Company Registration No. 01094178

JLA Limited

Annual Report and Financial Statements

Year ended 31 October 2020

JLA Limited

Annual report and financial statements for the year ended 31 October 2020

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Officers and professional advisers

Directors

P Eastwood	(appointed 28 September 2020)
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

BDO LLP
3 Hardman Street
Manchester
M3 3AT

JLA Limited

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 31 October 2020.

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 vision is that JLA is a trusted partner to its customers. 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 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's ambitious growth plans are underpinned by a robust deployment plan which has allowed the business to cascade the strategy down through the organisation.

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.

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 29% to £26.6 million (2019: £37.3 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 loss for the year, before taxation, amounted to £21.2 million (2019: £3.0 million). The Directors have not recommended a dividend (2019: £nil). The Directors have not paid or declared a dividend for 2020 (2019: £nil).

The statement of financial position on pages 15 and 16 shows the Company's financial position at the year end. The company had net liabilities of £6.4 million (2019: net assets 10.5 million). 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.

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.

JLA has now established a meaningful position within the UK catering, fire safety and HVAC markets through both organic and acquisition related growth, and intends to use its strong platform to leverage the sizeable opportunities that these markets present.

During the period, JLA continued to undertake acquisitions across these divisions and now has a meaningful position and national presence in all of these markets.

Principal risks and uncertainties

The principal risks specific to the Group and how they are managed and mitigated are outlined below.

Not all these factors are within the direct control of the Company or its directors and the list is not exhaustive. There may be other risks and uncertainties that are currently unknown and the list may change as something that seems immaterial now could assume greater importance in the future, and vice versa.

- The principal risk affecting the Group relates to any downturn in economic conditions within the markets in which it operates. Although this is mitigated to a certain extent by the long-term contractual nature of much of the Group's income, the COVID-19 pandemic and the resulting economic downturn has had an adverse impact on the business, particularly in sectors that have been affected by the lockdowns and tier systems announced by the government.

- Following the United Kingdom's departure from the European Union and the end of the subsequent transition period, the Group is keeping the implications of Brexit under review. The Board had closely analysed the possible impacts of Brexit and had prepared accordingly. Although the agreement reached between the United Kingdom and the European Union mean that there will not be an increase in duties and tariffs as a result of Brexit, the Group has increased stockholding of key lines in the financial period and post period end to mitigate the potential risks of any disruption to supply chains resulting from the increased complexity in importing goods from the European Union.

- Like any business, the Group faces the risk of a cyber incident which results in the corruption or deletion of business critical data or downtime of business critical systems. The Group has invested heavily in tools and procedures in order to mitigate this risk, and periodically reviews its cyber security protocols to ensure the Group's actions are in keeping with good practice in this area.

- A major operational incident at the Group's headquarters or other significant premises could cause extended interruption to normal business operations. The Group has invested heavily to mitigate against the impact of such an incident, including a generator to mitigate against the loss of electrical supply, moving its systems into a cloud environment and outsourcing the delivery of goods to a nationally recognised logistics supplier. These actions have reduced the effect that any major incident at the Group's headquarters would have, but the Board remains vigilant to the risks posed by any such incidents.

- The Group sources a number of products from overseas in prices denominated in foreign currencies. The weakness of sterling has the potential to make these goods more expensive in sterling terms. This risk is managed by a Group Treasury Committee, which meets on a regular basis, and may authorise the Group to enter into hedging contracts that typically fix the purchase price of a significant portion of the Group's goods for the next 12-18 months. This is assessed against the amount of foreign currency held, and the timing of when hedging contracts are entered is determined accordingly. In addition, the Group has worked with its key suppliers to improve its supply chain relationships to help mitigate or share potential cost inflation risk.

- Supply chain and inventory management – the Group's cash flows from operations may be negatively affected if it is not successful in managing its inventory balances. The Group has developed a range of measures it employs to enable it to better manage its inventory levels throughout the course of the period. A new ERP system launched on 1 November 2019, and the resultant automation of many of the existing manual processes and improved data attributes, will add further rigour and timely information to the disciplines whilst delivering efficiencies throughout the stock ordering and replenishment cycles in future years.

- Credit and liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the revolving credit facility at floating rates of interest. The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and market segments.

- Liquidity/cash flow risk - the Group and company are financed through a combination of bank and debt instruments that carry either fixed or variable rates of interest. The appropriateness of these bank and debt instruments and the risks related to variable rate debt are periodically reviewed by management and the Board. These facilities are secured against the assets of the Group including those of the Company. This financing provides the necessary headroom to support the business activities and strategy of the Group.

s.172 Statement - Promoting the Success of the Company

Our Approach

As a Board, we have a duty to promote the success of the Group and Company for the benefit of our members as a whole. In doing so, we must have regard to the interests of our employees, the success of our relationships with suppliers and customers and the impact of our operations on the environment, among other things.

