

**Company Registration No. 01094178**

**JLA Limited**

**Annual Report and Financial Statements**

**Year ended 31 October 2019**



# **JLA Limited**

## **Annual report and financial statements 2019**

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# **JLA Limited**

## **Annual report and financial statements 2019**

### **Officers and professional advisers**

#### **Directors**

|             |                             |
|-------------|-----------------------------|
| S Baxter    | (resigned 1 January 2019)   |
| H Ashton    | (appointed 1 January 2019)  |
| P Humphreys | (resigned 31 December 2019) |
| B Gujral    | (appointed 1 January 2020)  |

#### **Registered Office**

Meadowcroft Lane  
Halifax Road  
Ripponden  
West Yorkshire  
HX6 4AJ

#### **Bankers**

Lloyds Bank  
Church Street  
Sheffield  
S1 2FF

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom

# **JLA Limited**

## **Strategic report**

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

### **Business strategy**

JLA Limited (“the Company”) is a member of the group headed by JLA Acquisitions Topco Limited (“the Group”). The principal activities of the group focus on critical asset solutions for a range of customers and comprise the long-term hire, supply and maintenance of laundry, catering, heating and fire safety equipment and the supply of managed launderettes. A review of the Group’s results and future prospects, which include those of the Company, is set out below.

The Board has developed a very clear strategic vision, which is being successfully deployed within the business. The strategy will look to continue to grow market share within the existing core business segments, along with identifying opportunities for growth in adjacent markets through both organic product and service development and strategic acquisitions.

The group will continue to provide a complete product supply and service solution to support its customer base, both existing and new, through the whole life cycle of their various critical assets that are operated within their business. Through the group’s unique sales infrastructure and national service support capability, it will bring new product offerings to the existing customer base and gain market share within adjacent targeted markets.

The group will also continue to invest in its sales and service capability in all divisions. The group will also continue to keep the key customer promise made at the point of sale, where service excellence is guaranteed 365 days a year - 24/7 to maintain their critical asset base.

The group’s ambitious growth plans are underpinned by a robust deployment plan, which has allowed the business to cascade the strategy down through the organisation. A number of key strategic work-streams related to revenue growth efficiency and operational excellence will deliver the strategic vision and are supported by both the significant cash generation from the business and an appropriate level of external funding.

### **Business review**

The principal activity of the Company during the year under review was the supply of laundry, catering and heating equipment, related parts and maintenance service.

During the year, the Company acquired the trade and assets from Comcat Engineering Limited, a fellow subsidiary undertaking. Further details are contained in note 26.

The Company’s key performance target is to grow turnover and profits in the long term. In the year under review turnover has fallen by 1% to £37.3 million (2018: £37.8 million) due to a reduction in the volume of machines sold as the company reduced its focus in certain areas. The Company has continued to invest and develop new product and customer opportunities which it expects to contribute to future growth.

The separately disclosed items incurred in the year principally comprise of costs related to business and senior team transformation costs following the shareholder transaction in 2018, and cost regarding acquisition/integration of group businesses.

The loss for the year, before taxation, amounted to £3.0 million (2018: profit of £4.7 million). The Directors have not recommended a dividend (2018: £nil). The Directors have not paid or declared a dividend for 2019 (2018: £nil).

The statement of financial position on page 14 shows the Company’s financial position at the year end. Net assets decreased from £14.2 million to £10.5 million, due to increases in costs during the year driving increased liabilities, offset by increased capital expenditure and stock level increases. The Company’s financial position was considered satisfactory in terms of working capital and confirmed group support and the Directors believe the Company to be well positioned for future growth. Further details of the Company’s funding can be found on pages 3 to 5.

# **JLA Limited**

## **Strategic report (continued)**

### **Future developments**

The Board has plans to grow the business significantly, both in terms of revenue and profitability through organic growth within its existing core market segments and through acquisition in adjacent market sectors, which have similar market characteristics and will allow the Group to apply its unique business model.

In recent years, the Group has established a meaningful position within the UK catering sales and service market through both organic and acquisition related growth. The Group intends to use this strong platform to leverage the sizeable opportunity that this market presents. The Group has plans to increase the scale and operations in its new Heating and Fire Safety divisions and to establish a meaningful position in these marketplaces.

### **Principal risks and uncertainties**

As referenced in the post balance sheet event note, the Company continues to monitor and manage the implications from the WHO declared global pandemic novel coronavirus Covid 19 'Covid'.

- In support of the UK Government's initiatives to bring the pandemic under control, to protect the health and well-being of colleagues and to ensure that our customers in critical sectors continue to get the service and support that they need, the business is operating on a reduced level of staff to ensure that safety and security is maintained of employees and customers. Furthermore the group has substantially increased its holding of personal protective equipment 'PPE' to ensure colleague safety when working on client sites repairing equipment.
- Wider macroeconomic conditions are largely beyond the control of the Group. However, the Group seeks to analyse industry and economic statistics to forecast future demand based on stated customer requirements with the aim of anticipating market movements.
- Continued supply of parts and machines - Our BREXIT planning included forward purchase of machine stocks and increasing our spares stocks to provide continuous availability of our most popular product lines. These actions already in place provide short term confidence. Throughout the period of the pandemic we have not been materially adversely impacted by any lengthy periods of stock voids.
- Site control measures - Where clients have specific site control measures in place that exceed government guidelines, we will consider these and adopt where reasonable to continue to provide the essential maintenance and services required.
- The Group has flexed capacity and its cost base where possible during the economic downturns to allow more of the Group's revenue opportunities to remain open and viable, maintaining skills, development and training. The Group believes this will maintain employee morale and high levels of customer service through the Covid pandemic. It also allows the Group to respond more rapidly to increases in demand and keep customers satisfied.
- The Group's vend share operations, which in 2019 comprised 25% of the Group's revenue and 21% of EBITDA, primarily in Higher Education accommodation facilities and leisure sites, has been severely impacted by the UK wide shutdown. These revenue streams are secured on a long term contractual basis. The board continue to plan for the re-opening of these facilities and any knock on implications for colleagues and customers in relation to social distancing and PPE requirements.

These potential disruptions and uncertainties could have an adverse effect on the Group's business, financial results and day to day operations. As further changes to market conditions and legal obligations arising from Covid are confirmed, the board will continue to assess the potential risks and impacts on the Company's stakeholders.

### **Going concern**

The financial results of the group and the future developments are discussed on pages 2 and 3.

The Company makes use of bank facilities agreed on a JLA Acquisitions Topco group wide basis together with other companies under the control of JLA Acquisitions Topco Limited, whereby each company guarantees the borrowings of the others.

# JLA Limited

## Strategic report (continued)

### Going concern (continued)

Funding is provided to the company through intercompany loan movements. This intercompany debt is financed by profits and cash generated by fellow group subsidiaries as well as external borrowings.

The group has net liabilities of £81.4 million, recorded a loss after taxation of £82.7 million for the 17 month period to 31 October 2019 and recorded a net cash inflow of £11.0 million. Funding is provided to the company through intercompany loan movements.

