements.

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

1 Accounting policies

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

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

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

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

The Company’s ultimate parent undertaking, Red Topco Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Red Topco Limited are available to the public and may be obtained from 5th floor, 33 Gracechurch Street, London, EC3V 0BT. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

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

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

1.1 Measurement convention

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

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

1.2 Going concern

Notwithstanding net current liabilities of £30.6 million as at 31 March 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

Notes (continued)

1.2 *Going concern (continued)*

The entity is a holding company and is not expected to have any cash requirements for the foreseeable future.

The entity is dependent on the company's subsidiary companies, Red Commerce Limited and the company's parent, Red Midco Limited not seeking repayment of the amounts currently due to them, which at 31st March 2019 amounted to £17,807,441, and £25,431,502 respectively. All the above companies have indicated that they do not intend to seek repayment of these amounts for the period up to 31 December 2020. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 *Basic financial instruments*

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments

Investments in subsidiary undertakings are stated at cost.

1.4 *Classification of financial instruments issued by the Company*

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

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

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

Notes (continued)

1.5 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.6 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account within finance income and expense.

1.7 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable recognised in profit or loss using the effective interest method and net foreign exchange losses.

2 Remuneration of directors

None of the directors received remuneration for their services to the company during the year (2018: £nil).

3 Notes to the profit and loss account

The company is an intermediate holding company and does not employ any staff directly (2018: none).

Fees paid to the Company's auditor, KPMG LLP, and its associates for services other than the statutory audit of the Company are not disclosed in Red Bidco Limited's accounts since the consolidated accounts of Red Bidco Limited's ultimate parent, Red Topco Limited, are required to disclose other services on a consolidated basis.

Auditor's remuneration in respect of the audit of these financial statements for the year ended 31 March 2019 is fully borne by Red Commerce Limited, a fellow subsidiary (2018: £nil).

4 Net finance expense

	2019 £'000	2018 £'000
Interest payable and similar charges		
Bank loan Interest	-	-
Amortisation of debt issue costs	-	-
	-	-
(Loss) / Gain on foreign exchange	-	1
Net Finance Expense	-	1

Notes (continued)

5 Fixed asset investments

	Shares in group undertaking £'000
Cost at 1 April 2018 and 31 March 2019	26,840

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

Subsidiary undertakings	Country of Incorporation	Principal activity	Direct/ Indirect	Class and percentage of shares held
Rouge 1 Limited	England & Wales	Intermediate holding company	Direct	Ordinary 100%
Rouge 2 Limited	England & Wales	Intermediate holding company	Indirect	Ordinary 100%
Red Commerce Limited	England & Wales	IT staffing	Indirect	Ordinary 100%
Red Commerce GmbH	Germany	IT staffing	Indirect	Ordinary 100%
Red Commerce Inc	USA	IT staffing	Indirect	Ordinary 100%
Red Commerce Schweiz GmbH	Switzerland	IT staffing	Indirect	Ordinary 100%
Rouge Commerce AB*	Sweden	IT staffing	Indirect	Ordinary 100%
Red Commerce Consultoria E Recrutamento Ltda*	Brazil	IT staffing	Indirect	Ordinary 100%

*Denotes companies that have had offices closed in the current and previous years and as such, do not have a registered office address

The registered addresses of the subsidiaries are as follows:

Subsidiary undertaking	Registered Address
Rouge 1 Limited	5 th Floor 33 Gracechurch St, London, England EC3V 0BT
Rouge 2 Limited	5 th Floor 33 Gracechurch St, London, England EC3V 0BT
Red Commerce Limited	5 th Floor 33 Gracechurch St, London, England EC3V 0BT
Red Commerce GmbH	Gereonstrasse 1-3, 50670 Cologne, Germany
Red Commerce Inc	11 th Floor, 30 Montgomery Street, Jersey City, NJ 07302
Red Commerce Schweiz GmbH	Bärengasse 29, 8001 Zurich

6 Debtors

	2019 £'000	2018 £'000
Corporation Tax	-	-
Amounts owed by group undertaking	12,672	12,672
	<u>12,672</u>	<u>12,672</u>

Notes (continued)

7 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Amounts due to group undertakings	43,268	43,268
	<u>43,268</u>	<u>43,268</u>

8 Called up share capital

	2018 £'000	2018 £'000
Allotted, called up and fully paid Equity		
228,325 ordinary shares of £0.10 each	23	23
	<u>23</u>	<u>23</u>

9 Reserves

	Share premium account £'000	Profit and loss account £'000
At beginning of year	205	205
Retained profit for the year	-	-
At end of year	<u>205</u>	<u>205</u>

Notes (continued)

10 Ultimate parent company

Red Topco Limited is the ultimate parent company of its group and the only level at which consolidated financial statements are prepared. The ultimate controlling party is Dunedin LLP, the manager of the investment fund which holds a controlling stake in Red Topco Limited.

11 Contingent liability

The company has provided a debenture to secure £46 million (2018: £46 million) of loan notes issued by Red Midco Limited, and a guaranteed invoice discounting facility owed by Red Commerce Limited, an indirect subsidiary of the company. At the year end the outstanding amount on this invoice discounting facility was £17 million (2018: £13 million).

12 Accounting estimates and judgements

Key sources of estimation uncertainty and critical accounting judgements

The key accounting estimates and critical judgements involved in accounting for the result for the year are determining whether the carrying value of the Company's investment and amounts due from subsidiaries continues to be supported and whether it is appropriate to prepare the financial statements on a going concern basis (see note 1). In determining whether the carrying value of investments and amounts due from group companies is supported, the directors have prepared value in use calculations and cashflow projections for the group based on various trading scenarios.