The statement set out below specifies the actions that have been applied at a Group level which also apply to the Company.

The interests of our stakeholders are key factors in our decision making process and set out below are some examples of how we have taken those interests into account.

Our Employees

Board considerations

Our employees are our biggest asset and fundamental to the success of the Group. From the start of the pandemic, JLA made significant changes to working practices to ensure all staff could work in a safe environment. This included the procurement of appropriate personal protective equipment for our field engineering teams to enable them to work safely on customer premises; investing heavily in equipment to enable staff to work remotely; reorganising our office and other workplaces to facilitate effective social distancing at all times; and partnering with a private testing facility so as to provide comfort to customers and colleagues where necessary.

We have continued to keep track of and comply with government guidance in all the areas of the UK in which we operate and have adapted our operating procedures accordingly so as to provide a safe environment.

Unfortunately, as a consequence of the pandemic we took the difficult decision to restructure the business which involved a redundancy programme. In taking this decision the Board took into account the consequences to the business of the restructuring in the long term. The Board considered that the restructuring would promote the success of the group in the short and long term, but was careful to consider the interests of all employees when carrying out the restructuring.

Employee Communications

Effective communication is an important aspect of the relationship with our colleagues – particularly during the pandemic. We have introduced various new measures, such as our Listening Lunches, to communicate with our staff more effectively and importantly obtain their feedback so that we can not only update colleagues but also identify areas to improve the staff experience.

Diversity and inclusion

Vacancies are advertised both internally and externally and are filled following a robust evaluation of candidates who possess the required balance of skills, knowledge and experience. The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate in any way.

Our Customers

Like any business our customers are a key stakeholder for the Group. The pandemic saw an unprecedented number of businesses requesting support and JLA gave due consideration to our customers' needs where appropriate. We also invested in our service delivery to ensure that we could continue to provide the same level of service to its customers despite the challenges of the pandemic. In addition, the Group took various steps to mitigate the impact of Brexit.

These actions demonstrate the long term view taken by the Board in order to maintain the strong relationship that the Group enjoys with its customers.

s.172 Statement - Promoting the Success of the Company (continued)

Our Suppliers

We maintain close relationships with our suppliers to enable us to deliver market-leading products and services. Engaging with our supply chain means that we can ensure security of supply and has resulted in strong relationships spanning decades in some cases.

This year we decided to partner with a nationally recognised logistics business to augment our supply chain so that we could focus more attention on the needs of our customers. This decision was taken to promote the success of the group and will have the benefit of strengthening relationships with our suppliers and our customers in the long term.

The Environment

We are continually aiming to be a more sustainable company. We are fully compliant with the Waste Electronic and Electronic Equipment (WEEE) Regulations which impose targets designed to encourage the reuse and recycling of electrical equipment. We have been awarded ISO 14001 certification, an environmental management system which enables us to measure and improve our environmental impact through an internationally recognised framework.

We have instigated various programmes to reduce our environmental impact, including setting Co2 emissions targets for our vehicle fleet, reducing the size of our server estate and recycling products back into the marketplace where possible.

Going concern

The Company has a net liabilities position as at 31 October 2020 of £6,414,000 (2019: net assets of £10,461,000) and has recorded a loss of £17,391,000 (2019: £3,129,000). The Company forecasts are accumulated into the Group (headed by JLA Acquisitions Topco Limited) forecasts alongside the forecasts of the other companies within the Group. The Company also 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 Group has considerable financial resources, together with significant forecast cash generation from operations. As part of the going concern review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate within the Group's current financing facilities.

The impact and actions taken as a result of COVID-19 have been Group-wide, and considered in full. The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Group has also undertaken reverse stress tests of the forecasts assessing what deviation from budget would be required for the Group to run out of cash. The stress testing on forecasts, show that the Group has sufficient liquidity, and mitigating measures available, to continue to operate in the event of a significant economic downturn.

Due to the net liabilities position, the Company has received confirmation from the directors of the ultimate parent company, JLA Acquisitions Topco Limited, that they intend to continue to provide support for a period of at least twelve months from the date of approval of these financial statements.

JLA Limited

Strategic report (continued)

Going concern (continued)

In view of the assurances made by the directors of the ultimate parent company, and reviewing the Group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, 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 report and financial statements.

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

B Gujral
Director

23 July 2021

JLA Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 October 2020.

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:

P Eastwood	(appointed 28 September 2020)
P Humphreys	(resigned 31 December 2019)
H Ashton	(resigned 28 September 2020)
B Gujral	(appointed 1 January 2020)

Results and dividends

The income statement is set out on page 13 and shows the loss for the year of £17.4 million (2019: £3.1 million).