On 28 February 2020, the group headed by JLA Acquisitions Topco Limited increased its secured bank loan facilities with an extension of £30,000,000 to the 1<sup>st</sup> lien term loan, and an extension of £10,000,000 to the 2<sup>nd</sup> lien term loan. The group also secured an incremental funding facility for capital expenditure and acquisition requirements (ACF) of a further £40,000,000. The total facilities now comprise a £290,000,000 1<sup>st</sup> lien term loan, a £105,000,000 2<sup>nd</sup> lien term loan, a £50,000,000 revolving credit facility and a £40,000,000 ACF. The 1<sup>st</sup> lien term loan is due to be repaid on 15 August 2025, the 2<sup>nd</sup> lien term loan is due to be repaid on 15 August 2026 and any drawn balance on the revolving credit facility is due to be repaid on 15 August 2024.

At 31 October 2019, the group had utilised £23,000,000 of the revolving credit facility. The available 1<sup>st</sup> lien term loan and 2<sup>nd</sup> lien term loan at that date were drawn down in full.

Subsequent to the year end, the £30,000,000 1<sup>st</sup> lien term loan increase and the £10,000,000 2<sup>nd</sup> lien term loan increase was drawn down and the £50,000,000 revolving credit facility is drawn in full. The £40,000,000 committed ACF facility remains undrawn.

As at the date of signing, a cash balance in excess of £40,000,000 remains available as free unencumbered cash in the group business current accounts.

The secured bank loan facilities, including the revolving credit facility, and the ACF contain no financial covenants.

In making the going concern assessment the Directors have taken into account the following:

- the current capital structure and liquidity of the group and the ability of the group to continue to service its creditors as they fall due from the available funding options documented above;
- the principal risks facing the Group and its systems of risk mitigation and control;
- the base case cashflow forecasts over 2020 and 2021 and a number of downside scenarios to those forecasts, including a severe stress test scenario.
- in considering the impact of the coronavirus pandemic, the assessment made recognises the inherent uncertainty associated with any forecasting at the present time. Whilst the directors believe that trading performance will remain robust, the base case cashflow forecast and the downside scenarios prepared have included consideration of the impact of the following on the group's forecast trading performance.
  - the long term contractual nature of key revenue streams
  - the current demand for services during the period of the UK wide lockdown and the understanding that a return to expected trading levels may take several months.
    - The hospitality and leisure sector has been in an effective period of hibernation but sales enquiry levels are increasing as business' gear up for the expected re-opening of the sector in July 2020.
    - The vend share business model has observed a reduction in demand of between 60% and 75% in recent weeks. The re-opening of the leisure sector will start to stimulate some demand but the key variable is the re-opening of student accommodation which the group is forecasting to occur in the autumn term
  - the assistance provided by the Government furlough scheme that has enabled management to more effectively match demand with the resulting cost base and the expected changes to the scheme. A portion of impacted staff are returning to work to match increased demand as business and operating sites re-commence their activities
  - all options available for effective working capital management,

## **JLA Limited**

### **Strategic report (continued)**

#### **Going concern (continued)**

- mitigating actions available to the group including the cessation of strategic transformation projects, reduction in planned capital expenditure and cost savings that could be acted on in a swift and effective manner to preserve the cash headroom

A number of stress test scenarios have been modelled to understand the impact of the various risks outlined above and the point when cash would be exhausted. To illustrate, the directors have modelled a scenario with a 30% reduction across all revenue streams. At this level of testing the forecast did not require the business to amend its planned activities or to start to draw down funds from the ACF facility. If the reduction in revenue was increased to 50% across all revenue streams there is sufficient cash in the business after drawing down from the available ACF. Based on current trading evidence available to directors at the date of this report, and considering the long term nature of customer contracts, the assumptions in this scenario are considered to be highly unlikely.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making appropriate enquiries, and reviewing the JLA Acquisition Topco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, and being in receipt of a letter of support from JLA Acquisitions Topco Limited, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and financial statements.

Approved by the Board of Directors and signed on behalf of the Board



B Gujral  
Director

24 June 2020

# **JLA Limited**

## **Directors' report (continued)**

The directors present their report and the financial statements for the year ended 31 October 2019.

### **Principal activities**

The principal activity of the Company focusses on critical assets and comprise the supply and maintenance of laundry, catering and heating equipment. There have not been any significant changes in the Company's principal activities in the year under review.

### **Directors**

The Directors who served during the year and subsequently were:

|             |                             |
|-------------|-----------------------------|
| S Baxter    | (resigned 1 January 2019)   |
| H Ashton    | (appointed 1 January 2019)  |
| P Humphreys | (resigned 31 December 2019) |
| B Gujral    | (appointed 1 January 2020)  |

### **Results and dividends**

The income statement is set out on page 12 and shows the loss for the year of £3.1 million (2018: profit of £4.7 million).

The Directors have not paid or declared a dividend (2018: £nil).

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Employee involvement**

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### **Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where the requirement of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Provision of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



## **JLA Limited**

### **Directors' report (continued)**

#### **Going concern and financial risk management objectives and policies**

The Directors set out in the Strategic report:

- the reasoning for the adoption of the going concern basis in preparing the annual report and financial statements for the Company; and
- the financial risk management objectives and policies of the Company.

#### **Future developments**

Refer details in the strategic report on pages 2 and 3.

#### **Post balance sheet events**

##### *Non adjusting events after the financial period*

Since the balance sheet date there has been the outbreak of the Covid-19 pandemic. The impact of this is discussed in the going concern disclosure in note 3 and the strategic report on pages 3 through 5. The impact of Covid-19 is a non-adjusting post balance sheet event which is likely to impact (in the future) the judgements and estimates made as at the balance sheet date of 31 October 2019, primarily in respect of Goodwill and Intangibles, but also including Expected Credit Losses which may result in impairments in future periods.

#### **Auditor**

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming board meeting.

#### **Ultimate parent company and parent undertaking of a larger group**

The largest group in which the results of the company were consolidated was that headed by JLA Acquisitions Topco Limited, which is incorporated in Jersey. The smallest group in which they are consolidated is headed by JLA Midco Limited, which is incorporated in England and Wales, Meadowcroft Lane, Ripponden, HX6 4AJ.

The consolidated financial statements of JLA Acquisitions Topco Limited are available from Aztec Financial Services (Jersey) Limited, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

The ultimate majority shareholders are the Sixth Cinven Funds. The partnerships comprising the Sixth Cinven Funds are established in Guernsey and are managed and controlled by Cinven Capital Management (VI) General Partner Limited. 26.5% of all equity invested by the Sixth Cinven Funds is held through the Sixth Cinven FD Lux SCSp, a Luxembourg société en commandite spéciale, managed by Cinven Lux GP (VI) S.a.r.l.

Approved by the Board of Directors and signed on behalf of the Board



B Gujral  
Director

24 June 2020

## **JLA Limited**

### **Directors' responsibilities statement**

The Directors are responsible for preparing the annual 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 Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). 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 year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

# **Independent auditor's report to the members of JLA Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of JLA Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 October 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of total comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **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 Financial Reporting Council's (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 required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

### **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.

## **Independent auditor's report to the members of JLA Limited (continued)**

### **Other information (continued)**

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

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.

