

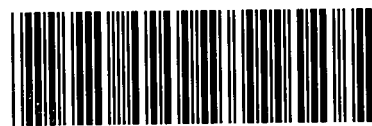
**Company Registration No. 02944540**

**Circuit Launderette Services Limited**

**Report and Financial Statements**

**31 October 2013**

THURSDAY



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# **Circuit Launderette Services Limited**

## **Report and financial statements 2013**

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# **Circuit Launderette Services Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

A Barr  
S Baxter

#### **Registered Office**

Meadowcroft Lane  
Halifax Road  
Ripponden  
West Yorkshire  
HX6 4AJ

#### **Bankers**

Lloyds Bank  
Church Street  
Sheffield  
S1 2FF

#### **Auditor**

Deloitte LLP  
Chartered Accountants & Statutory Auditor  
Leeds

# **Circuit Launderette Services Limited**

## **Strategic report**

### **Business strategy**

Over the last few years the Group Board has developed a very clear strategic vision which is being successfully deployed within the business. The strategy will look to continue to grow market share within our existing core business segments, along with identifying opportunities for growth in new markets through acquisition.

We will continue to provide the complete sales, service and finance solution to support our customer base, both existing and new, through the whole life cycle of their critical assets that are operated within their business. Through our tried and tested internal sales capability, backed up by our national service support capability, we will bring new product offerings to our existing customer base and gain market share within new targeted markets.

We will continue to invest both in our sales and service capability in our existing Laundry markets but also in the new adjacent Catering and Medical sectors. We will continue to keep our promise to our customers that we make at point of sale, where we guarantee 365 day - 24/7 service support to maintain the required level of operation within their critical asset base.

The ambitious level of business growth is backed up with a robust deployment plan which has allowed the business to cascade the strategy down through the organisation. The ten specific strategic work-streams, of which six are associated to revenue growth and four to drive operational excellence, will deliver the agreed business strategic vision and will be supported by both the appropriate level of bank funding and significant cash generation from the business.

### **Business review**

The principal activity of the company during the year was the supply of managed launderettes.

The company's key performance targets are to grow income and profits in the long term. In the year under review, turnover has increased by 8% to £18,817,000 (2012: £17,420,000) which has been achieved through a combination of organic growth and the promotion of new products and services. Profit before tax has decreased from £2,957,000 to £2,206,000.

The balance sheet on page 9 shows the company's financial position at the year end. Net assets increased from £6,759,000 to £9,046,000. The company's financial position was considered satisfactory in terms of working capital and the directors believe the company to be well positioned for future growth. Further details of the company's funding can be found below.

The profit for the year, after taxation, amounted to £2,287,000 (2012 - £2,810,000).

No dividends have been paid or proposed in the current or prior year.

### **Future developments**

The Board has ambitious plans to grow the business both in terms of revenue and profitability through organic growth within its existing core market segments and through acquisition in adjacent market sectors, which have similar characteristics that complement the JLA business model.

# Circuit Launderette Services Limited

## Strategic report (continued)

### Principal risks and uncertainties

We outline below the principal risks specific to our business and how we manage and mitigate them.

Not all these factors are within our direct control and the list is not exhaustive. There may be other risks and uncertainties that are unknown to us and the list may change as something that seems immaterial now assumes 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. This is however mitigated to some extent by the long-term contractual nature of the group's income.
- Liquidity/cash flow risk – the group and company are financed through a combination of bank and debt instruments that carry variable and fixed 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 Group Board. These facilities are secured against the assets of the subsidiary entities including those of the company. This financing provides the necessary headroom to support the expansion plans of the business. Interest rate swap contracts are in place as a requirement of the banking facility to manage the risk of changes in the interest rate of floating-rate borrowings.

### Going concern

On 29 October 2013 the group headed by JLA Equityco Limited updated its loan facilities and drew down an additional £10m on the term loan facility to provide the appropriate level of funding for the business to execute its acquisition growth strategy. The new facilities comprise a £90,000,000 term loan facility and a £3,000,000 revolving credit facility.

The group has considerable financial resources, together with significant forecast cash generation from operations. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. A letter of support has been received by the company. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

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



A Barr  
Director

17 June 2014

# **Circuit Launderette Services Limited**

## **Directors' report**

The directors present their report and the financial statements for the year ended 31 October 2013.

### **Principal activities**

The principal activity of the company during the year was the supply of managed launderettes.