The Directors have not paid or declared a dividend (2019: £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 page 2.

Auditor

Deloitte LLP resigned in the year and BDO LLP were appointed as the Company's auditor. BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General 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 shareholder is the Sixth Cinven Fund. The partnerships comprising the Sixth Cinven Fund are established in Guernsey and are managed and controlled by Cinven Capital Management (VI) General Partner Limited. Approximately 26.5% of the Sixth Cinven Funds investment is held through two Luxembourg sociétés en commandite spéciales: Sixth Cinven FD 1 Lux SCSp and Sixth Cinven FD 2 Lux SCSp (together, the "SCSp vehicles"). The SCSp vehicles are both managed by their general partner (associé commandité), Cinven Lux GP (VI) S.a.r.l.

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

B Gujral
Director

23 July 2021

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

We have audited the financial statements of JLA Limited ("the Company") for the year ended 31 October 2020 which comprise the income statement, the statement of total comprehensive income, the statement of financial position, the statements of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

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.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Gary Harding
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Gary Harding (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom

30 July 2021

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

JLA Limited

Income statement
Year ended 31 October 2020

	Notes	2020 £'000	2019 £'000
Revenue	5	26,585	37,309
Cost of sales		(16,229)	(22,921)
Gross profit		10,356	14,388
Administrative expenses		(30,034)	(16,133)
Operating profit before depreciation, intangible asset amortisation, profit on disposal of fixed assets and separately disclosed operating items		2,857	9,551
Depreciation	6	(2,806)	(2,083)
Intangible asset amortisation	6	(1,293)	(627)
Profit on disposal of fixed assets	6	15	260
Separately disclosed items	6	(18,451)	(8,846)
Operating loss	6	(19,678)	(1,745)
Finance costs	10	(1,560)	(1,269)
Loss before tax	6-10	(21,238)	(3,014)
Tax on loss	11	3,847	(115)
Loss for the financial year		(17,391)	(3,129)

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

JLA Limited

Statement of total comprehensive income
Year ended 31 October 2020

	Notes	2020 £'000	2019 £'000
Loss for the year		(17,391)	(3,129)
Items that may be subsequently reclassified to profit or loss			
Transfer on maturity of previously hedged items	20	481	(37)
Effective portion of changes in fair value of current cash flow hedges	20	(40)	(481)
Deferred tax on change in fair value of cash flow hedges	11	75	(82)
Total comprehensive loss for the year		(16,875)	(3,729)

JLA Limited

Statement of financial position
As at 31 October 2020

	Notes	2020 £'000	2019 £'000
Non-current assets			
Goodwill	12	955	955
Intangible assets	13	5,638	6,013
Property, plant and equipment	14	7,358	6,683
Deferred tax asset	21	4,656	741
		18,607	14,392
Current assets			
Inventories	15	9,854	9,772
Trade and other receivables	16	128,335	94,822
Cash and bank balances		18,541	4,619
		156,730	109,213
Total assets		175,337	123,605
Current liabilities			
Trade and other payables	17	(177,190)	(110,025)
Obligations under finance leases	19	-	(646)
Lease liabilites	18	(1,623)	-
		(178,813)	(110,671)
Net current liabilities		(22,083)	(1,458)
Non-current liabilities			
Obligations under finance leases	19	-	(1,985)
Lease liabilities	18	(2,898)	-
Derivative financial instruments	20	(40)	(481)
Deferred tax liability	21	-	(7)
		(2,938)	(2,473)
Net (liabilities)/assets		(6,414)	10,461

Statement of financial position (continued)
As at 31 October 2020

	Notes	2020 £'000	2019 £'000
Equity			
Called up share capital	22	150	150
Hedging reserve	23	(47)	(563)
Retained earnings	23	(6,517)	10,874
Equity attributable to the owners of the Company		(6,414)	10,461

The accompanying notes 1 – 27 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 23 July 2021.

Signed on behalf of the Board of Directors

B Gujral
Director

JLA Limited

Statement of changes in equity
Year ended 31 October 2020

	Called up share capital £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2018	150	37	14,003	14,190
Loss for the year	-	-	(3,129)	(3,129)
Other comprehensive expense	-	(600)	-	(600)
Total comprehensive loss for the year	-	(600)	(3,129)	(3,729)
Balance at 31 October 2019	150	(563)	10,874	10,461
Loss for the year	-	-	(17,391)	(17,391)
Other comprehensive income	-	516	-	516
Total comprehensive loss for the year	-	516	(17,391)	(16,875)
Balance at 31 October 2020	150	(47)	(6,517)	(6,414)

The other comprehensive expense for the year 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 £0.5 million.