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **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.

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 any material misstatements in the strategic report or the Directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

## **Independent auditor's report to the members of JLA Limited (continued)**

### **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.



Kate Darlison FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom

24 June 2020

## JLA Limited

### Income statement Year ended 31 October 2019

|   | Notes | 2019<br>£'000  | 2018<br>£'000 |
|---|-------|----------------|---------------|
| Revenue   | 5     | 37,309         | 37,824        |
| Cost of sales   |       | (22,921)       | (23,182)      |
| <b>Gross profit</b>   |       | <b>14,388</b>  | <b>14,642</b> |
| Administrative expenses   |       | (16,133)       | (9,634)       |
| <b>Operating profit before depreciation, intangible asset amortisation, loss on disposal of fixed assets and separately disclosed operating items</b> |       |                |               |
|   |       | 9,551          | 10,288        |
| Depreciation  | 6     | (2,083)        | (1,663)       |
| Intangible asset amortisation   | 6     | (627)          | (542)         |
| Profit/(loss) on disposal of fixed assets   | 6     | 260            | (20)          |
| Separately disclosed items  | 6     | (8,846)        | (3,055)       |
| <b>Operating (loss)/profit</b>  | 6     | <b>(1,745)</b> | <b>5,008</b>  |
| Finance costs   | 10    | (1,269)        | (309)         |
| <b>(Loss)/profit before tax</b>   | 6-10  | <b>(3,014)</b> | <b>4,699</b>  |
| Tax on (loss)/profit  | 11    | (115)          | (42)          |
| <b>(Loss)/profit for the financial year</b>   |       | <b>(3,129)</b> | <b>4,657</b>  |

All activities relate to continuing operations in both the current and prior year.

## JLA Limited

### Statement of total comprehensive income Year ended 31 October 2019

|  | Notes | 2019<br>£'000         | 2018<br>£'000       |
|--|-------|-----------------------|---------------------|
| <b>Profit/(loss) for the year</b>                                      |       | <u>(3,129)</u>        | <u>4,657</u>        |
| <b>Items that may be subsequently reclassified to profit or loss</b>   |       |                       |                     |
| Transfer on maturity of previously hedged items                        | 22    | (37)                  | (73)                |
| Effective portion of changes in fair value of current cash flow hedges | 22    | (481)                 | 44                  |
| Deferred tax on change in fair value of cash flow hedges               | 11    | (82)                  | 5                   |
| <b>Total comprehensive income/(loss) for the year</b>                  |       | <u><u>(3,729)</u></u> | <u><u>4,633</u></u> |

## JLA Limited

### Statement of financial position As at 31 October 2019

|                                       | Notes | 2019<br>£'000         | 2018<br>£'000         |
|---------------------------------------|-------|-----------------------|-----------------------|
| <b>Non-current assets</b>             |       |                       |                       |
| Goodwill                              | 12    | 955                   | 955                   |
| Intangible assets                     | 13    | 6,013                 | 4,107                 |
| Property, plant and equipment         | 14    | 6,683                 | 5,504                 |
| Deferred tax asset                    | 20    | 741                   | 927                   |
|                                       |       | <u>14,392</u>         | <u>11,493</u>         |
| <b>Current assets</b>                 |       |                       |                       |
| Inventories                           | 15    | 9,772                 | 7,800                 |
| Trade and other receivables           | 16    | 94,822                | 85,728                |
| Current tax assets                    |       | -                     | 3                     |
| Derivative financial instruments      | 19    | -                     | 44                    |
| Assets classified as held for sale    | 15    | -                     | 112                   |
| Cash and bank balances                |       | 4,619                 | 2,287                 |
|                                       |       | <u>109,213</u>        | <u>95,974</u>         |
| <b>Total assets</b>                   |       | <u><u>123,605</u></u> | <u><u>107,467</u></u> |
| <b>Current liabilities</b>            |       |                       |                       |
| Trade and other payables              | 17    | (110,025)             | (91,500)              |
| Obligations under finance leases      | 18    | (646)                 | (389)                 |
|                                       |       | <u>(110,671)</u>      | <u>(91,889)</u>       |
| <b>Net current assets/liabilities</b> |       | <u>(1,458)</u>        | <u>4,085</u>          |
| <b>Non-current liabilities</b>        |       |                       |                       |
| Obligations under finance leases      | 18    | (1,985)               | (1,381)               |
| Derivative financial instruments      | 19    | (481)                 | -                     |
| Deferred tax liability                | 20    | (7)                   | (7)                   |
|                                       |       | <u>(2,473)</u>        | <u>(1,388)</u>        |
| <b>Net assets</b>                     |       | <u><u>10,461</u></u>  | <u><u>14,190</u></u>  |



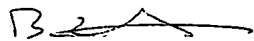
## JLA Limited

### Statement of financial position (continued) As at 31 October 2019

|   | Notes | 2019<br>£'000 | 2018<br>£'000 |
|---|-------|---------------|---------------|
| <b>Equity</b>   |       |               |               |
| Called up share capital                                 | 21    | 150           | 150           |
| Hedging reserve   | 22    | (563)         | 37            |
| Retained earnings                                       | 22    | 10,874        | 14,003        |
| <b>Equity attributable to the owners of the Company</b> |       | <u>10,461</u> | <u>14,190</u> |

The accompanying notes 1 – 28 are an integral part of the financial statements. The financial statements of JLA Limited registered number 01094178 were approved by the Board of Directors on 24 June 2020.

Signed on behalf of the Board of Directors



B Gujral  
Director

## JLA Limited

### Statement of changes in equity Year ended 31 October 2019

|  | Share capital<br>£'000 | Hedging<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>£'000 |
|--|------------------------|-----------------------------|-------------------------------|----------------|
| <b>Balance at 1 November 2017</b>              | 150                    | 61                          | 9,346                         | 9,557          |
| Profit for the year                            | -                      | -                           | 4,657                         | 4,657          |
| Other comprehensive expense                    | -                      | (24)                        | -                             | (24)           |
| <b>Total comprehensive income for the year</b> | -                      | (24)                        | 4,657                         | 4,633          |
| <b>Balance at 31 October 2018</b>              | 150                    | 37                          | 14,003                        | 14,190         |
| Loss for the year                              | -                      | -                           | (3,129)                       | (3,129)        |
| Other comprehensive expense                    | -                      | (600)                       | -                             | (600)          |
| <b>Total comprehensive loss for the year</b>   | -                      | (600)                       | (3,129)                       | (3,729)        |
| <b>Balance at 31 October 2019</b>              | 150                    | (563)                       | 10,874                        | 10,461         |

The other comprehensive expense for the period is comprised of transfer on maturity of hedged items, the effective portion of changes in fair value of current cash flow hedges, and the deferred tax on the change in fair value of the cash flow hedges, totalling £0.6 million.

