Company Registration No. 02944540

Circuit Launderette Services Limited

Annual Report and Financial Statements

For the year ended 31 October 2018

Circuit Launderette Services Limited

Report and financial statements 2018

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Circuit Launderette Services Limited

Report and financial statements 2018

Officers and professional advisers

Directors
H Ashton
P Humphreys

Registered Office

Meadowcroft Lane
Halifax Road
Ripponden
West Yorkshire
HX6 4AJ

Bankers

Lloyds Bank
Church Street
Sheffield
S1 2FF

Auditor

Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

Circuit Launderette Services Limited

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 31 October 2018.

Business strategy

Circuit Launderette Services Limited ("the Company") is a member of the group headed by JLA Acquisitions Topco Limited ("the Group"). A review of the Group's results and future prospects, which include those of the Company, is set out below.

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

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

The Group will also continue to invest in its sales and service capability in the Laundry, Catering and Heating divisions. During the year the Group has created a new Fire Safety division to complement the existing Laundry, Catering and Heating divisions. The Group will also continue to keep the key customer promise made at the point of sale, where service excellence is guaranteed 365 days a year - 24/7 to maintain their critical asset base.

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

Business review

The principal activity of the Company during the year under review was the supply of managed launderettes.

During the year the Company acquired part of the trade and assets from Washstation Limited, a fellow group company. Further details are contained in note 22.

The Company's key performance target is to grow turnover and profits in the long term. In the year under review turnover from continuing operations has risen by 7.5% to £32.7 million mainly driven by an increase in the volume of customer contracts.

The profit for the year from continuing operations, before taxation, amounted to £5.1 million (2017: £4.2 million). The Directors have not paid or declared a dividend for 2018 (2017: £nil).

The statement of financial position on page 12 shows the Company's financial position at the year end. Net assets increased from £20.0 million to £25.4 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. Further details of the Company's funding can be found on pages 3 and 4.

Discontinued operations

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

As a consequence of this decision, the financial results of the Washstation business have been presented as discontinued operations in the current year in the income statement and the associated assets that are required to be divested have been presented as assets held for sale in the statement of financial position. The divestment is expected to conclude in the next financial year.

These discontinued operations made a profit of £0.4 million in the year.

Circuit Launderette Services Limited

Strategic report (continued)

Post balance sheet events

The divestment of the higher education assets and vend share contracts formerly held by Washstation Limited concluded on 5 June 2019 in accordance with the provisions and timetable specified by the Competition and Markets Authority.

Future developments

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

In recent years, JLA has established a meaningful position within the UK catering sales and service market through both organic and acquisition related growth. JLA intends to use this strong platform to leverage the sizeable opportunity that this market presents.

JLA has plans to increase the scale and operations in its new Heating and Fire Safety divisions and to establish a meaningful position in this marketplace.

Principal risks and uncertainties

The principal risks specific to the Company 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 Company relates to any downturn in economic conditions within the markets in which it operates. This is mitigated to a meaningful extent by the long-term contractual nature of some of the Company's income.
- 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 fixed interest protection instruments expired at 31 October 2017. 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 expansion plans of the business. These facilities are the subject of financial covenants, which management monitors on a regular basis to ensure that there are no actual or anticipated breaches. There were no covenant breaches during the reporting year.

Going concern

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

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

On 15 August 2018, the group headed by JLA Acquisitions Topco Limited secured new bank loan facilities and settled its existing bank loan facilities. The new facilities comprise a £260,000,000 1st lien term loan, a £95,000,000 2nd lien term loan and a £50,000,000 revolving credit facility. The 1st lien term loan is due to be repaid on 15 August 2025, the 2nd lien term loan is due to be repaid on 15 August 2026 and any drawn balance on the revolving credit facility is due to be repaid on 15 August 2024.

At 31 October 2018, the Group had utilised £nil of the revolving credit facility. The senior facilities term loans were drawn down in full.

The term loan facilities are secured by fixed and floating charges over a number of the Group's subsidiaries. The interest rate payable on the 1st lien term loan represents a 4.00% margin above LIBOR, the interest rate payable on the 2nd lien term loan represents a 7.00% margin above LIBOR and the interest rate payable on the revolving credit facility, whenever it is utilised, represents a 2.75% margin above LIBOR.

Circuit Launderette Services Limited

Strategic report (continued)

Going concern (continued)

Following the refinancing, the group headed by JLA Acquisitions Topco Limited has considerable financial resources, together with significant forecast cash generation from operations. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, and reviewing the JLA Acquisitions Topco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, and being in receipt of a letter of support from JLA Acquisitions Topco, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, taking into account reasonably possible changes in trading. Accordingly, they have adopted the going concern basis in preparing the annual report and financial statements.