### **Directors**

The directors who served during the year and subsequently were:

S Baxter  
A Barr

### **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.

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

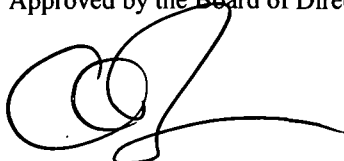
The directors set out in the Strategic Report:

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

### **Auditor**

Deloitte 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.

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



A Barr  
Director

17 June 2014

# **Circuit Launderette Services 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 Circuit Launderette Services Limited**

We have audited the financial statements of Circuit Launderette Services Limited for the year ended 31 October 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As more fully explained 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on matters prescribed in the Companies Act 2006**

In our opinion the information in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## **Independent auditor's report to the members of Circuit Launderette Services Limited (continued)**

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

We have nothing to report in respect of the following matters where 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.



Simon Manning (Senior Statutory Auditor)  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Leeds

**24** July 2014

# Circuit Launderette Services Limited

## Profit and loss account Year ended 31 October 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	18,817	17,420
Cost of sales		(11,294)	(10,471)
<b>Gross profit</b>		<b>7,523</b>	<b>6,949</b>
Administrative expenses		(5,317)	(3,992)
<b>Operating profit</b>	3	<b>2,206</b>	<b>2,957</b>
Interest receivable	5	20	-
<b>Profit on ordinary activities before taxation</b>		<b>2,226</b>	<b>2,957</b>
Tax on profit on ordinary activities	6	61	(147)
<b>Profit for the financial year</b>	12	<b>2,287</b>	<b>2,810</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

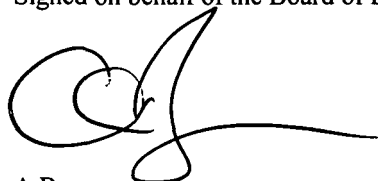
# Circuit Launderette Services Limited

## Balance sheet As at 31 October 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible fixed assets	7	11,981	11,602
<b>Current assets</b>			
Debtors	8	9,342	9,048
Cash in hand		2,609	331
		<u>11,951</u>	<u>9,379</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(14,488)</u>	<u>(13,794)</u>
<b>Net current liabilities</b>		<u>(2,537)</u>	<u>(4,415)</u>
<b>Total assets less current liabilities</b>		9,444	7,187
<b>Provisions for liabilities</b>	10	<u>(398)</u>	<u>(428)</u>
<b>Net assets</b>		<u>9,046</u>	<u>6,759</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	9,046	6,759
<b>Shareholders' funds</b>	13	<u>9,046</u>	<u>6,759</u>

The financial statements of Circuit Launderette Services Limited registered number 02944540 were approved by the Board of Directors on 17 June 2014.

Signed on behalf of the Board of Directors



A Barr  
Director

# **Circuit Launderette Services Limited**

## **Notes to the financial statements Year ended 31 October 2013**

### **1. Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The accounts have been prepared on a going concern basis. Further detail is given in the directors' report.

#### **Cash flow**

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company's cash flows in its own published consolidated cash flow statement.

#### **Related parties transactions**

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other group companies.

#### **Pension costs**

The company participates in a group money purchase pension scheme. Contributions payable for the year in respect of the company's employees are charged to the profit and loss account.

#### **Turnover**

The turnover shown in the profit and loss account represents the value of goods and services provided during the year, stated net of value added tax. Turnover represents the amounts receivable from customers during the year and is recognised at the date of provision of service.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	- on a straight line basis up to 16 years
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#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore, recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Circuit Launderette Services Limited

## Notes to the financial statements Year ended 31 October 2013

### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company which is operating managed laundries and arise wholly within the United Kingdom.

### 3. Operating profit

	2013 £'000	2012 £'000
The operating profit is stated after charging:		
Depreciation of tangible fixed assets:		
- owned by the company	2,047	1,828
Auditor's remuneration for audit services:		
Fees payable to the company's auditor for the audit of the company's annual accounts	11	10

During the year, no director received any emoluments (2012 - £nil).

