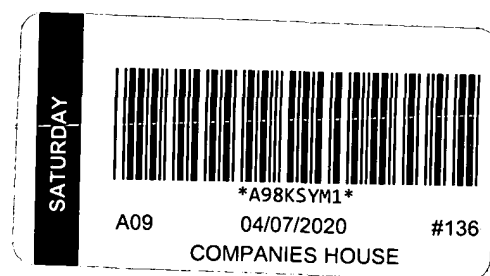


Company Registration No. 02944540

Circuit Launderette Services Ltd.

Annual report and Financial Statements

For the year ended 31 October 2019



Circuit Launderette Services Ltd.

Annual report and financial statements 2019

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Circuit Launderette Services Ltd.

Annual report and financial statements 2019

Officers and professional advisers

Directors

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

Registered Office

Meadowcroft Lane
Halifax Road
Ripponden
West Yorkshire
HX6 4AJ

Bankers

Lloyds Bank
Church Street
Sheffield
S1 2FF

Auditor

Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

Circuit Launderette Services Ltd.

Strategic report

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

Business strategy

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

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

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

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

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

Business review

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

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 6.7% to £34.9 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 (2018: £5.1 million). The Directors have not paid or declared a dividend for 2019 (2018: £nil).

The statement of financial position on page 13 shows the Company's financial position at the year end. Net assets increased from £25.4 million to £31.0 million due to increased trade. 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 prior year the Competition and Markets Authority (CMA) concluded that the acquisition of Washstation Limited in May 2017 by a fellow group company resulted, or may be expected to result, in a substantial lessening of competition in the market for the supply of managed laundry services to higher education customers under vend share agreements in the UK and that a divestiture of the higher education contracts and all associated assets held by the Washstation business would be the only effective remedy.

As a consequence of this decision, the financial results of the Washstation business have been presented as discontinued operations in the income statement. The divestment concluded on 5 June 2019.

These discontinued operations made a profit of £0.5 million in the year.

Circuit Launderette Services Ltd.

Strategic report (continued)

Future developments

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

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.

During the period, JLA has increased the scale and operations in its new Heating and Fire Safety divisions to enable it to establish a meaningful position in both marketplaces.

Principal risks and uncertainties

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

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

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

Going concern

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

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

Circuit Launderette Services Ltd.

Strategic report (continued)

Going concern (continued)

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

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

On 28 February 2020, the group headed by JLA Acquisitions Topco Limited increased its secured bank loan facilities with an extension of £30,000,000 to the 1st lien term loan, and an extension of £10,000,000 to the 2nd lien term loan. The group also secured an incremental funding facility for capital expenditure and acquisition requirements (ACF) of a further £40,000,000. The total facilities now comprise a £290,000,000 1st lien term loan, a £105,000,000 2nd lien term loan, a £50,000,000 revolving credit facility and a £40,000,000 ACF. 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 2019, the group had utilised £23,000,000 of the revolving credit facility. The available 1st lien term loan and 2nd lien term loan at that date were drawn down in full.

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

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

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

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

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

Circuit Launderette Services Ltd.

Strategic report (continued)

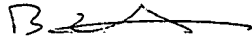
Going concern (continued)

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

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

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

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



B Gujral
Director

24 June 2020

Circuit Launderette Services Ltd.

Directors' report

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

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	(resigned 31 December 2019)
B Gujral	(appointed 1 January 2020)

Results and dividends

The income statement is set out on page 12 and shows the profit for the year of £5.6 million (2018: £5.4 million).

The Directors have not paid or declared a dividend for 2019 (2018: £nil).

Directors' indemnities

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

Employee involvement

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

Disabled employees

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

Provision of information to the auditor

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

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

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

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 Ltd.

Directors' report (continued)

Future developments

Refer details in the strategic report on page 3.

Post balance sheet events

Non adjusting events after the financial period

Since the balance sheet date there has been the outbreak of the Covid-19 pandemic. The impact of this is discussed in the going concern disclosure in note 1 and the strategic report on pages 3 to 5. The impact of Covid-19 is a non-adjusting post balance sheet event which is likely to impact (in the future) the judgements and estimates made as at the balance sheet date of 31 October 2019, primarily in respect of Goodwill and Intangibles, but also including Expected Credit Losses which may result in impairments in future periods.