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

P. J. H

P Humphreys
Director

29 July 2019

Circuit Launderette Services Limited

Directors' report

The Directors present their report and the financial statements for the year ended 31 October 2018.

Principal activities

The principal activity of the Company during the year was the supply of managed launderettes. There have not been any significant changes in the Company's principal activities in the year under review.

Directors

The Directors who served during the year and subsequently were:

S Baxter (resigned 1 January 2019)
H Ashton (appointed 1 January 2019)
P Humphreys

Results and dividends

The income statement is set out on page 11 and shows the profit for the year of £5.4 million (2017: £3.9 million).

The Directors have not paid or declared a dividend for 2018 (2017: £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.

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.

Circuit Launderette Services Limited

Directors' report (continued)

Future developments

Refer details in the strategic report on page 3.

Auditor

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

Ultimate parent company and parent undertaking of a larger group

The ultimate parent undertaking at 31 October 2018 is JLA Acquisitions Topco Limited, a company incorporated in Jersey. The largest group in which the results of the Company were consolidated in the year was that headed by JLA Equityco Limited, which is incorporated in England and Wales and whose accounts may be obtained from Companies House.

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

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

P. J. H

P Humphreys
Director
29 July 2019

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), including 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 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Circuit Launderette Services Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 October 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 24.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

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

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

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

Other information (continued)

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

Use of our report

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

Kate Darlison

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

29 July 2019

Circuit Launderette Services Limited

Income statement
Year ended 31 October 2018

	Notes	Total 2018 £'000	Total 2017 £'000
Revenue	4	32,714	30,430
Cost of sales		(19,377)	(18,438)
Gross profit		13,337	11,992
Administrative expenses		(8,267)	(7,832)
Operating profit before depreciation and loss on disposal of fixed assets		8,662	7,447
Depreciation	5	(3,156)	(2,975)
Loss on disposal of fixed assets	5	(436)	(312)
Operating profit	5	5,070	4,160
Finance income	8	1	-
Finance costs	8	(8)	-
Profit on ordinary activities before tax		5,063	4,160
Tax on profit on ordinary activities	9	(91)	(238)
Profit from continuing operations		4,972	3,922
Profit from discontinued operations	12	409	-
Profit for the year		5,381	3,922

There were no other recognised gains or losses other than those included in the income statement and therefore no separate statement of other comprehensive income has been presented.

Circuit Launderette Services Limited

Statement of financial position
As at 31 October 2018

	Notes	2018 £'000	2017 £'000
Non current assets			
Goodwill	10	356	356
Property, plant and equipment	11	21,028	19,364
Deferred tax asset	16	197	301
		21,581	20,021
Current assets			
Trade and other receivables	13	15,881	11,758
Assets classified as held for sale	12	1,888	-
Cash and bank balances		1,738	2,027
		19,507	13,785
Total assets		41,088	33,806
Current liabilities			
Trade and other payables	14	(15,558)	(13,798)
Obligations under finance leases	15	(72)	-
		(15,630)	(13,798)
Net current liabilities		3,877	(13)
Non current liabilities			
Obligations under finance leases	15	(69)	-
		(69)	-
Net assets		25,389	20,008
Equity			
Called up share capital	17	-	-
Retained earnings	18	25,389	20,008
Equity attributable to the owners of the Company		25,389	20,008

The accompanying notes 1 – 24 are an integral part of the financial statements. The financial statements of Circuit Launderette Services Limited registered number 02944540 were approved by the Board of Directors on 29 July 2019.

Signed on behalf of the Board of Directors

P Humphreys
Director

Circuit Launderette Services Limited

Statement of changes in equity
As at 31 October 2018

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 November 2016	-	16,086	16,086
Total comprehensive income for the year	-	3,922	3,922
Balance at 31 October 2017	-	20,008	20,008
Total comprehensive income for the year	-	5,381	5,381
Balance at 31 October 2018	-	25,389	25,389

Circuit Launderette Services Limited

Notes to the financial statements
Year ended 31 October 2018

1. General information

Circuit Launderette Services Limited (the Company) is a private company limited by shares domiciled and incorporated 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 4.

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. Accounting policies

Basis of preparation of financial statements

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

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

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

Accounting reference date

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

Going concern

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

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 Company is cash generative and has significant positive net assets. After making enquiries, and reviewing the JLA Acquisitions Topco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements and being in receipt of a letter of support from JLA Acquisitions Topco Limited in respect of the Company's participation in the Group borrowing cross guarantees, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, taking into account reasonably possible changes in trading. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

Discontinued operations

The Company presents operations as discontinued operations where the sale or termination is completed either in the year or is expected within twelve months of the reporting date. The associated assets of the disposal group are presented separately as assets held for sale in the statement of financial position.