# **JLA Limited**

## **Notes to the financial statements Year ended 31 October 2019**

### **1. General information**

JLA Limited (the Company) is a private company limited by shares domiciled and incorporated in England and Wales and the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 other than those relating to legal changes and has not applied the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 that are effective for accounting periods beginning on or after 1 January 2016.

### **2. Standards, amendments to published standards and interpretations effective for the financial year ended 31 October 2019**

In the current period, the Company has applied a number of standards and amendments to published standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ended 31 October 2019.

Previously, the Company had reported under IAS 39 and IAS 18. For the year ending 31 October 2019, IFRS 9 and IFRS 15 replaced these standards, respectively.

#### **IFRS 9 – Financial instruments**

IFRS 9, which replaces IAS 39 "Financial instruments: recognition and measurement" for annual periods beginning on or after 1 January 2018 covers the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The Company applied IFRS 9 using the modified retrospective method, except for the hedge accounting requirements which were applied prospectively. The impact of the adoption of IFRS 9 was not material to the net assets or loss of the Company.

#### **Impairment**

The adoption of IFRS 9 in the period ended 31 October 2019 made it so that the Company's accounting for impairment losses for financial assets is with a forward-looking Expected Credit Loss ('ECL'), as opposed to IAS 39's incurred loss approach. The new methodology adopted by the Company does not produce materially different results when compared with previous standards' approach methodologies.

#### **Hedge accounting**

The Company has applied the IFRS 9 hedge accounting model prospectively for the first time in the period ended 31 October 2019. IFRS 9 requires that hedge accounting relationships are aligned with the risk management objectives and strategy of the Company and applies a more qualitative and forward-looking approach to assessing hedge effectiveness. At the date of initial application of IFRS 9, all of the Company's existing hedging relationships were eligible to be treated as continuing hedge relationships. The Company has continued to classify all hedging relationships as "derivatives designated as hedging instruments". The change in fair value of the entire forward contract is accounted for in the Company's cash flow hedge relationship and, as such, the adoption of the hedge accounting requirements of IFRS 9 did not have a significant impact on the Company's financial statements.

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 2. Standards, amendments to published standards and interpretations effective for the financial year ended 31 October 2019 (continued)

##### IFRS 15 – Revenue from contracts with customers

IFRS 15 supersedes IAS 11 “Construction contracts”, IAS 18 “Revenue” and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The Company has adopted IFRS 15 using the fully retrospective method of adoption, thereby restating comparatives and did not apply any optional practical expedients. There was no impact on loss after tax or retained earnings, and no adjustments were needed to the comparative balances.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

|                      |   |
|----------------------|---|
| IFRS 3 (amendments)  | Business combinations                               |
| IFRS 11 (amendments) | Joint arrangements                                  |
| IFRS 16              | Leases  |
| IFRS 17              | Insurance contracts                                 |
| IAS 1 (amendments)   | Definition of materiality                           |
| IAS 12 (amendments)  | Annual improvements                                 |
| IAS 19 (amendments)  | Plan amendment, curtailment or settlement           |
| IAS 23 (amendments)  | Annual improvements                                 |
| IAS 28 (amendments)  | Long-term interest in associates and joint ventures |

Standards, amendments to published standards and interpretations issued but not effective for the financial year ended 31 October 2019 and not early adopted:

##### IFRS 16 – Leases

The Directors have considered the impact of the adoption of the Standards and Interpretations listed above and concluded that IFRS 16 will not have a material impact on the reported assets, liabilities and income statement for the Company. The standard will be applied for accounting periods starting after 1 January 2019, therefore the Company’s first financial period that is impacted will be the financial year ending 31 October 2020. IFRS 16 requires operating leases to be capitalised on the Statement of Financial Position. The Directors have performed a high-level review of the effect of IFRS 16 on the Company and the impact is to create a ‘right of use asset’ of approximately £3.1 million at 31 October 2019, being the present value of future lease obligations and with a corresponding ‘lease liability’. Loss before tax in the year ended 31 October 2020 would not be materially impacted as the result of the change from IAS17 to IFRS16, totalling at £73,000 in additional cost, caused through the front loaded finance charges on the ‘lease liability’; this impact reverses as the average lease lengths mature. The cash flow impact is nil.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 3. Accounting policies

##### Basis of preparation of financial statements

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the Group accounts of JLA Midco Limited.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

##### Accounting reference date

The accounting year of the Company ends on the Friday falling between 28 October and 3 November each year but are always reported as at 31 October.

##### Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Whilst the group has net liabilities, the group's forecasts and projections, taking account of reasonably possible changes in trading performance and the long term nature of the group facilities, show that the group should be able to operate within the level of its current facilities. A significant portion of the group's net debt is repayable after five years and the group is able to meet its short term debt requirements out of operating cash flows.

The group headed by JLA Acquisitions Topco Limited has considerable financial resources, together with significant forecast cash generation from operations. As a consequence, the directors believe that the group is

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 3. Accounting policies (continued)

##### Going concern (continued)

well placed to manage its business risks successfully despite the current uncertain economic outlook. After making appropriate enquiries, and reviewing the JLA Acquisition Topco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, and being in receipt of a letter of support from JLA Acquisitions Topco Limited, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, taking into account reasonably possible changes in trading.

##### Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### Intangible fixed assets and amortisation

Intangible assets acquired are measured on initial recognition at cost. Internally generated intangibles, excluding internally developed software, are not capitalised and the related expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Estimated useful lives and amortisation rates are as follows:

|                        |                         |
|------------------------|-------------------------|
| Customer relationships | - 8 years straight line |
| Software               | - 5 years straight-line |

Intangible assets with finite lives are amortised over their useful economic life on a basis appropriate to the consumption of the asset and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is de-recognised.

## **JLA Limited**

### **Notes to the financial statements Year ended 31 October 2019**

#### **3. Accounting policies (continued)**

##### **Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when the annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have increased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

##### **Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items.

Depreciation is charged to the Income Statement over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful economic lives and depreciation rates are as follows:

|                         |   |                            |
|-------------------------|---|----------------------------|
| Freehold property       | - | 50 years straight-line     |
| Improvement expenditure | - | 5 years straight-line      |
| Plant and machinery     | - | 8 - 12 years straight-line |
| Motor vehicles          | - | 4 years straight-line      |
| Fixtures and fittings   | - | 3-8 years straight-line    |

##### **Inventories**

Inventory is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost includes expenditure incurred in bringing the inventory to its present location and condition and in the case of goods purchased from overseas includes an appropriate element of freight and duty charges.

Net realisable value is based on selling price less anticipated sales and distribution costs. Inventory is recognised when the economic benefits and risks associated with the goods have substantially transferred to the Company.

## **JLA Limited**

### **Notes to the financial statements Year ended 31 October 2019**

#### **3. Accounting policies (continued)**

##### **Derivative financial instruments**

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value and re-measured at each year end.

Forward foreign currency contracts are recognised at fair value in the Statement of Financial Position with movements in fair value recognised in Other Comprehensive Income for the year.

The fair value of forward foreign currency contracts is the gain or loss that would result if the agreements were terminated at the reporting date, taking into account current foreign currency rates.

