Company Registration No. 02944540

Circuit Launderette Services Ltd.

Annual Report and Financial Statements

For the year ended 31 October 2021

Circuit Launderette Services Ltd.

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Officers and professional advisers

Directors

B Gujral	
S Norton	(appointed 4 July 2022)
D Tanase	(appointed 25 February 2022, resigned 4 July 2022)
P Eastwood	(resigned 1 August 2021)
A Duvall	(appointed 1 August 2021, resigned 28 February 2022)

Registered Office

Meadowcroft Lane
Halifax Road
Ripponden
West Yorkshire
HX6 4AJ

Bankers

Lloyds Bank
Church Street
Sheffield
S1 2FF

Auditor

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Circuit Launderette Services Ltd.

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 31 October 2021.

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 company focus on critical asset solutions for a range of customers and comprise the long-term hire, supply and maintenance of laundry. 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 strategy and future prospects, which include those of the Company, is set out below.

The Board has developed a very clear strategic vision, JLA is to be our customer's trusted partner.

The strategy will look to continue to grow market share within the existing core business segments, leveraging our understanding of markets and customer segments to generate new revenue and grow the value of our existing relationships. Additionally, the business has identified opportunities for growth in adjacent markets through both organic product and service development and strategic acquisitions. The Group will continue to provide a complete product supply and service solution to support its customer base, both existing and new, through the whole life cycle of various critical assets that are operated within their businesses. The Group's ambitious growth plans are underpinned by a robust strategic plan, its unique sales infrastructure and national service support capability.

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 revenue and profits in the long term. In the year under review revenue increased by £0.5 million to £26.3 million (2020: £25.8 million).

The main measure of the Group's profit performance is Adjusted EBITDA which is defined as operating profit from continuing operations before depreciation, intangible asset amortisation, profit/(loss) on disposal of fixed assets, share based payments and non-recurring operating costs. The directors consider that due to their size and nature, non-recurring operating costs should be excluded to provide a more accurate presentation of the operational performance of the group. Details of non-recurring operating costs can be found in note 6. Adjusted EBITDA is £7.1 million (2020: £6.5 million). Below is a reconciliation from Adjusted EBITDA to reported operating profit.

	2021 £'000	2020 £'000
Adjusted EBITDA	7,091	6,523
Depreciation	(4,484)	(4,054)
Loss on disposal of property, plant & equipment	(389)	(259)
Non-recurring operating costs	(646)	-
Operating profit	1,572	2,210

The profit for the year, before taxation, amounted to £1.6 million (2020: £2.2 million). The Directors have not paid or declared a dividend for 2021 (2020: £nil).

The statement of financial position on page 14 shows the Company's financial position at the year end. Net assets increased from £33.0 million to £36.9 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.

Strategic report

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.

The Group has substantially completed the integration of our acquisitions and has now established a meaningful position and national presence within the UK markets for our Laundry, Catering, Heating and Fire Safety divisions, through both organic and acquisition related growth. The Group intends to use its strong platform to leverage the sizeable opportunities that these markets present.