1. **General information**

JLA Limited (the Company) is a private company limited by shares domiciled and incorporated in England and Wales and in 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 6.

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 2020**

In the current year, the Company has applied standards and amendments to published standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the year ended 31 October 2020.

Previously, the Company had prepared accounts under IAS 17. For the accounting period ended 31 October 2020, IFRS 16 replaced this standard using the modified retrospective approach, and has accounted for the related balances solely under this new standard.

IFRS 16 – Leases

The Company has applied IFRS 16 retrospectively to all leases, but has elected to recognise the cumulative effect against opening reserves at 1 November 2019. Therefore, the comparative figures are as previously reported under IAS 17. The Company has applied this approach subject to the transition provisions set out below:

- For all contracts that existed prior to 1 November 2019, the Company has not applied IFRS 16 to reassess whether each contract is, or contains, a lease.
- A single discount rate has been applied to portfolios of leases with similar characteristics.
- The right-of-use assets have not been assessed for impairment at 1 November 2019, but have been reduced by the amount of any onerous lease provisions at that date.
- Initial direct costs have been excluded from the measurement of the right-of-use assets.
- Hindsight has been applied in determining the lease term for contracts that contain lease extension or termination options.

Policy applicable for FY 20 and onwards

The Company recognises the right-of-use asset and a lease liability at the lease commencement date. Right of use ("ROU") assets represent right to use an underlying asset for the lease term and lease liabilities represent obligations to make lease payments arising from the lease..

ROU assets are initially measured at commencement date based on the present value of lease payments over the lease term plus any initial direct cost and an estimate of asset retirement obligation. The ROU asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term.

2. Standards, amendments to published standards and interpretations effective for the year ended 31 October 2020 (continued)

The lease liability is initially measured at the present value of lease payments that are not paid at commencement date, discounted using the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index, initially measured using the index as at the commencement date and fixed nature non-lease components.

The lease liability is subsequently increased by interest expense computed based on discount rates used for initially measuring the liability and reduced by lease payments. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index with a corresponding adjustment made to the carrying amount of the ROU asset.

When the value of the underlying asset (if new) at 1 November 2019 is £5,000 or less, the Company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

When the lease term ends before 31 October 2020, the Company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

Policy for finance leases under IFRS 16

The carrying amount of the lease liability and ROU asset at 1 November 2019 are measured under IAS 17. IFRS 16 is applied thereafter.

- **Policies applicable for the comparative period**

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as leases are classified as operating leases. Payments made under operating leases (net of incentives received from lessors) are charged to the income statement on a straight-line basis over the period 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.

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.

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

3. Accounting policies

Basis of preparation of financial statements

The Company's financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or 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 goods and services.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- additional comparative information as per IAS 1 Presentation of Financial Statements paragraph 38 in respect of:
  - a reconciliation of the number of shares outstanding at the start and end of the prior period; and
  - reconciliations of the carrying amounts of property, plant and equipment, intangibles assets and investment property at the start and the end of the prior period.
- a Statement of Cash Flows and related disclosures for cash flows from discontinued activities
- a statement of compliance with IFRS (a statement of compliance with FRS 101 is provided instead)
- additional comparative information for narrative disclosures and information, beyond IFRS requirements
- disclosures in relation to the objectives, policies and process for managing capital
- disclosure of the effect of future accounting standards not yet adopted
- the remuneration of key management personnel
- related party transactions with two or more wholly owned members of the group
- certain disclosures required under IFRS 15 Revenue from Contracts with Customers, including disaggregation of revenue, details of changes in contract assets and liabilities, and details of incomplete performance obligations.
- the amount of lease income recognised on operating leases as lessor

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of JLA Midco Limited. These financial statements do not include certain disclosures in respect of:

- share based payments – details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined as per paragraphs 45(b) and 46 to 52 of IFRS 2 Share-Based Payment.
- financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- fair value measurements – details of the valuation techniques and inputs used for fair value measurement of assets and liabilities as per paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

3. Accounting policies (continued)

Basis of preparation of financial statements (continued)

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 group 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 and/or disclosure purposes in these financial statements is determined on such a basis, except for 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 Company has a net liabilities position as at 31 October 2020 of £6,414,000 (2019: net assets of £10,461,000) and has recorded a loss of £17,391,000 (2019: £3,129,000). The Company forecasts are accumulated into the Group (headed by JLA Acquisitions Topco Limited) forecasts alongside the forecasts of the other companies within the Group. The Company also 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 Group has considerable financial resources, together with significant forecast cash generation from operations. As part of the going concern review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate within the Group's current financing facilities.