Auditor

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

Ultimate parent company and parent undertaking of a larger group

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

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

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

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



B Gujral
Director
24 June 2020

Circuit Launderette Services Ltd.

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 Ltd.

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 October 2019 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

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

Other information (continued)

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 Ltd. (continued)

Use of our report

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



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

24 June 2020

Circuit Launderette Services Ltd.

Income statement Year ended 31 October 2019

	Notes	Total 2019 £'000	Total 2018 £'000
Revenue	5	34,903	32,714
Cost of sales		(20,272)	(19,377)
Gross profit		14,631	13,337
Administrative expenses		(9,536)	(8,267)
Operating profit before depreciation and loss on disposal of fixed assets		9,079	8,662
Depreciation	6	(3,743)	(3,156)
Loss on disposal of fixed assets	6	(241)	(436)
Operating profit	6	5,095	5,070
Finance income	9	2	1
Finance costs	9	(25)	(8)
Profit on ordinary activities before tax		5,072	5,063
Tax on profit on ordinary activities	10	64	(91)
Profit from continuing operations		5,136	4,972
Profit from discontinued operations	13	498	409
Profit for the year		5,634	5,381

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 Ltd.

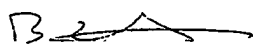
Statement of financial position

As at 31 October 2019

	Notes	2019 £'000	2018 £'000
Non current assets			
Goodwill	11	356	356
Property, plant and equipment	12	23,225	21,028
Deferred tax asset	17	261	197
		<u>23,842</u>	<u>21,581</u>
Current assets			
Trade and other receivables	14	21,160	15,881
Assets classified as held for sale	13	-	1,888
Cash and bank balances		813	1,738
		<u>21,973</u>	<u>19,507</u>
Total assets		<u>45,815</u>	<u>41,088</u>
Current liabilities			
Trade and other payables	15	(14,792)	(15,558)
Obligations under finance leases	16	-	(72)
		<u>(14,792)</u>	<u>(15,630)</u>
Net current assets		<u>7,181</u>	<u>3,877</u>
Non current liabilities			
Obligations under finance leases	16	-	(69)
		<u>-</u>	<u>(69)</u>
Net assets		<u>31,023</u>	<u>25,389</u>
Equity			
Called up share capital	18	-	-
Retained earnings	19	31,023	25,389
Equity attributable to the owners of the Company		<u>31,023</u>	<u>25,389</u>

The accompanying notes 1 – 24 are an integral part of the financial statements. The financial statements of Circuit Launderette Services Ltd. registered number 02944540 were approved by the Board of Directors on 24 June 2020.

Signed on behalf of the Board of Directors



B Gujral
Director

Circuit Launderette Services Ltd.

Statement of changes in equity As at 31 October 2019

	Share capital £'000	Retained earnings £'000	Total £'000
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
Total comprehensive income for the year	-	5,634	5,634
Balance at 31 October 2019	-	31,023	31,023

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

1. General information

Circuit Launderette Services Ltd. (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 5.

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

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

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

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

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

IFRS 9 – Financial instruments

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

Impairment

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

Hedge Accounting

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

IFRS 15 – Revenue from contracts with customers

IFRS 15 supersedes IAS 11 "Construction contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

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

IFRS 15 – Revenue from contracts with customers (continued)

expects to be entitled to in exchange for transferring goods or services to a customer. The Company has adopted IFRS 15 using the fully retrospective method of adoption, thereby restating comparatives and did not apply any optional practical expedients. There was no impact on profit after tax or retained earnings, and no adjustments were required under IFRS 15 to the comparative balances.

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

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

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

IFRS 16 – Leases

The Directors have considered the impact of the adoption of the Standards and Interpretations listed above and are in the process of assessing and quantifying the impact of IFRS 16. The standard will be applied for accounting periods starting after 1 January 2019, therefore the Company's first financial year that is impacted will be the year ending 31 October 2020. IFRS 16 requires operating leases to be capitalised on the Statement of Financial Position. The Directors have performed a high-level review of the effect of IFRS 16 on the Company and the impact is to create a 'right of use asset' of approximately £248,000 at 31 October 2019, being the present value of future lease obligations and with a corresponding 'lease liability'. Profit before tax in the year ended 31 October 2020 would not be materially impacted as the result of the change from IAS17 to IFRS16, totalling at £5,000 in additional cost, caused through the front loaded finance charges on the 'lease liability'; this impact reverses as the average lease lengths mature. The cash flow impact is nil.