Principal risks and uncertainties

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

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

- The principal risk affecting the Group relates to any downturn in economic conditions within the markets in which it operates. Although this is mitigated to a certain extent by the long-term contractual nature of much of the Group's income, the COVID-19 pandemic and the resulting economic downturn has had an adverse impact to the business, particularly in sectors that have been affected by UK Government guidance and regulations.
- Like any business, the Group faces the risk of a cyber incident which results in the corruption or deletion of business critical data or downtime of business critical systems. The Group has invested heavily in tools and procedures in order to mitigate this risk, and periodically reviews its cyber security protocols to ensure the Group's actions are in keeping with good practice in this area.
- A major operational incident at the Group's headquarters or other significant premises could cause extended interruption to normal business operations. The Group has invested heavily to mitigate against the impact of such an incident, including a generator to mitigate against the loss of electrical supply, moving its systems into a cloud environment and outsourcing the delivery of goods to a nationally recognised logistics supplier. These actions have reduced the effect that any major incident at the Group's headquarters would have, but the Board remains vigilant to the risks posed by any such incidents.
- The Group sources a number of products from overseas in prices denominated in foreign currencies. The weakness of sterling has the potential to make these goods more expensive in sterling terms. This risk is managed by a Group Treasury Committee, which meets on a regular basis, and may authorise the Group to enter into hedging contracts that typically fix the purchase price of a significant portion of the Group's goods for the next 12-18 months. This is assessed against the amount of foreign currency held, and the timing of when hedging contracts are entered is determined accordingly. In addition, the Group has worked with its key suppliers to improve its supply chain relationships to help mitigate or share potential cost inflation risk.
- Supply chain and inventory management – the Group's cash flows from operations may be negatively affected if it is not successful in managing its inventory balances. The Group has developed a range of measures it employs to enable it to better manage its inventory levels throughout the course of the year. The Group has now successfully implemented the outsourcing of its machine inventory management to XPO, an external specialist, to further improve stock management processes. The Group has also implemented a number of demand planning models to optimise stock holding levels. However, the current global disruption to supply chains represents a risk to the business which is being mitigated through the adoption of a multiple supplier strategy.
- A further consequence of the pandemic, and to a certain extent, Brexit, has been the well-publicised pressures in the labour market. Demand for labour and in particular engineers, remains high which has resulted in challenges in staff recruitment and retention. Pay benchmarking and other pay measures (e.g. a door to door policy) have helped help to mitigate the recruitment risk, whilst other initiatives such as the engineer academy, apprenticeship scheme and the management development programme initiated post year-end will help to develop and retain staff once recruited.
- Credit and liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of the revolving credit facility at floating rates of interest. The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and market segments.

Principal risks and uncertainties (continued)

- Liquidity/cash flow risk - the Group and company are financed through a combination of bank and debt instruments that carry either fixed or variable rates of interest. The appropriateness of these bank and debt instruments and the risks related to variable rate debt are periodically reviewed by management and the Board. These facilities are secured against the assets of the Group including those of the Company. This financing provides the necessary headroom to support the business activities and strategy of the Group. The impact of recent economic events, inflation and interest rate increases all continue to be closely monitored by the directors to ensure that budgets and forecasts appropriately reflect the latest economic information available.
- Following the United Kingdom's departure from the European Union, the Board had closely analysed the possible impacts of Brexit and had prepared accordingly, mainly through the increased stockholding of key lines. This preparation has successfully mitigated the risk of any disruption to supply chains resulting from the increased complexity in importing goods from the European Union. The Board remains vigilant and continues to analyse the potential for any future impacts and will take any mitigating steps as and when required.

s.172 Statement - Promoting the Success of the Company

Our Approach

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

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

Our Employees

<u>Board considerations</u>

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

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

During these difficult times we have invested in our colleagues' wellbeing, with employee assistance and occupational health support partners, a mental health first aider programme, colleague wellbeing partners and a colleague health app.

<u>Engagement and Communication</u>

The positive engagement of our colleagues is crucial in ensuring the strong performance of the business, and also the wellbeing of the staff. We use various tools to monitor employee engagement and to obtain their feedback so that we can identify areas to improve the staff experience. During the period we undertook various initiatives to encourage strong staff engagement, including a pay benchmarking exercise, early stage leadership programmes and employee recognition schemes.

<u>Diversity and inclusion</u>

We recognise that employing people from diverse backgrounds makes our business stronger by providing different perspectives and skills. We are broadening our recruitment channels to improve visibility of our roles to specific under-represented groups and we have implemented a number of changes to our recruitment process to eliminate bias. The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate in any way.