The impact and actions taken as a result of COVID-19 have been Group-wide, and considered in full. The directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Group has also undertaken reverse stress tests of the forecasts assessing what deviation from budget would be required for the Group to run out of cash. The stress testing on forecasts, show that the Group has sufficient liquidity, and mitigating measures available, to continue to operate in the event of a significant economic downturn.

Due to the net liabilities position, the Company has received confirmation from the directors of the ultimate parent company, JLA Acquisitions Topco Limited, that they intend to continue to provide support for a period of at least twelve months from the date of approval of these financial statements.

3. Accounting policies (continued)

Going concern (continued)

In view of the assurances made by the directors of the ultimate parent company, and reviewing the Group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, 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 report and financial statements.

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.

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.

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.

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 20 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 2020, 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.

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 period, stated net of value added tax.

Distribution and service

COMS contracted revenue relates to the provision of breakdown cover on equipment owned by a third party. This is a subscription revenue model that has a fixed fee. Revenue is recognised over the term of the contract.

COMS Reactive and Compliance are non-contractual revenue streams. The delivery of the service is an individual discrete event at a point in time. Revenue is recognised at the completion of the event for instance repair of the machine or completion of the engineer callout event.

Product, machines, parts and consumables revenue arises from delivery of the service and is an individual discrete event at a point in time. Revenue is recognised at the completion of the event for instance delivery of the machine, part or consumable.

Contracted Installations revenue is recognised as work is performed. Applications for payment are raised periodically and sent to the customer, charging for the work completed on a longer term contract. Applications for payment are raised in line with the agreed contracts and reflect work performed out on site. Revenue is recognised in line with the applications raised.

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.3.Accounting policies (continued)

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

Taxation (continued)

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.

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.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

A grant specifying performance conditions which are recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. During the period, the company received grants in the form of the Coronavirus Job Retention Scheme for the furloughing of employees.

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.

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.

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:

	2020	**2019**
	£'000	**£'000**
Distribution and service - United Kingdom	26,068	36,909
Distribution and service - Overseas	517	400
	26,585	37,309

Notes to the financial statements
Year ended 31 October 2020

6. Profit/(loss) before taxation

	2020 £'000	2019 £'000
Profit/(loss) before taxation is stated after charging/(crediting):		
Net foreign exchange losses	434	297
Amortisation - intangible assets (note 13)	1,293	627
Cost of inventories recognised as an expense (note 15)	9,667	16,348
Depreciation of property, plant and equipment:		
- owned by the company (note 14)	1,211	1,336
- held as right-of-use assets (note 18 & 14)	1,595	-
- held under finance leases (note 14)	-	747
(Profit)/loss on sale of property, plant and equipment	(15)	(260)
Operating lease rentals:		
- motor vehicles	-	788
- property	-	233
Separately disclosed items:		
- acquisition/integration expenses	889	1,780
- terminations	1,978	1,907
- post transaction business transformation costs	-	4,829
- restructuring – other	-	330
- legal and other	1,212	-
- strategic projects	9,935	-
- Covid-19 costs	4,437	

Separately disclosed items incurred during the year comprise:

- Terminations costs relate to redundancies occurring within the business, including consultation costs.
- Acquisition/integration costs arise from acquisition of new entities into the group, including legal & professional fees, costs pertaining to aborted transactions
- Legal and other costs include restructuring costs associated with organisational changes within the business, shareholder costs incurred in respect of shareholder management and administrative fees, and litigation and legal claims plus associated professional fees.
- Strategic projects result in a material change to the business model and proposition or lead to a restructuring of the organisation impacting people, processes and systems. These projects are one-off significant investments into the business, which are not expected to recur due to their size and/or nature.
- COVID-19 costs are specific costs borne by the business owing to the unprecedented impact to the UK economy caused by the pandemic. They are disclosed separately in order to enable a full understanding of the group's results.

7. Auditor's remuneration

	2020 £'000	2019 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	45	54
Total non-audit fees	-	-

8. Staff costs

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

	2020 £'000	2019 £'000
Wages and salaries	31,490	29,461
Social security costs	4,010	3,433
Other pension costs	1,090	880
	36,590	33,774

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

	2020 No.	2019 No.
Administration and management	140	132
Selling and production	601	615
Research	2	2
	743	749

9. Directors' remuneration

The Directors of this company have received total emoluments of £1,494,000 (2019: £889,000) and these have been borne by JLA Acquisitions Topco Limited, another group company. The active Director's at the period end received remuneration of £384,136 during the period.

Key management personnel comprise two executive directors of the Company.