Derivatives are presented as assets when the fair values are positive and as liabilities when the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

##### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **Financial assets**

The Company's financial assets are all categorised as loans and receivables with the exception of derivative financial instruments which are categorised as fair value through profit or loss (FVTPL). Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the Statement of Financial Position.

Cash and cash equivalents comprise short-term cash deposits with major United Kingdom clearing banks earning floating rates of interest based upon bank base rates or rates linked to LIBOR.

##### **Financial liabilities**

The Company's financial liabilities are all categorised as other financial liabilities. Other financial liabilities, with the exception of foreign exchange forward contracts, forward interest rate swaps and interest rate caps, are measured at amortised cost. Foreign exchange forward contracts, forward interest rate swaps and interest rate caps are measured at fair value. The Company's other financial liabilities comprise 'Interest-bearing loans and borrowings' and 'Trade and other payables' and are measured at amortised cost.

##### **Estimation of fair values**

For trade and other receivables/payables, the notional amount is deemed to reflect the fair value.

##### **Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.



## **JLA Limited**

### **Notes to the financial statements Year ended 31 October 2019**

#### **3. Accounting policies (continued)**

##### **Hedge accounting**

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 19 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are shown in the Statement of Financial Position.

##### **Cash flow hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

##### **Fair value hedges**

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

##### **Fair value hierarchy**

At 31 October 2019, the Company held effective hedge accounted foreign exchange forward contracts at fair value on the Statement of Financial Position.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## **JLA Limited**

### **Notes to the financial statements** **Year ended 31 October 2019**

#### **3. Accounting policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and deposits with an original maturity of three months or less.

##### **Trade and other payables**

Trade and other payables are non-interest bearing and are stated at their cost.

##### **Financial expenses**

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the Income Statement on an effective interest method.

##### **Interest bearing loans and borrowings**

All borrowings are stated at the fair value of consideration received after deduction of issue costs.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to their initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### **Revenue recognition**

The revenue shown in the income statement represents the amounts of goods and services provided during the year, stated net of value added tax. Revenue represents the amounts receivable from customers during the year and is recognised on an accruals basis when all of the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## **JLA Limited**

### **Notes to the financial statements Year ended 31 October 2019**

#### **3. Accounting policies (continued)**

##### **Taxation (continued)**

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### *Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

##### **Pensions**

The Company participates in a group defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. Differences between contribution payable in the year and those actually paid are included in accruals or prepayments on the balance sheet.

##### **Leasing and hire purchase**

Assets funded through finance leases and similar hire purchase contracts are capitalised as property, plant and equipment where the Company assumes substantially all of the risks and rewards of ownership. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Future instalments under such leases, net of financing costs, are included within interest-bearing loans and borrowings.

Rental payments are apportioned between the finance element, which is included in finance costs, and the capital element which reduces the outstanding obligation for future instalments so as to give a constant charge on the outstanding obligation.

All other leases are accounted for as operating leases and the rental costs are charged to the Income Statement on a straight line basis over the life of the lease.

Operating lease incentives, in the form of rent free periods or support for fit out costs, are recognised on a straight line basis, as a reduction of the rental expense over the full lease term.

Premia paid to acquire leases are initially deferred and subsequently amortised to the income statement over the life of the lease.

##### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 3. Accounting policies (continued)

##### Separately disclosed items

The income statement includes certain additional line items which do not qualify as non-recurring, but which the Directors nevertheless believe warrant separate disclosure due to their size and non-trading nature.

Separately disclosed items are those items that are unusual because of their size, nature or incidence, which the Directors consider should be disclosed separately on the face of the income statement in order to enable a full understanding of the Company's results. The Directors consider that this presentation gives a more accurate presentation of the results of the Company.

#### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements in applying the Group's accounting policies*

There are no critical judgements, apart from those involving estimation (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies.

##### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **Allowances against the carrying value of inventory**

Provision is made against the carrying value of inventory lines, based on their expected rate of sale, to ensure that they are stated at the lower of cost and net realisable value. Judgement is required to assess future demand and promotional activity. Details of the allowances against the carrying value of inventory are referred to in note 15.

#### 5. Revenue

An analysis of revenue attributable to the one principal activity is shown by geographical segment as follows:

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Distribution and service - United Kingdom | 36,909        | 37,190        |
| Distribution and service - Overseas       | 400           | 634           |
|   | <u>37,309</u> | <u>37,824</u> |

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 6. Profit/(loss) before taxation

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Profit/(loss) before taxation is stated after charging/(crediting): |               |               |
| Net foreign exchange losses   | 297           | 166           |
| Amortisation - intangible assets (note 13)                          | 627           | 542           |
| Cost of inventories recognised as an expense (note 15)              | 16,348        | 13,724        |
| Depreciation of property, plant and equipment:                      |               |               |
| - owned by the Company (note 14)                                    | 1,336         | 1,415         |
| - held under finance leases (note 14)                               | 747           | 248           |
| (Profit)/loss on sale of property, plant and equipment              | (260)         | 20            |
| Operating lease rentals:  |               |               |
| - motor vehicles  | 788           | 951           |
| - property  | 233           | 224           |
| Separately disclosed items:   |               |               |
| - acquisition/integration expenses                                  | 1,780         | 131           |
| - restructuring – payroll   | 1,907         | 189           |
| - shareholder transaction costs                                     | -             | 159           |
| - post transaction business transformation costs                    | 4,829         | 1,635         |
| - restructuring – other   | 330           | 941           |

- Acquisition/integration expenses – comprising restructuring costs in respect of the acquisition of Fire Facilities Management Limited, Ellesmere Group Limited, Newcombustion Engineering Limited, and Trinity Heatcare Limited and integration costs related to the closure of a site in Inverness.
- Restructuring payroll – costs incurred related to the integration of new acquisitions, initiatives across the JLA Group following on from strategic project initiatives, changes in the executive team arising from the acquisition by Cinven and rationalisation of elements of the group supply chain function.
- Post transaction business transformation - comprising costs related to a business strategy review, sales channel and pricing review programme and management information systems review.

#### 7. Auditor's remuneration

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 54            | 46            |
| Total non-audit fees  | -             | -             |

#### 8. Staff costs

Staff costs, including directors' remuneration, were as follows:

|                       | 2019<br>£'000 | 2018<br>£'000 |
|-----------------------|---------------|---------------|
| Wages and salaries    | 29,461        | 29,659        |
| Social security costs | 3,433         | 3,507         |
| Other pension costs   | 880           | 927           |
|                       | 33,774        | 34,093        |

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 8. Staff costs (continued)

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

|                               | 2019<br>No. | 2018<br>No. |
|-------------------------------|-------------|-------------|
| Administration and management | 132         | 122         |
| Selling and production        | 615         | 592         |
| Research                      | 2           | 2           |
|                               | <u>749</u>  | <u>716</u>  |

#### 9. Directors' remuneration

The Directors of this company have received total emoluments of £889,000 (2018: £946,000) and these have been borne by JLA Acquisitions Topco Limited, another group company.