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

Our Customers

Like any business our customers are a key stakeholder for the Group. The pandemic saw an unprecedented number of businesses requesting support and JLA gave due consideration to our customers' needs where appropriate. We also invested in our service delivery to ensure that we maintained our strong levels of service despite the challenges of the pandemic. During the period we enhanced the digital capabilities of the Group with the launch of a new customer app to better engage, communicate with and advise our customers. We also invested in our data analytics capabilities to provide a deeper understanding of our customers and their needs. These actions demonstrate the long term view taken by the Board in order to maintain the strong relationship that the Group enjoys with its customers.

Our Suppliers

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

The business began to see both cost and delivery time increases from its supply chain during the period, arising from the global supply chain pressures following the covid-19 pandemic. We anticipate that this will continue throughout the current financial year, and we continue to maintain close relationships with our suppliers to mitigate the impact of such increases where possible, but also to identify alternative options where relevant and appropriate.

Integration

Subsequent to the year end, the Group has now substantially completed the integration of our acquisitions and now has an established presence within the UK markets for our Laundry, Catering, Heating and Fire Safety divisions. As part of this process, communication of the integration was sent to our customers and suppliers.

The integration has led to a streamlining of organisation structures which has led to a reduction in headcount through redundancies, those employees impacted have been communicated with through a consultation period.

The Environment

JLA seeks to continually improve its contribution to an inclusive, safer and more sustainable world for all, while facilitating and encouraging its customers to provide services in a socially and environmentally responsible way.

The outcome of the Streamlined Energy and Carbon Report for the period and the prior year, has provided the business with information on the material contributors to the scope 1 and scope 2 carbon emissions of the Group. During the period, we have developed a framework detailing the primary initiatives the business will focus on to reduce its impact on the environment, as well as a new governance structure to monitor these initiatives. In addition, we have engaged a third party to provide a more detailed analysis of our carbon footprint and to advise on the lifecycle assessment and total cost of ownership of alternative heating technologies. We will use the output of this advice to inform further initiatives to reduce our carbon footprint and to inform our customer and supplier strategy in our heating business. We have also identified key performance indicators in relation to our environmental impact so that we can monitor these KPIs, set targets and identify areas for improvement.

In particular, during the period, we have reduced the number of colleagues entitled to company cars and moved to electric and low emission hybrid vehicles only. We have also adopted a policy to source energy from renewable sources where possible, and we will start to track how much of our energy is from a renewable source.

Strategic report

Going concern

The Company has a net asset position as at 31 October 2021 of £36,899,000 (2020: £33,038,000) and has recorded a profit after taxation of £3,861,000 (2020: £2,015,000). The Company forecasts are accumulated into the Group (headed by JLA Acquisitions Topco Limited) forecasts alongside the forecasts of the other companies within the Group. The Company also makes use of bank facilities agreed on a JLA Acquisitions Topco Group wide basis together with other Companies under the control of JLA Acquisitions Topco Limited, whereby each Company guarantees the borrowings of the others.

The Group has considerable financial resources, together with significant forecast cash generation from operations. As part of the going concern review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate within the Group's current financing facilities.

The 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 Group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the report and financial statements.

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

B Gujral
Director

19 July 2022

Directors' report

The Directors present their report and the financial statements for the year ended 31 October 2021.

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:

B Gujral	
S Norton	(appointed 4 July 2022)
D Tanase	(appointed 25 February 2022, resigned 4 July 2022)
P Eastwood	(resigned 1 August 2021)
A Duvall	(appointed 1 August 2021, resigned 28 February 2022)

Results and dividends

The income statement is set out on page 13 and shows the profit for the year of £3.9 million (2020: £2.0 million).

The Directors have not paid or declared a dividend for 2021 (2020: £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

The company has established communication channels to ensure employees are appraised of company news and can share their views. The culture promotes open and honest two-way communication and is continually seeking to improve the way it engages with employees throughout their working life at JLA Group and for the company.

Equal opportunities

The Company and Group is committed to equal opportunity for all. It has robust policies setting out its approach in this regard and these are supported by embedded processes to eliminate bias in the selection and management of employees. The HR Director has a responsibility for delivering the equal opportunities agenda and for promoting diversity and inclusion across the Group.