10. Finance costs

	2020 £'000	2019 £'000
Interest expense on		
Bank loans and overdrafts	179	11
Finance leases and hire purchase contracts	-	96
Lease liabilities	219	-
Intercompany loans (see note 17)	1,162	1,162
	1,560	1,269

Notes to the financial statements
Year ended 31 October 2020

11. Taxation

Analysis of tax (credit)/charge in the year	2020 £'000	2019 £'000
Current tax		
UK corporation tax charge on profit/(loss) for the year 19% (2019: 19%)	-	-
Adjustment to charge for previous year	-	-
Total current tax		-
Deferred tax (see note 21)		
Origination and reversal of temporary differences	(3,719)	148
Adjustment to charge for previous year	(38)	(33)
Effect of tax rate change on opening balance	(90)	-
Total deferred tax	(3,847)	115
Tax on loss	(3,847)	115

Tax (income)/expense included in other comprehensive income

	2020 £'000	2019 £'000
Deferred tax		
Origination and reversal of temporary differences	(75)	82

11. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss before tax	(21,238)	(3,014)
Loss multiplied by standard rate of corporation tax in the UK of 19 % (2019: 19%)	(4,035)	(573)
Effects of:		
Fixed asset difference	11	12
Expenses not deductible for tax purposes	315	34
Rate change	(100)	(17)
Adjustment to previous year's charge	(38)	(33)
Group relief surrendered	-	692
Tax (credit)/charge for the year	(3,847)	115

Factors that may affect future tax charges

The UK Government announced in March 2021 that the main rate of corporation tax will increase from 19% to 25% on 1 April 2023, however this change had not been enacted at the balance sheet date and hence has not been included in the calculation of deferred tax balances.

12. Goodwill

	Goodwill £'000
Cost	
At 31 October 2018, 31 October 2019, and 31 October 2020	955
Accumulated impairment losses	
At 31 October 2018, 31 October 2019, and 31 October 2020	-
Carrying amount	
At 31 October 2020	955
At 31 October 2019	955
At 31 October 2018	955

The Company is obliged to test goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired due to the goodwill deemed to have an indefinite life.

In order to perform this test, management are required to compare the carrying value of the relevant CGU including the goodwill with the recoverable amount. The recoverable amounts of the CGU are determined from a value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows

12. Goodwill (continued)

based on an average long-term growth rate of 3.0%, which does not exceed the long-term growth rate for the relevant market segment. The pre-tax rate used to discount the forecast cash flows is 11.0%.

The Company has also conducted a sensitivity analysis on the impairment test of the CGU carrying value including reducing cash inflows and changing discount rates.

As a result, when considering the carrying value of goodwill, the directors have considered the base case five-year plan and the sensitivities in drawing their conclusions. As at 31 October 2020 and 31 October 2019, 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 relationships £'000	Software £'000	Total £'000
Cost			
At 1 November 2019	222	9,239	9,461
Other adjustments	-	(1,855)	(1,855)
Additions	-	918	918
At 31 October 2020	222	8,302	8,524
Amortisation			
At 1 November 2019	125	3,323	3,448
Other adjustments	-	(1,855)	(1,855)
Charge for the year	27	1,266	1,293
At end of year	152	2,734	2,886
Carrying amount			
At 31 October 2020	70	5,568	5,638
At 31 October 2019	97	5,916	6,013

The Company has tested for impairment and has concluded that there is no impairment as at 31 October 2020. Amortisation is charged to administrative expenses in the Income Statement.

JLA Limited

Notes to the financial statements
Year ended 31 October 2020

14. Property, plant and equipment

	Freehold property £'000	Improvement expenditure £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Right-of-use assets £'000	Total £'000
Cost							
At 31 October 2019 – as previously reported	1,666	170	3,271	3,618	8,490	-	17,215
Cost of right-of-use assets on transition to IFRS 16	-	-	-	-	-	1,668	1,668
Transfer of hire purchase lease assets into right-of-use assets on transition to IFRS 16	-	-	-	(3,174)	-	3,174	-
Other adjustments	(6)	(170)	50	155	(5,658)	-	(5,629)
At 1 November 2019	1,660	-	3,321	599	2,832	4,842	13,254
Intercompany transfer	-	-	(3,098)	-	-	-	(3,098)
Additions	5	-	7	-	1,320	1,639	2,971
Disposals	-	-	-	-	-	(98)	(98)
At 31 October 2020	1,665	-	230	599	4,152	6,383	13,029

Notes to the financial statements
Year ended 31 October 2020

14. Property, plant and equipment (continued)

	Freehold property £'000	Improvement expenditure £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Right-of-use assets £'000	Total £'000
Depreciation							
At 31 October 2019 – as previously reported	734	169	1,970	1,628	6,031	-	10,532
Transfer of hire purchase lease assets into right-of-use assets on transition to IFRS 16	-	-	-	(783)	-	783	-
Other adjustments	(47)	(169)	99	(348)	(5,182)	-	(5,647)
At 1 November 2019	687	-	2,069	497	849	783	4,885
Intercompany transfer	-	-	(1,965)	-	-	-	(1,965)
Charge for the year	33	-	83	49	1,046	1,595	2,806
Disposals	-	-	-	-	-	(55)	(55)
At 31 October 2020	720	-	187	546	1,895	2,323	5,671
Net book value							
At 31 October 2020	945	-	43	53	2,257	4,060	7,358
At 31 October 2019	932	1	1,301	1,990	2,459	-	6,683