Key management personnel comprise four executive directors of the Company.

#### 10. Net finance costs

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <i>Interest expense on:</i>                |               |               |
| Bank loans and overdrafts                  | 11            | 29            |
| Finance leases and hire purchase contracts | 96            | 25            |
| Intercompany loans (see note 17)           | 1,162         | 255           |
|  | <u>1,269</u>  | <u>309</u>    |

# JLA Limited

## Notes to the financial statements Year ended 31 October 2019

### 11. Taxation

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| <b>Analysis of tax charge in the year</b>                               |               |               |
| <b>Current tax</b>  |               |               |
| UK corporation tax charge on profit/(loss) for the year 19% (2018: 19%) | -             | -             |
| Adjustment to charge for previous year                                  | -             | (70)          |
| <b>Total current tax</b>  | -             | (70)          |
| <b>Deferred tax (see note 20)</b>                                       |               |               |
| Origination and reversal of temporary differences                       | 148           | 86            |
| Adjustment to charge for previous year                                  | (33)          | 26            |
| <b>Total deferred tax</b>   | 115           | 112           |
| <b>Tax on profit/(loss)</b>   | 115           | 42            |
| <b>Tax expense/(income) included in other comprehensive income</b>      |               |               |
|   | 2019<br>£'000 | 2018<br>£'000 |
| <b>Deferred tax</b>   |               |               |
| Origination and reversal of temporary differences                       | 82            | (5)           |

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 11. Taxation (continued):

##### Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Profit/(loss) before tax  | (3,014)       | 4,699         |
| Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | (573)         | 893           |
| Effects of:   |               |               |
| Fixed asset difference  | 12            | -             |
| Expenses not deductible for tax purposes  | 36            | 98            |
| Rate change   | (17)          | (10)          |
| Adjustment to previous year's charge  | (33)          | (45)          |
| Group relief surrendered/(claimed)  | 692           | (894)         |
| <b>Tax charge for the year</b>  | <b>115</b>    | <b>42</b>     |

##### Factors that may affect future tax charges

Legislation to reduce the main rate of UK corporation tax from 19% to 17% was passed by Parliament in 2016 to take effect from 1 April 2020. The reduction in the main rate to 17% had been substantively enacted at the balance sheet date and, therefore, the deferred tax assets and liabilities are calculated in these financial statements at that rate. In March 2020, after the balance sheet date, Parliament passed new legislation to keep the main rate of UK corporation tax at 19% for financials years beginning 1 April 2020 and 1 April 2021.

#### 12. Goodwill

|  | Goodwill<br>£'000 |
|--|-------------------|
| <b>Cost</b>  |                   |
| At 1 November 2017, 31 October 2018, and 31 October 2019 | 955               |
| At 1 November 2017, 31 October 2018, and 31 October 2019 | 955               |
| <b>Accumulated impairment losses</b>                     |                   |
| At 1 November 2017, 31 October 2018, and 31 October 2019 | -                 |
| <b>Carrying amount</b>                                   |                   |
| At 31 October 2019                                       | 955               |
| At 31 October 2018                                       | 955               |
| At 1 November 2017                                       | 955               |

Goodwill is not amortised, but tested annually for impairment, in accordance with IAS 36 'Impairment of assets', on the basis of fair value less costs of disposal. The fair value hierarchy used by the Company is level 3. As the fair value less costs of disposal exceeded the carrying value of the reporting segment to which the goodwill has been allocated, no impairment loss was recognised in the year.



## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 12. Goodwill (continued)

Testing is performed at the level of a cash generating unit (CGU) in order to compare the CGU's recoverable amount against its carrying value. The Company considers there to be one CGU.

An impaired CGU is written down to its recoverable amount, which is the higher of value in use or its fair value less costs to dispose.

The Directors performed a review at CGU level to assess the recoverable amount. The review considered a CGU's potential equity value at the time of disposal having regard to historic performance, current market conditions and management's views of future achievable growth and the impact of committed initiatives.

Management consider the key assumptions at a CGU level to be:

- Actual EBITDA performance in the last 12 months;
- Management's assessment of future growth prospects relative to current market conditions;
- Sector relevant price earnings multiples observed by the Group in recent corporate transactions; and
- Likely transaction costs to achieve a fair value disposal.

They also reflect management's view of the valuation achievable on the sale of the business consistent with external market data. As at 31 October 2019 and 31 October 2018, no impairment was identified.

No further disclosures are provided as this is not deemed to have a material impact on the Company by the Directors.

#### 13. Intangible assets

|                        | Customer<br>relationships<br>£'000 | Software<br>£'000 | Total<br>£'000 |
|------------------------|------------------------------------|-------------------|----------------|
| <b>Cost</b>            |                                    |                   |                |
| At 1 November 2018     | 222                                | 6,706             | 6,928          |
| Additions              | -                                  | 2,533             | 2,533          |
| At 31 October 2019     | 222                                | 9,239             | 9,461          |
| <b>Amortisation</b>    |                                    |                   |                |
| At 1 November 2018     | 95                                 | 2,726             | 2,821          |
| Charge for the year    | 30                                 | 597               | 627            |
| At end of year         | 125                                | 3,323             | 3,448          |
| <b>Carrying amount</b> |                                    |                   |                |
| At 31 October 2019     | 97                                 | 5,916             | 6,013          |
| At 31 October 2018     | 127                                | 3,980             | 4,107          |

The Company has tested for impairment and has concluded that there is no impairment as at 31 October 2019. Amortisation is charged to administrative expenses in the Income Statement.

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 14. Property, plant and equipment

|                       | Freehold<br>property<br>£'000 | Improvement<br>expenditure<br>£'000 | Plant and<br>machinery<br>£'000 | Motor<br>vehicles<br>£'000 | Fixtures &<br>fittings<br>£'000 | Total<br>£'000 |
|-----------------------|-------------------------------|-------------------------------------|---------------------------------|----------------------------|---------------------------------|----------------|
| <b>Cost</b>           |                               |                                     |                                 |                            |                                 |                |
| At 1 November 2018    | 1,666                         | 304                                 | 2,973                           | 2,645                      | 7,307                           | 14,895         |
| Additions             | -                             | -                                   | 653                             | 1,456                      | 1,194                           | 3,303          |
| Disposals             | -                             | (134)                               | (355)                           | (483)                      | (11)                            | (983)          |
| At 31 October 2019    | 1,666                         | 170                                 | 3,271                           | 3,618                      | 8,490                           | 17,215         |
| <b>Depreciation</b>   |                               |                                     |                                 |                            |                                 |                |
| At 1 November 2018    | 701                           | 301                                 | 1,721                           | 1,229                      | 5,439                           | 9,391          |
| Charge for the year   | 33                            | 2                                   | 583                             | 873                        | 592                             | 2,083          |
| Disposals             | -                             | (134)                               | (334)                           | (474)                      | -                               | (942)          |
| At 31 October 2019    | 734                           | 169                                 | 1,970                           | 1,628                      | 6,031                           | 10,532         |
| <b>Net book value</b> |                               |                                     |                                 |                            |                                 |                |
| At 31 October 2019    | 932                           | 1                                   | 1,301                           | 1,990                      | 2,459                           | 6,683          |
| At 31 October 2018    | 965                           | 3                                   | 1,252                           | 1,416                      | 1,868                           | 5,504          |

The net book value of assets held under finance leases or hire purchase contracts, included in property, plant and equipment is £2,391,000 (2018: £1,707,000). The depreciation charge on these assets for the current year was £747,000 (2018: £248,000).