There is no material impact assessed in the Company's position as a lessor.

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

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

3. Accounting policies

Basis of preparation of financial statements

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

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

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

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

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

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

The principal accounting policies adopted are set out below.

Accounting reference date

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

Going concern

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

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

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

3. Accounting policies (continued)

Going concern (continued)

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 appropriate enquiries, and reviewing the JLA Acquisition Topco group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, and being in receipt of a letter of support from JLA Acquisitions Topco Limited, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future, taking into account reasonably possible changes in trading.

Goodwill

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

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

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

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.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

3. Accounting policies (continued)

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:

Plant and machinery	- 8 - 12 years straight-line
Motor vehicles	- 4 years straight-line
Fixtures and fittings	- 3-8 years straight-line

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.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

3. Accounting policies (continued)

Fair value hierarchy

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

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

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

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

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

Cash and cash equivalents

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

Trade and other payables

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

Financial expenses

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

Interest bearing loans and borrowings

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

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

Revenue recognition

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

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

Discontinued operations

The Company presents operations as discontinued operations where the sale or termination is completed either in the year or before the earlier of three months after the commencement of the subsequent year.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

3. Accounting policies (continued)

Taxation

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

Current tax

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

Deferred tax

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

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

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.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

3. Accounting policies (continued)

Leasing and hire purchase

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

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

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

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

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

Foreign currency

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

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.

5. Revenue

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

	2019 £'000	2018 £'000
Managed income - United Kingdom	34,903	32,714

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

6. Profit before taxation

	2019 £'000	2018 £'000
Profit before taxation is stated after charging/(crediting):		
Net foreign exchange gains	(305)	(135)
Depreciation of property, plant and equipment:		
- owned by the Company (note 12)	3,743	3,125
- held under finance leases (note 12)	-	31
- discontinued operations (note 12)	-	398
Loss on sale of property, plant and equipment	241	436
Operating lease rentals:		
- property	-	12
- motor vehicles	68	-

7. Auditor's remuneration

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7	5

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

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

8. Staff costs

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

	2019 £'000	2018 £'000
Wages and salaries	1,567	1,611
Social security costs	195	200
Other pension costs	54	50
	<u>1,816</u>	<u>1,861</u>

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

	2019 No.	2018 No.
Administration and management	13	12
Operations	26	26
	<u>39</u>	<u>38</u>

The Directors are not employed by the Company. The Directors of the Company have received total emoluments of £889,000 (2018: £946,000) and these have been borne by another group company.

9. Net finance costs/(income)

	2019 £'000	2018 £'000
<i>Net interest expense/(income) on</i>		
Bank loans and overdrafts	(2)	(1)
Finance leases and hire purchase contracts	25	8
	<u>23</u>	<u>7</u>

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

10. Taxation

	2019 £'000	2018 £'000
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on profit for the year 19% (2018: 19%)	-	-
Total current tax	-	-
Deferred tax (see note 17)		
Origination and reversal of temporary differences	257	105
Adjustment to charge for previous year	(321)	(1)
Total deferred tax	(64)	104
Tax on profit on ordinary activities	(64)	104
Tax on profit is attributable to:		
Profit from continuing operations	(64)	91
Profit from discontinued operations	-	13
	(64)	104

Factors affecting tax charge for the year

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

	2019 £'000	2018 £'000
Profit from continuing operations before tax	5,072	5,063
Profit from discontinued operations before tax	498	422
Profit on ordinary activities before tax	5,570	5,485
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	1,058	1,042
Effects of:		
Fixed asset differences	(1)	-
Rate change	(31)	(12)
Tax arising on assets transferred in	-	(62)
Adjustment to previous year's charge	(321)	(1)
Group relief claimed	(769)	(863)
Tax charge for the year	(64)	104

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

10. Taxation (continued)

Factors that may affect future tax charges

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

11. Goodwill

	Goodwill £'000
Cost	
At 31 October 2018 and 31 October 2019	356
Accumulated impairment losses	
At 31 October 2018 and 31 October 2019	-
Carrying amount	
At 31 October 2019	356
At 31 October 2018	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 2019 and 31 October 2018, no impairment was identified.