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.

Future developments

Refer details in the strategic report on page 2.

Directors' report

Auditor

BDO LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Ultimate parent company and parent undertaking of a larger group

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

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

The majority shareholder in the Company is the Sixth Cinven Fund. The partnerships comprising the Sixth Cinven Fund are established in Guernsey and are managed and controlled by Cinven Capital Management (VI) General Partner Limited.

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

B Gujral
Director

19 July 2022

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.

Opinion on the financial statements

We have audited the financial statements of Circuit Launderette Services Ltd. ("the Company") for the year ended 31 October 2021 which comprise the statement of total comprehensive income, the statement of financial position, the statements of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2021 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.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Other Companies Act 2006 reporting

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 material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risks of acts by the Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the non-statutory financial statements. There included but were not limited to those that relate to the form and content of the financial statements, such as accounting policies, United Kingdom Accounting Standards, including Financial Reporting Standards 101 (United Kingdom Generally Accepted Accounting Practice) and the UK Companies Act 2006, the taxation legislation, those that relate to the payment of employees; and industry related such as compliance with Health and Safety legislation and the Bribery Act 2010. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

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

Auditor's responsibilities for the audit of the financial statements (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, unsettled revenue transactions at year end as well as inappropriate revenue cut-off. Our audit procedures included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- challenging assumptions and judgements made by management in their significant accounting estimates in particular in relation to the allowance for expected credit losses of trade receivables, provision for impairment of inventories, deferred income and deferred tax.
- identifying and testing journal entries, in particular review of journal entries posted with specific words, manual journals to revenue accounts, journals posted by specific users and journal entries posted to lease used accounts;
- testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- Review of minutes of Board meetings throughout the period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non- compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities

This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Sakib Isa
B2CAD66FFEEE486...

Sakib Isa (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom

19 July 2022

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

Statement of total comprehensive income
Year ended 31 October 2021

	Notes	2021 £'000	2020 £'000
Revenue	5	26,335	25,761
Cost of sales		(15,322)	(14,859)
Gross profit		11,013	10,902
Administrative expenses		(4,568)	(4,379)
Operating profit before depreciation and loss on disposal of fixed assets		6,445	6,523
Depreciation	6	(4,484)	(4,054)
Loss on disposal of property, plant & equipment	6	(389)	(259)
Operating profit		1,572	2,210
Finance costs	10	(12)	(4)
Profit on ordinary activities before tax		1,560	2,206
Tax on profit on ordinary activities	11	2,301	(191)
Profit for the year and total comprehensive income		3,861	2,015

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 2021

	Notes	2021 £'000	2020 £'000
Non current assets			
Goodwill	12	356	356
Intangible assets	13	79	79
Property, plant and equipment	14	25,649	24,254
Deferred tax asset	19	2,371	70
		28,455	24,759
Current assets			
Inventories	15	253	110
Trade and other receivables	16	21,561	21,421
Cash and bank balances		2,290	2,705
		24,104	24,236
Total assets		52,559	48,995
Current liabilities			
Trade and other payables	17	(15,531)	(15,897)
Lease liabilities	18	(95)	(34)
		(15,626)	(15,931)
Total assets less current liabilities		36,933	33,064
Net current assets		8,478	8,305
Non current liabilities			
Lease liabilities	18	(34)	(26)
		(34)	(26)
Net assets		36,899	33,038
Equity			
Called up share capital	20	-	-
Retained earnings	21	36,899	33,038
Equity attributable to the owners of the Company		36,899	33,038

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 19 July 2022.

Signed on behalf of the Board of Directors

B Gujral, Director

Statement of changes in equity
Year ended 31 October 2021

	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2019	-	31,023	31,023
Total comprehensive income for the year	-	2,015	2,015
Balance at 31 October 2020	-	33,038	33,038
Total comprehensive income for the year	-	3,861	3,861
Balance at 31 October 2021	-	36,899	36,899

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 6.