#### 15. Inventories

|                                     | 2019<br>£'000 | 2018<br>£'000 |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 9,772         | 7,800         |

There is no material difference between the balance sheet value of inventories and their replacement costs.

Inventories are stated after provisions for impairment of £2,027,000 (2018: £1,702,000). No unutilised provision was reversed during the year.

The cost of inventories recognised as an expense during the year in respect of continuing operations was £16,348,000 (2018: £13,724,000).

The cost of inventories recognised as a non-recurring expense in respect of inventory adjustments to net realisable value totals nil (2018: £689,000).

The asset held for sale in the prior year related to inventory held on behalf of Ripponden 10 Limited (formerly Washstation Limited).

During the prior year the Competition and Markets Authority (CMA) concluded that the acquisition of Washstation Limited in May 2017 by a fellow group company resulted, or may be expected to result, in a substantial lessening of competition in the market for the supply of managed laundry services to higher education customers under vend share agreements in the UK and that a divestiture of the higher education contracts and all associated assets held by the Washstation business would be the only effective remedy.

The divestment of the impacted trade and assets concluded on 5 June 2019.

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 16. Trade and other receivables

|                                    | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade receivables                  | 7,305         | 8,123         |
| Allowance for doubtful debts       | (431)         | (858)         |
|                                    | <hr/> 6,874   | <hr/> 7,265   |
| Amounts owed by group undertakings | 82,867        | 75,338        |
| Other receivables                  | 89            | 10            |
| Prepayments and accrued income     | 4,992         | 3,115         |
|                                    | <hr/> 94,822  | <hr/> 85,728  |

Due to the short term nature of the financial assets included in this note they are held at undiscounted cost and are repayable on demand. No interest is charged on the amounts owed by group undertakings.

#### *Trade receivables*

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Total trade receivables (net of allowances) held by the company at 31 October 2019 amounted to £6,874,000 (2018: £7,265,000).

The average credit period taken on sales of goods is 69 days (2018: 73 days). Allowances against doubtful debts are recognised against trade receivables on a specific basis based on irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Before accepting any new customer, the group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on a regular basis. Concentrations of credit risk with respect to trade receivables are limited due to the group's customer base being wide and unrelated. Of the trade receivables balance at the end of the year the largest customer represents only 2%.

Trade receivables disclosed include amounts which are past due at the reporting date but against which the group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

#### *Ageing of receivables (net of allowance for doubtful debts)*

|                   | 31 October 2019<br>£'000 |
|-------------------|--------------------------|
| Not past due      | 3,891                    |
| 0-30 days         | 1,422                    |
| 31-60 days        | 482                      |
| 61-90 days        | 418                      |
| 91 days and above | 661                      |
|                   | <hr/> 6,874              |

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 16. Trade and other receivables (continued)

##### *Ageing of impaired receivables*

|           | 31 October 2019<br>£'000 |
|-----------|--------------------------|
| 0-90 days | 46                       |
| 91+ days  | 385                      |
|           | <hr/>                    |
|           | 431                      |
|           | <hr/>                    |

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The other classes within trade and other receivables do not contain impaired assets.

#### 17. Trade and other payables

|                                    | 2019<br>£'000 | 2018<br>£'000 |
|------------------------------------|---------------|---------------|
| Trade payables                     | 8,118         | 7,941         |
| Amounts owed to group undertakings | 93,205        | 77,783        |
| Social security and other taxes    | 1,537         | 1,388         |
| Accruals and deferred income       | 7,096         | 4,230         |
| Other creditors                    | 69            | 158           |
|                                    | <hr/>         | <hr/>         |
|                                    | 110,025       | 91,500        |
|                                    | <hr/>         | <hr/>         |

Social security and other taxes includes contributions payable of £164,000 (2018: £150,000) arising from the Company's participation in a group defined contribution pension scheme. Due to the short term nature of the financial liabilities included in this note they are held at undiscounted cost and are repayable on demand.

Interest is charged at 12% on the intercompany loan owed to JLA Bidco Limited. The principal loan amount is £9,712,000. No interest is charged on the other amounts owed to group undertakings.

#### 18. Finance leases

At 31 October 2019 the Company's finance lease obligations were as follows:

| Minimum lease payments                  | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Expiry date:                            |               |               |
| No later than 1 year                    | 751           | 447           |
| Later than 1 year no later than 5 years | 2,176         | 1,533         |
|   | <hr/>         | <hr/>         |
|   | 2,927         | 1,980         |
|   | <hr/>         | <hr/>         |

# JLA Limited

## Notes to the financial statements Year ended 31 October 2019

### 18. Finance leases (continued)

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| <b>Present value of minimum lease payments</b> |               |               |
| Expiry date:                                   |               |               |
| No later than 1 year                           | 646           | 389           |
| Later than 1 year no later than 5 years        | 1,985         | 1,381         |
|  | <u>2,631</u>  | <u>1,770</u>  |

Finance lease obligations are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

### 19. Derivative financial instruments

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| <b>Derivatives that are designated and effective as hedging instruments carried at fair value</b> |               |               |
| Foreign currency forward contracts  | (481)         | 44            |
|   | <u>(481)</u>  | <u>44</u>     |

The Company has entered into the following master netting agreements with the following counterparties:

|                                       | 2019<br>£'000 | 2018<br>£'000 |
|---------------------------------------|---------------|---------------|
| <b>Lloyds Bank Plc</b>                |               |               |
| Derivative assets/(liabilities)       |               |               |
| Foreign currency forward contracts    | (274)         | 41            |
| <b>The Royal Bank of Scotland Plc</b> |               |               |
| Derivative assets/(liabilities)       |               |               |
| Foreign currency forward contracts    | (207)         | 3             |
|                                       | <u>(481)</u>  | <u>44</u>     |

# JLA Limited

## Notes to the financial statements Year ended 31 October 2019

### 19. Derivative financial instruments (continued)

#### Cash flow hedges

##### *Forward foreign currency contracts*

Trading derivatives are classified as either current assets or current liabilities. The full fair value of hedging derivatives are classified as non-current assets or liabilities if the remaining maturity of the hedged item is more than 12 months and, as current assets or liabilities, if the maturity of the hedged item is less than 12 months.

The Company has entered into contracts to purchase goods in US dollars and Euros and has taken out forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The total value of these contracts over the next 12 months is \$15,290,000 at a weighted average exchange rate of 1.291 and €13,140,000 at an exchange rate of 1.113. The hedged cash flows are expected to occur and to affect profit or loss within the next financial period.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. The accumulated loss of £518,000 recognised in the hedging reserve in equity will be recognised as a profit or loss in the period that the hedged item affects the Consolidated Income Statement.