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

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

12. Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 31 October 2018	41,587	255	24	41,866
Additions	6,185	-	-	6,185
Disposals	(333)	-	-	(333)
At 31 October 2019	47,439	255	24	47,718
Depreciation				
At 31 October 2018	20,661	162	15	20,838
Transfers in	-	7	-	7
Charge for the year	3,718	22	3	3,743
Disposals	(95)	-	-	(95)
At 31 October 2019	24,284	191	18	24,493
Net book value				
At 31 October 2019	23,155	64	6	23,225
At 31 October 2018	20,926	93	9	21,028

13. Discontinued operations and assets held for sale

During the prior 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 profit for the year, were as follows:

	2019 £'000	2018 £'000
Revenue	1,806	2,988
Cost of sales	(1,308)	(1,893)
Administrative expenses	-	(673)
Profit before tax	498	422
Tax	-	(13)
Profit from discontinued operations	498	409

The sale concluded on 5 June 2019 with the disposal of the plant and machinery assets held for sale.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

14. Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	382	313
Allowance for doubtful debts	(1)	(21)
	<hr/> 381	<hr/> 292
Amounts owed by group undertakings	20,362	14,914
Prepayments and accrued income	417	675
	<hr/> 21,160	<hr/> 15,881

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.

Trade receivables

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

Total trade receivables (net of allowances) held by the company at 31 October 2019 amounted to £381,000.

The average credit period taken on services is 4 days. Allowances against doubtful debts are recognised against trade receivables on a specific basis based on irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

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

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

Ageing of receivables (net of allowance for doubtful debts)

	31 October 2019 £'000
Not past due	321
0-30 days	28
31-60 days	20
61-90 days	9
91 days and above	3
	<hr/> 381

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

14. Trade and other receivables (continued)

Ageing of impaired receivables

	31 October 2019 £'000
0-90 days	-
91+ days	1
	<u>1</u>

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.

15. Trade and other payables

	2019 £'000	2018 £'000
Trade payables	4,045	4,433
Other payables	3	-
Amounts owed to group undertakings	7,575	8,059
Social security and other taxes	1,163	1,139
Accruals and deferred income	2,006	1,927
	<u>14,792</u>	<u>15,558</u>

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.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

16. Finance leases

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

Minimum lease payments	2019 £'000	2018 £'000
Expiry date:		
No later than 1 year	-	81
Later than 1 year no later than 5 years	-	82
	<u>-</u>	<u>163</u>

Present value of minimum lease payments	2019 £'000	2018 £'000
Expiry date:		
No later than 1 year	-	72
Later than 1 year no later than 5 years	-	69
	<u>-</u>	<u>141</u>

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

17. Deferred taxation

	2019 £'000	2018 £'000
Non current deferred tax asset	<u>261</u>	<u>197</u>
	2019 £'000	2018 £'000
At beginning of year	197	301
Current year – income statement	64	(105)
Prior year	-	1
	<u>261</u>	<u>197</u>

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

17. Deferred taxation (continued)

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

	Tangible fixed assets £'000
As at 31 October 2017	301
Current year – income statement	(104)
As at 31 October 2018	197
Current year – income statement	64
As at 31 October 2019	261

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

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

19. 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

20. 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. 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.

Circuit Launderette Services Ltd.

Notes to the financial statements Year ended 31 October 2019

21. Operating lease arrangements

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

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
	Motor Vehicle	Property	Motor Vehicle	Property
Within 1 year	46	-	-	1
Between 2 and 5 years	55	-	-	-
	<u>101</u>	<u>-</u>	<u>-</u>	<u>1</u>

22. 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.

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

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

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

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

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

24. Post balance sheet events

Non adjusting events after the financial period

Since the balance sheet date there has been the outbreak of the Covid-19 pandemic. The impact of this is discussed in the going concern disclosure in note 1 and the strategic report on pages 3 to 5. The impact of Covid-19 is a non-adjusting post balance sheet event which is likely to impact (in the future) the judgements and estimates made as at the balance sheet date of 31 October 2019, primarily in respect of Goodwill and Intangibles, but also including Expected Credit Losses which may result in impairments in future periods.