### 4. Staff costs

Staff costs were as follows:

	2013 £'000	2012 £'000
Wages and salaries	924	874
Social security costs	117	97
Other pension costs	22	22
	1,063	993

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

	2013 No.	2012 No.
Operations	16	16
Administration	7	7
	23	23

### 5. Interest receivable

	2013 £000	2012 £000
Bank interest	20	-

# Circuit Launderette Services Limited

## Notes to the financial statements Year ended 31 October 2013

### 6. Taxation

	2013 £'000	2012 £'000
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax (credit)/charge on profit for the year	(31)	3
	<u>(31)</u>	<u>3</u>
<b>Deferred tax (see note 10)</b>		
Prior period adjustment	-	(157)
Origination and reversal of timing differences	26	301
Rate change	(56)	-
	<u>(30)</u>	<u>144</u>
<b>Tax on profit on ordinary activities</b>	<u>(61)</u>	<u>147</u>

#### 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 23.4% (2012: 24.83%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>2,226</u>	<u>2,957</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.4% (2012 – 24.83%)	521	734
Effects of:		
Expenses not deductible for tax purposes	8	1
Timing differences on fixed assets	(31)	(107)
Prior period adjustment	(31)	3
Group relief	(498)	(628)
<b>Current tax (credit)/charge for the year (see note above)</b>	<u>(31)</u>	<u>3</u>

The Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014. Accordingly, deferred tax balances have been revalued to the lower rate of 20% in these accounts, which has resulted in a credit to the profit & loss account of £56,000.

# Circuit Launderette Services Limited

## Notes to the financial statements Year ended 31 October 2013

### 7. Tangible fixed assets

	<b>Plant and machinery £000</b>	<b>Total £000</b>
<b>Cost</b>		
At 1 November 2012	27,482	27,482
Additions	2,453	2,453
Disposals	(51)	(51)
At 31 October 2013	29,884	29,884
<b>Depreciation</b>		
At 1 November 2012	15,880	15,880
Charge for the year	2,047	2,047
Disposals	(24)	(24)
At 31 October 2013	17,903	17,903
<b>Net book value</b>		
At 31 October 2013	11,981	11,981
At 31 October 2012	11,602	11,602

### 8. Debtors

	<b>2013 £'000</b>	<b>2012 £'000</b>
Trade debtors	10	49
Amounts owed by group undertakings	9,163	8,849
Prepayments and accrued income	169	150
	9,342	9,048

### 9. Creditors: amounts falling due within one year

	<b>2013 £'000</b>	<b>2012 £'000</b>
Trade creditors	1,832	1,698
Corporation tax	65	96
Social security and other taxes	369	362
Amounts owed to group undertakings	11,229	11,113
Accruals and deferred income	993	525
	14,488	13,794

# Circuit Launderette Services Limited

## Notes to the financial statements Year ended 31 October 2013

### 10. Provision for liabilities

The movement in the deferred taxation provision during the year was as follows:

	2013 £'000	2012 £'000
At beginning of year	428	284
(Credit)/debit during the year	(30)	144
At end of year	<u>398</u>	<u>428</u>

The provision for deferred taxation is made up as follows:

	2013 £'000	2012 £'000
Excess of taxation allowances over depreciation on fixed assets	<u>398</u>	<u>428</u>

### 11. Share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 12. Reserves

	Profit and loss account £'000
At 1 November 2012	6,759
Profit for the year	<u>2,287</u>
At 31 October 2013	<u>9,046</u>

### 13. Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Opening shareholders' funds	6,759	3,949
Profit for the year	<u>2,287</u>	<u>2,810</u>
Closing shareholders' funds	<u>9,046</u>	<u>6,759</u>

### 14. Guarantee

The company makes use of bank facilities agreed on a JLA Clean group wide basis together with other companies under the control of JLA Clean Limited, whereby each company guarantees the borrowings of the others. Full details of the JLA Clean group's assets and liabilities are disclosed in the accounts of JLA Clean Limited.



# **Circuit Launderette Services Limited**

## **Notes to the financial statements Year ended 31 October 2013**

### **15. Ultimate parent undertaking and controlling party**

The company's immediate holding company is Vanilla Group Limited and the ultimate holding company is JLA Equityco Limited, which is incorporated in Great Britain and registered in England and Wales.

The largest group of which the company is a member and for which group financial statements are drawn up is that headed by JLA Equityco Limited.

The smallest group of which the company is a member and for which group financial statements are drawn up is that headed by JLA Clean Limited.

In the opinion of the directors, the company and the group are ultimately owned by investors whose investments are managed by HgCapital. The directors do not consider there to be an ultimate controlling party.