14. Property, plant and equipment (continued)

Following the transition to IFRS 16, the carrying amounts of property, plant and equipment include right-of-use assets at 31 October 2020 as detailed below:

	2020 £'000	2019 £'000
The types of assets the cost of right-of-use assets relates to:		
Leasehold property	1,410	-
Motor vehicles	4,973	-
Office equipment	-	-
At 31 October	6,383	-
The types of assets the depreciation of right-of-use assets relates to:		
Leasehold property	172	-
Motor vehicles	2,151	-
Office equipment	-	-
At 31 October	2,323	-
The types of assets the carrying amount of right-of-use assets relates to:		
Leasehold property	1,238	-
Motor vehicles	2,822	-
Office equipment	-	-
At 31 October	4,060	-

In the prior year, the net book value of assets held under finance leases or hire purchase contracts, included in property, plant and equipment was £2,391,000. The depreciation charge on these assets for the prior year was £747,000.

15. Inventories

	2020 £'000	2019 £'000
Finished goods and goods for resale	9,755	9,772
Work in progress	99	-
	9,854	9,772

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

Inventories are stated after provisions for impairment of £1,315,000 (2019: £2,027,000). 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 £9,667,000 (2019: £16,348,000).

16. Trade and other receivables

	2020 £'000	2019 £'000
Trade receivables	9,105	7,305
Allowance for doubtful debts	(1,261)	(431)
	7,844	6,874
Amounts owed by group undertakings	116,342	82,867
Other receivables	229	89
Prepayments and accrued income	3,920	4,992
	128,335	94,822

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.

16. Trade and other receivables (continued)

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 2020 amounted to £7,844,000 (2019: £6,874,000).

The average credit period taken on sales of goods is 108 days (2019: 69 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 2020 £'000
Not past due	4,085
0-30 days	683
31-60 days	417
61-90 days	231
91 days and above	2,428
	7,844

Ageing of impaired receivables

	31 October 2020 £'000
Not past due	205
0-90 days	106
91+ days	950
	1,261

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

	2020 £'000	2019 £'000
Trade payables	8,947	8,118
Amounts owed to group undertakings	159,397	93,205
Social security and other taxes	3,260	1,537
Accruals and deferred income	5,426	7,096
Other creditors	160	69
	177,190	110,025

Social security and other taxes includes contributions payable of £163,927 (2019: £164,000) 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. Lease liabilities

The group leases properties used for its operations in the UK. Lease terms are 1 to 12 years.

The group leases motor vehicles for use by engineers, as well as some vehicles for use by sales staff and management. Lease terms are 1 to 3 years.

Lease expenses of £14,539 are included within administrative expenses in relation to short-term leases.

Maturity analysis of lease liabilities

The maturity of the gross contractual discounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 October and the contractual maturity date:

	Property leases 31 October 2020 £'000	Motor vehicle leases 31 October 2020 £'000	Total leases 31 October 2020 £'000
Within one year	461	1,162	1,623
Within one to five years	642	2,121	2,763
Over five years	135	-	135
	1,238	3,283	4,521

18. Lease liabilities (continued)

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 October and the contractual maturity date:

	Property leases 31 October 2020 £'000	Motor vehicle leases 31 October 2020 £'000	Total leases 31 October 2020 £'000
Within one year	518	1,308	1,826
Within one to five years	748	2,292	3,040
Over five years	138	-	138
	1,404	3,600	5,004

The weighted average incremental borrowing rate applied to lease liabilities recognised by the group at 1 November 2019 is 5.62% which is based on the weighted average external borrowing rate of the group.

	Property leases £'000	Motor vehicle leases £'000	Total leases £'000
Operating lease commitments at 31 October 2019	1,268	631	1,899
Operating lease commitments at 31 October 2019 discounted using the incremental borrowing rate	1,053	596	1,649
Lease liability recognised at 1 November 2019	1,070	598	1,668
Difference at 1 November 2019	17	2	19

The difference in property operating leases transitioned under IFRS 16 at 1 November 2019 is due to re-evaluation of the break clauses in the lease agreements, as a result of the transition, which increased the future cash flow outlook.