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

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

2. ***Standards, amendments to published standards and interpretations effective for the financial year ended* 31 October 2021**

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 October 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

The following amendments are effective for the period beginning 1 January 2021:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (issued September 2019).
- Amendments to IFRS 4: Insurance Contracts (issued June 2020).
- Amendments to IFRS16: COVID-19 related rent concession beyond 30 June 2021.

The following amendments are effective for the period beginning 1 January 2022:

- Amendments to IFRS 3: Business Combinations: Reference to the Conceptual Framework (issued May 2020).
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use: Insurance Contracts (issued May 2020).
- Amendments to IAS 37: Provisions, contingent liabilities and contingent assets: Onerous Contracts – Cost of Fulfilling a Contract (issued May 2020).
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements to IFRS Standards 2018-2020.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

Circuit Launderette Services Ltd is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as it does not have convertible debt instruments.

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

3. Accounting policies

Basis of preparation of financial statements

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

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

Disclosure exemptions adopted

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

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

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

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

3. Accounting policies (continued)

Basis of preparation of financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the 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 Company has a net asset position as at 31 October 2021 of £36,899,000 (2020: £33,038,000) and has recorded a profit of £3,861,000 (2020: £2,015,000). The Company forecasts are accumulated into the Group (headed by JLA Acquisitions Topco Limited) forecasts alongside the forecasts of the other companies within the Group. The Company also makes use of bank facilities agreed on a JLA Acquisitions Topco Group wide basis together with other Companies under the control of JLA Acquisitions Topco Limited, whereby each Company guarantees the borrowings of the others.

The Group has considerable financial resources, together with significant forecast cash generation from operations. As part of the going concern review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate within the Group's current financing facilities.

The 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 Group forecasts which cover a period exceeding 12 months from the date of signature of the financial statements, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the report and financial statements.

3. **Accounting policies (continued)**

Goodwill

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

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

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

Intangible fixed assets and amortisation

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

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

Software	-	5 years straight-line

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

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

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

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.

3. Accounting policies (continued)

Impairment of assets (continued)

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

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

Property, plant and equipment

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

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

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

Inventories

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

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

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. 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.

3. **Accounting policies (continued)**

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.

Fair value hierarchy

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 period, stated net of value added tax.

Managed income

Vend Share Total Care is based on long term usage contracts. Revenue is determined by cash takings based on usage at sites and electronic top-up cards and app based technology, where usage is determined by cycle counts. Revenue is recognised based on usage.

3. **Accounting policies (continued)**

Government grants

Government grants are recognised at the fair value of the asset received or receivable where there is reasonable assurance that the grant conditions will be met, and the grants will be received. A grant specifying performance conditions, are recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

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.

3. Accounting policies (continued)

Taxation (continued)

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.

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 Company'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 Company's accounting policies.

Key sources of estimation uncertainty

There are no 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.

5. Revenue

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

	2021 £'000	2020 £'000
Managed income - United Kingdom	26,335	25,761

6. Profit before taxation

	2021 £'000	2020 £'000
Profit before taxation is stated after charging:		
Cost of inventories recognised as an expense (note 15)	250	232
Depreciation of property, plant and equipment:		
- owned by the Company (note 14)	4,403	4,015
- held as right-of-use assets (note 14)	81	39
Loss on sale of property, plant and equipment	389	259
Non-recurring operating costs:		
- legal and other costs	176	-
- strategic projects	445	-
- COVID-19 costs	25	-

Notes to the financial statements
Year ended 31 October 2021

6. Profit before taxation

Non-recurring operating costs incurred during the year comprise:

- Legal and other costs relate to restructuring costs associated with organisational changes and integration activities within the business, shareholder costs incurred in respect of shareholder management and administrative fees.
- Strategic projects result in a change to the business model and proposition or lead to a restructuring of the organisation impacting people, processes and systems. These projects are one-off significant investments into the business, which are not expected to recur due to their size and/or nature.
- COVID-19 costs are specific costs borne by the business owing to the unprecedented impact to the UK economy caused by the pandemic. They are disclosed separately in order to enable a full understanding of the company's results.

7. Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	15	8

Auditor's remuneration has been borne by another Group Company.

8. Staff costs

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

	2021 £'000	2020 £'000
Wages and salaries	1,408	1,356
Social security costs	191	200
Other pension costs	54	57
	1,653	1,613

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

	2021 No.	2020 No.
Administration and management	13	16
Operations	24	26
	37	42

9. Directors' remuneration

The Directors of this Company have received total emoluments of £859,000 (2020: £1,494,000) and these have been borne by JLA Acquisitions Topco Limited, another Group Company. The Company has paid £nil in the form of Directors' remuneration.

Key management personnel comprise two executive directors of the Company.

10. Finance costs

	2021 £'000	2020 £'000
Net interest expense on		
Finance leases and hire purchase contracts	12	4

11. Taxation

Analysis of tax (credit)/charge in the year	2021 £'000	2020 £'000
Current tax		
UK corporation tax charge on profit for the year 19% (2020: 19%)	-	191
Total current tax	-	191
Deferred tax (note 19)		
Origination and reversal of temporary differences	(1,077)	233
Adjustment to charge for previous year	(1,023)	(10)
Effect of tax rate change on opening balance	(201)	(32)
Total deferred tax	(2,301)	191
Tax on profit on ordinary activities	(2,301)	191

Factors affecting tax charge/(credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	1,560	2,206
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	296	419
Effects of:		
Expenses not deductible	1	22
Rate change	(369)	(32)
Adjustment to previous year's charge	(1,023)	(10)
Group relief claimed	(1,206)	(208)
Tax (credit)/charge for the year	(2,301)	191

Factors that may affect future tax charges

In the March 2021 Budget, it was announced that the standard rate of corporation tax would remain at 19%, increasing to 25% from 1 April 2023. There is no expiry date on the timing differences, unused tax losses or tax credits.

12. Goodwill

	Goodwill £'000
Cost	
At 31 October 2020 and 31 October 2021	356
Accumulated impairment losses	
At 31 October 2020 and 31 October 2021	-
Carrying amount	
At 31 October 2021	356
At 31 October 2020	356

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

In order to perform this test, management are required to compare the carrying value of the relevant CGU including the goodwill with the recoverable amount. The recoverable amounts of the CGU are determined from a value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next Thefive years and extrapolates cash flows based on an average long-term growth rate of 3.0%, which does not exceed the long-term growth rate for the relevant market segment. The pre-tax rate used to discount the forecast cash flows is 11.0%.

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

As a result, when considering the carrying value of goodwill, the directors have considered the base case five-year plan and the sensitivities in drawing their conclusions. As at 31 October 2021 and 31 October 2020, no impairment was identified.

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

13. Intangible assets

	Software £'000
Cost	
At 1 November 2020	-
Additions	79
At 31 October 2021	79
Amortisation	
At 1 November 2020	-
Charge for the year	-
At 31 October 2021	-
Carrying amount	
At 31 October 2021	79
At 31 October 2020	79

The Company has tested for impairment and has concluded that there is no impairment as at 31 October 2021. Amortisation is charged to administrative expenses in the Income Statement.