No loss was recognised in the Consolidated Income Statement as a result of the ineffective portion of cash flow hedges as it was immaterial to the trading performance of the group.

### 20. Deferred taxation

|   | 2019<br>£'000 | 2018<br>£'000 |
|---|---------------|---------------|
| Non-current deferred tax asset            | 741           | 927           |
| Non-current deferred tax liability        | (7)           | (7)           |
|   | <u>734</u>    | <u>920</u>    |
|   | 2019<br>£'000 | 2018<br>£'000 |
| At beginning of year                      | 920           | 1,027         |
| Current year – income statement           | (115)         | (86)          |
| Current year – other comprehensive income | (82)          | 5             |
| Transferred in                            | 11            | (26)          |
| At end of year                            | <u>734</u>    | <u>920</u>    |

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 20. Deferred taxation (continued)

The deferred taxation balance is made up as temporary differences on the following:

|   | Tangible<br>fixed assets<br>£'000 | Derivative<br>financial<br>assets and<br>liabilities<br>£'000 | Other<br>temporary<br>differences<br>£'000 | Total<br>£'000 |
|---|-----------------------------------|---|--|----------------|
| As at 1 November 2017                     | 588                               | (12)  | 451  | 1,027          |
| Current year – income statement           | (33)                              | -   | (53)                                       | (86)           |
| Current year – other comprehensive income | -                                 | 5   | -  | 5              |
| Prior year                                | (23)                              | -   | (3)  | (26)           |
| As at 31 October 2018                     | 532                               | (7)   | 395  | 920            |
| Current year – income statement           | (12)                              | -   | (103)                                      | (115)          |
| Current year – other comprehensive income | -                                 | (82)  | -  | (82)           |
| Transferred in                            | -                                 | -   | 11   | 11             |
| As at 31 October 2019                     | 520                               | (89)  | 303  | 734            |

There are no unprovided elements of deferred taxation in the current or prior year.

#### 21. Share capital

|  | 2019<br>£'000 | 2018<br>£'000 |
|--|---------------|---------------|
| Allotted, called up and fully paid<br>150,000 ordinary shares of £1 each | 150           | 150           |

## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 22. Reserves

|                                    | <b>Hedging<br/>reserve<br/>£'000</b> |
|------------------------------------|--------------------------------------|
| Balance at 1 November 2018         | 37                                   |
| Foreign currency forward contracts | (518)                                |
| Deferred taxation                  | (82)                                 |
|                                    | <hr/>                                |
| Balance at 31 October 2019         | (563)                                |
|                                    | <hr/>                                |

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

The motive and purpose of each reserve within equity is as follows:

| <b>Reserve</b>    | <b>Description and purpose</b>  |
|-------------------|---|
| Retained earnings | Cumulative net gains and losses from recognised earnings in the income statement  |
| Hedging reserve   | Cumulative net gains and losses from highly effective hedging instrument derivative movements recognised initially in the statement of total comprehensive income before being recycled into the income statement when the hedging instrument matures |

#### 23. Guarantees

The Company makes use of bank facilities agreed on a JLA Acquisitions Topco group wide basis together with other companies under the control of JLA Acquisitions Topco Limited, whereby each company guarantees the borrowings of the others. The consolidated financial statements of JLA Acquisitions Topco Limited are available from Aztec Financial Services (Jersey) Limited, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

#### 24. Operating lease arrangements

At 31 October 2019 the Company had total commitments under non-cancellable other operating leases as follows:

|                       | <b>2019<br/>£'000</b>     | <b>2019<br/>£'000</b> | <b>2018<br/>£'000</b>     | <b>2018<br/>£'000</b> |
|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
|                       | <b>Motor<br/>vehicles</b> | <b>Property</b>       | <b>Motor<br/>vehicles</b> | <b>Property</b>       |
| Within 1 year         | 950                       | 197                   | 528                       | 174                   |
| Between 1 and 5 years | 1,336                     | 734                   | 302                       | 649                   |
| Greater than 5 years  | -                         | 337                   | -                         | 460                   |
|                       | <hr/>                     | <hr/>                 | <hr/>                     | <hr/>                 |
|                       | 2,286                     | 1,268                 | 830                       | 1,283                 |
|                       | <hr/>                     | <hr/>                 | <hr/>                     | <hr/>                 |

#### 25. Related party transactions

The Company has taken advantage of the exemption granted by Financial Reporting Standard 101 not to disclose transactions with other wholly owned group companies.



## JLA Limited

### Notes to the financial statements Year ended 31 October 2019

#### 26. Group transfer in

On 31 October 2019, all of the trade and assets from Comcat Engineering Limited, a fellow trading subsidiary of JLA Acquisitions Topco Limited, were transferred to JLA Limited.

The consideration for the transfer of assets was left outstanding as an amount due to Comcat Engineering Limited.

Details of the assets and liabilities transferred are shown in the table below:

|                                     | <b>Comcat<br/>Engineering<br/>Limited<br/>£'000</b> |
|-------------------------------------|---|
| <b>Current assets</b>               |   |
| Inventory                           | -   |
| Debtors                             | 32  |
| Cash                                | 96  |
| <b>Total current assets</b>         | <b>128</b>  |
| <b>Creditors</b>                    |   |
| Creditors                           | (43)  |
| <b>Net assets</b>                   | <b>85</b>   |
| <b>Satisfied by:</b>                |   |
| Amounts owed (to) group undertaking | (85)  |

#### 27. Ultimate parent company and parent undertaking of a larger group

The immediate parent undertaking is Vanilla Group Limited, which is incorporated in England and Wales.

The ultimate parent undertaking is JLA Acquisitions Topco Limited, a company incorporated in Jersey. The consolidated financial statements of JLA Acquisitions Topco Limited are available from Aztec Financial Services (Jersey) Limited, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.

The ultimate majority shareholders are the Sixth Cinven Funds. The partnerships comprising the Sixth Cinven Funds are established in Guernsey and are managed and controlled by Cinven Capital Management (VI) General Partner Limited. 26.5% of all equity invested by the Sixth Cinven Funds is held through the Sixth Cinven FD Lux SCSp, a Luxembourg société en commandite spéciale, managed by Cinven Lux GP (VI) S.a.r.l.

JLA Midco Limited is the smallest company of undertakings for which consolidated financial statements are drawn up and of which the company is a member. The consolidated financial statements of JLA Midco Limited are available from Companies House.

## **JLA Limited**

### **Notes to the financial statements Year ended 31 October 2019**

#### **28. Post balance sheet events**

##### *Non adjusting events after the financial period*

Since the balance sheet date there has been the outbreak of the Covid-19 pandemic. The impact of this is discussed in the going concern disclosure in note 3 and the strategic report on pages 3 through 5. The impact of Covid-19 is a non-adjusting post balance sheet event which is likely to impact (in the future) the judgements and estimates made as at the balance sheet date of 31 October 2019, primarily in respect of Goodwill and Intangibles, but also including Expected Credit Losses which may result in impairments in future periods.