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.

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.

2. Accounting policies (continued)

Property, plant and equipment (continued)

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:

Plant and machinery	-	8 - 12 years straight-line
Motor vehicles	-	4 years straight-line
Fixtures and fittings	-	2-5 years straight-line

Financial assets

The Company's financial assets are all categorised as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial liabilities

The Company's financial liabilities are all categorised as other financial liabilities. Other financial liabilities are measured at amortised cost.

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.

Revenue recognition

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

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

Taxation

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

Current tax

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

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

2. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

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

Current tax and deferred tax for the year

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

Pensions

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

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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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.

3. **Critical accounting judgements and key sources of estimation uncertainty (continued)**

Critical judgements in applying the Group's accounting policies

The following are the 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 and that have the most significant effect on the amounts recognised in financial statements.

Depreciation

Judgement is required in assessing the useful economic lives of property, plant and equipment and intangible fixed assets. This assessment is based on the Directors' best estimate of the life of the asset and of its residual value at the end of its useful economic life.

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.

Deferred taxation

The Company recognises deferred tax assets and liabilities based on the Directors' expectation of future taxable income and the related recoverability of the balance. This assessment requires judgement regarding future income streams and movements in corporation tax rates. Details of the deferred tax assets and liabilities are referred to in note 16.

4. **Revenue**

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

	2018 £'000	2017 £'000
Managed income - United Kingdom	32,714	30,430

5. **Profit before taxation**

	2018 £'000	2017 £'000
Profit before taxation is stated after charging/(crediting):		
Net foreign exchange gains	(135)	(88)
Depreciation of property, plant and equipment:		
- owned by the Company (note 11)	3,125	2,975
- held under finance leases (note 11)	31	-
- discontinued operations (note 11)	398	
Loss on sale of property, plant and equipment	436	312
Operating lease rentals:		
- property	12	12

6. **Auditor's remuneration**

	2018 £'000	2017 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5	6
Taxation compliance services	-	6

Auditor's remuneration has been borne by another group company.

Notes to the financial statements
Year ended 31 October 2018

7. Staff costs

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

	2018 £'000	2017 £'000
Wages and salaries	1,611	1,435
Social security costs	200	174
Other pension costs	50	44
	1,861	1,653

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

	2018 No.	2017 No.
Administration and management	12	8
Operations	26	28
	38	36

The Directors of the Company have received total emoluments of £946,000 (2017: £681,000) and these have been borne by another group company.

8. Net finance costs/(income)

	2018 £'000	2017 £'000
Net interest expense/(income) on		
Bank loans and overdrafts	(1)	-
Finance leases and hire purchase contracts	8	-
	7	-

Circuit Launderette Services Limited

Notes to the financial statements
Year ended 31 October 2018

9. Taxation

Analysis of tax charge in the year	2018 £'000	2017 £'000
Current tax		
UK corporation tax charge on profit for the year 19% (2017: 19.41%)	-	-
Adjustment to charge for previous year	-	-
Total current tax	-	-
Deferred tax (see note 16)		
Origination and reversal of temporary differences	105	230
Adjustment to charge for previous year	(1)	8
Total deferred tax	104	238
Tax on profit on ordinary activities	104	238
Tax on profit is attributable to:		
Profit from continuing operations	91	238
Profit from discontinued operations	13	-
	104	238

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.41%). The differences are explained below:

	2018 £'000	2017 £'000
Profit from continuing operations before tax	5,063	4,160
Profit from discontinued operations before tax	422	-
Profit on ordinary activities before tax	5,485	4,160
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.41%)	1,042	807
Effects of:		
Expenses not deductible for tax purposes	-	2
Rate change	(12)	(33)
Tax arising on assets transferred in	(62)	-
Adjustment to previous year's charge	(1)	8
Group relief claimed	(863)	(546)
Tax charge for the year	104	238

9. Taxation (continued)

Factors that may affect future tax charges

Legislation to reduce the main rate of UK corporation tax to 18% and 17% was passed by Parliament in September 2016 to take effect from 1 April 2017 and 1 April 2018. The reduction in the main rate to 17% had been substantively enacted at the balance sheet date and, therefore, the deferred tax assets and liabilities are calculated in these financial statements at that rate.

10. Goodwill

	Goodwill £'000
Cost	
At 1 November 2017 and 31 October 2018	356
Accumulated impairment losses	
At 1 November 2017 and 31 October 2018	-
Carrying amount	
At 31 October 2018	356
At 31 October 2017	356

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

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

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

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

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

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

They also reflect management's view of the valuation achievable on the sale of the business consistent with external market data. As at 31 October 2018 and 31 October 2017, 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.

11. Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 November 2017	39,781	234	-	40,015
Transfers in	1,879	21	41	1,941
Additions	6,192	-	-	6,192
Disposals	(2,541)	-	(17)	(2,558)
Transferred to assets classified as held for sale	(3,724)	-	-	(3,724)
At 31 October 2018	41,587	255	24	41,866
Depreciation				
At 1 November 2017	20,536	115	-	20,651
Transfers in	99	14	9	122
Charge for the year	3,514	33	7	3,554
Impairment	271	-	-	271
Disposals	(1,923)	-	(1)	(1,924)
Transferred to assets classified as held for sale	(1,836)	-	-	(1,836)
At 31 October 2018	20,661	162	15	20,838
Net book value				
At 31 October 2018	20,926	93	9	21,028
At 31 October 2017	19,245	119	-	19,364

12. Assets classified as held for sale

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

The results of the discontinued operations, which have been included in the (loss)/profit for the year, were as follows:

	2018 £'000	2017 £'000
Revenue	2,988	-
Cost of sales	(1,893)	-
Administrative expenses	(673)	-
Finance costs	-	-
Profit before tax	422	-
Tax	(13)	-
Profit from discontinued operations	409	-

12. Assets classified as held for sale (continued)

Included within administrative expenses includes impairment losses relating to property, plant and equipment of £271,000 (2017: £nil).

These operations, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and presented separately in the statement of financial position.

The major classes of assets comprising the operations classified as held for sale are as follows:

	31 October 2018 £'000
Plant and machinery	1,888

13. Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	292	131
Amounts owed by group undertakings	14,914	11,219
Prepayments and accrued income	675	408
	15,881	11,758

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. There is no interest charged on the amounts owed by group undertakings.

14. Trade and other payables

	2018 £'000	2017 £'000
Trade payables	4,433	3,454
Amounts owed to group undertakings	8,059	7,332
Social security and other taxes	1,139	943
Accruals and deferred income	1,927	2,069
	15,558	13,798

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. There is no interest charged on the amounts owed to group undertakings.

Notes to the financial statements
Year ended 31 October 2018

15. Finance leases

At 31 October 2018 the Company's finance lease obligations were as follows:

Minimum lease payments	**2018 £'000**	**2017 £'000**
Expiry date:		
No later than 1 year	81	-
Later than 1 year no later than 5 years	82	-
	163	-

Present value of minimum lease payments	**2018 £'000**	**2017 £'000**
Expiry date:		
No later than 1 year	72	-
Later than 1 year no later than 5 years	69	-
	141	-

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

16. Deferred taxation

	2018 £'000	**2017 £'000**
Non current deferred tax asset	197	301

	2018 £'000	**2017 £'000**
At beginning of year	301	539
Current year – income statement	(105)	(238)
Prior year	1	-
At end of year	197	301

16. Deferred taxation (continued)

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

	Tangible fixed assets £'000
As at 1 November 2016	539
Current year – income statement	(238)
As at 31 October 2017	301
Current year – income statement	(104)
As at 31 October 2018	197

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

17. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

18. Reserves

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

19. 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. Full details of the JLA Acquisitions Topco group's assets and liabilities are disclosed in the accounts of JLA Acquisitions Topco Limited.

Circuit Launderette Services Limited

Notes to the financial statements
Year ended 31 October 2018

20. Operating lease arrangements

At 31 October 2018 the Company had total commitments under non-cancellable other operating leases as follows:

	2018 £'000	2017 £'000
	Property	**Property**
Within 1 year	1	1

21. Related party transactions

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

22. Group transfer in

On 1 December 2017, part of the trade and assets from Washstation Limited, a fellow trading subsidiary of JLA Acquisitions Topco Limited, were transferred to Circuit Launderette Services Limited.

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

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

	Washstation £'000
Non current assets	
Property, plant and equipment	1,819
Current assets	
Inventory	47
Debtors	88
Cash	332
Total current assets	467
Creditors	
Creditors	(1,561)
Net assets	725
Satisfied by:	
Amounts owed by group undertaking	725

23. Ultimate parent company and parent undertaking of a larger group

The largest group in which the company is a subsidiary of was that headed by JLA Acquisitions Topco Limited, which is incorporated in Jersey and whose first accounts have not yet been published. The largest and smallest group in which the results of the Company are consolidated is headed by JLA Equityco Limited, which is incorporated in England and Wales and whose accounts may be obtained from Companies House.

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

24. Post balance sheet events

The divestment of the higher education assets and vend share contracts formerly held by Washstation Limited concluded on 5 June 2019 in accordance with the provisions and timetable specified by the Competition and Markets Authority.