Notes to the financial statements
Year ended 31 October 2021

14. Property, plant and equipment

	Plant and machinery £'000	Fixtures & fittings £'000	Motor vehicles £'000	Right-of-use assets £'000	Total £'000
Cost					
At 1 November 2019	44,743	197	15	84	45,039
Intercompany transfer	(20)	-	-	-	(20)
Additions	5,138	7	-	15	5,160
Disposals	(474)	-	-	-	(474)
At 31 October 2020	49,387	204	15	99	49,705
Additions	6,115	-	-	150	6,265
Disposals	(1,310)	-	-	-	(1,310)
At 31 October 2021	54,192	204	15	249	54,660
Depreciation					
At 1 November 2019	21,588	132	10	-	21,730
Intercompany transfer	(7)	-	-	-	(7)
Charge for the year	4,015	-	-	39	4,054
Disposals	(326)	-	-	-	(326)
At 31 October 2020	25,270	132	10	39	25,451
Charge for the year	4,403	-	-	81	4,484
Disposals	(924)	-	-	-	(924)
At 31 October 2021	28,749	132	10	120	29,011
Net book value					
At 31 October 2021	25,443	72	5	129	25,649
At 31 October 2020	24,117	72	5	60	24,254

	Motor vehicles 2021 £'000	Motor vehicles 2020 £'000
The types of assets the cost of right-of-use assets relates to:		
At 31 October	249	99
The types of assets the depreciation of right-of-use assets relates to:		
At 31 October	120	39
The types of assets the carrying amount of right-of-use assets relates to:		
At 31 October	129	60

15. Inventories

	2021 £'000	2020 £'000
Finished goods and goods for resale	253	110

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

The cost of inventories recognised as an expense during the year in respect of continuing operations was £250,000 (2020: £232,000).

16. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	363	764
Allowance for doubtful debts	(2)	(17)
	361	747
Amounts owed by fellow group undertakings	20,471	20,509
Prepayments and accrued income	729	165
	21,561	21,421

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 2021 amounted to £361,000 (2020: £747,000).

The average credit period taken on services is 5 days (2020: 11 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.

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.

16. Trade and other receivables (continued)

Ageing of receivables (net of allowance for doubtful debts)

	31 October 2021 £'000	31 October 2020 £'000
Not past due	167	341
0-30 days	-	223
31-60 days	40	58
61-90 days	9	-
91 days and above	145	125
	361	747

Ageing of impaired receivables

	31 October 2021 £'000	31 October 2020 £'000
Not past due	-	3
0-90 days	-	12
91+ days	2	2
	2	17

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

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

17. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	3,847	2,927
Other payables	1	2
Amounts owed to fellow group undertakings	8,060	9,855
Social security and other taxes	1,337	1,575
Accruals and deferred income	2,286	1,538
	15,531	15,897

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.

18. Lease liabilities

Maturity analysis of lease liabilities

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

	Motor vehicle leases 31 October 2021 £'000	Total leases 31 October 2021 £'000	Motor vehicle leases 31 October 2020 £'000	Total leases 31 October 2020 £'000
Within one year	95	95	34	34
Within one to five years	34	34	26	26
Over five years	-	-	-	-
	129	129	60	60

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

	Motor vehicle leases 31 October 2021 £'000	Total leases 31 October 2021 £'000	Motor vehicle leases 31 October 2020 £'000	Total leases 31 October 2020 £'000
Within one year	101	101	36	36
Within one to five years	39	39	27	27
Over five years	-	-	-	-
	140	140	63	63

The weighted average incremental borrowing rate applied to lease liabilities is 5.410% (2020: 5.831%) which is based on the weighted average external borrowing rate of the group.

19. Deferred taxation

	2021 £'000	2020 £'000
Non current deferred tax asset	2,371	70

	2021 £'000	2020 £'000
At beginning of year	70	261
Current year - income statement	2,301	(191)
At end of year	2,371	70

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

	Tangible fixed assets £'000
As at 31 October 2019	261
Current year - income statement	(191)
As at 31 October 2020	70
Current year - income statement	2,301
As at 31 October 2021	2,371

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

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

21. 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.

22. Guarantees

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

Notes to the financial statements
Year ended 31 October 2021

23. 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.

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

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

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

The ultimate majority shareholder is the Sixth Cinven Fund. The partnerships comprising the Sixth Cinven Fund are established in Guernsey and are managed and controlled by Cinven Capital Management (VI) General Partner Limited.

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