19. Finance leases

At 31 October 2020 the Company's finance lease obligations were as follows:

Minimum lease payments	2020 £'000	2019 £'000
Expiry date:		
No later than 1 year	-	751
Later than 1 year no later than 5 years	-	2,176
	-	2,927

19. **Finance leases (continued)**

Present value of minimum lease payments	**2020 £'000**	**2019 £'000**
Expiry date:		
No later than 1 year	-	646
Later than 1 year no later than 5 years	-	1,985
	-	2,631

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

From 1 November 2019, the group has recognised all leases as right-of-use assets and lease liabilities, except for short-term and low-value leases under the provisions of IFRS 16. See note 18 for further information.

20. **Derivative financial instruments**

	2020 £'000	**2019 £'000**
Derivatives that are designated and effective as hedging instruments carried at fair value		
Foreign currency forward contracts	-	(481)
Diesel swap contract	(40)	-
	(40)	(481)

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

	2020 £'000	**2019 £'000**
Lloyds Bank Plc		
Derivative assets/(liabilities)		
Foreign currency forward contracts	-	(274)
Diesel swap contract	(40)	-
The Royal Bank of Scotland Plc		
Derivative assets/(liabilities)		
Foreign currency forward contracts	-	(207)
	(40)	(481)

20. Derivative financial instruments (continued)

Cash flow hedges

Trading derivatives are classified as either current assets or current liabilities. The full fair value of hedging derivatives is 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.

Forward foreign currency contracts

In the prior year, the Company entered into contracts to purchase goods in US dollars and Euros and took 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 year ended 31 October 2020 was $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 highly probable forecast transactions denominated in foreign currency were expected to occur at various dates during the year ended 31 October 2020. The accumulated loss of £481,000 recognised in the hedging reserve in equity was recognised as a loss in the current year.

No loss was recognised in the prior year within the Income Statement as a result of the ineffective portion of cash flow hedges as it was immaterial to the trading performance of the Company.

The Company will assess the forecast purchases in USD and EUR with the current USD and EUR cash balances before entering into new forward contracts.

Diesel swap contracts

In July 2020, the Company entered into a swap agreement based on underlying diesel prices to hedge the financial risk of volatile prices arising from the anticipated purchase of fuel in the future as part of the regular business activities. This was designated as a cash flow hedge. The specified period of the contract is the 16 months from July 2020 to October 2021 covering a notional quantity of 800,000 litres of diesel fuel.

The hedged, highly probable purchases of fuel are expected to occur at various dates during the next 12 months. The accumulated loss of £40,000 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 Income Statement as a result of the ineffective portion of cash flow hedges as it was immaterial to the trading performance of the Company.

21. Deferred taxation

	2020 £'000	2019 £'000
Non-current deferred tax asset	4,656	741
Non-current deferred tax liability	-	(7)
	4,656	734

	2020 £'000	2019 £'000
At beginning of year	734	920
Current year – income statement	3,847	(115)
Current year – other comprehensive income	75	(82)
Transferred in	-	11
At end of year	4,656	734

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

	Tangible fixed assets £'000	Derivative financial assets and liabilities £'000	Other temporary differences £'000	Total £'000
As at 1 November 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
Current year – income statement	78	-	3,769	3,847
Current year – other comprehensive income	-	75	-	75
As at 31 October 2020	598	(14)	4,072	4,656

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

22. Share capital

	2020 £'000	2019 £'000
Allotted, called up and fully paid		
150,000 ordinary shares of £1 each	150	150

23. Reserves

	Hedging reserve £'000
Balance at 1 November 2019	(563)
Foreign currency forward contracts	481
Diesel swap contracts	(40)
Deferred taxation	75
Balance at 31 October 2020	(47)

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

Reserve	Description and purpose
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

24. 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.

25. Operating lease arrangements

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

	2020 £'000 Motor vehicles	2020 £'000 Property	2019 £'000 Motor vehicles	2019 £'000 Property
Within 1 year	-	-	950	197
Between 1 and 5 years	-	-	1,336	734
Greater than 5 years	-	-	-	337
	-	-	2,286	1,268

From 1 November 2019, the group has recognised all leases as right-of-use assets and lease liabilities, except for short-term and low-value leases under the provisions of IFRS 16. See note 18 for further information.

26. Related party transactions

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

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 shareholder is the Sixth Cinven Fund. The partnerships comprising the Sixth Cinven Fund are established in Guernsey and are managed and controlled by Cinven Capital Management (VI) General Partner Limited. Approximately 26.5% of the Sixth Cinven Funds investment is held through two Luxembourg sociétés en commandite spéciales: Sixth Cinven FD 1 Lux SCSp and Sixth Cinven FD 2 Lux SCSp (together, the "SCSp vehicles"). The SCSp vehicles are both managed by their general partner (associé commandité), Cinven Lux GP (VI) S.a.r.l.

JLA Midco Limited is the smallest group 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.