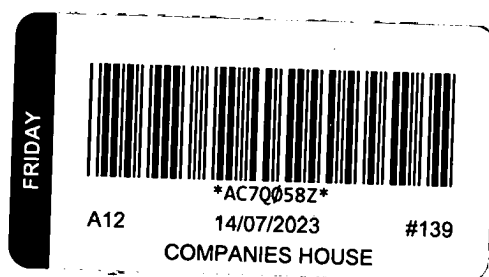


Company Registration No. 01094178

JLA Limited

Annual Report and Financial Statements

Year ended 31 October 2022



JLA Limited

Annual report and financial statements for the year ended 31 October 2022

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JLA Limited

Annual report and financial statements 2022

Officers and professional advisers

Directors

B Gujral
S Norton

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

JLA Limited

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 31 October 2022.

Business strategy

JLA Limited ("the Company") is a member of the group headed by JLA Acquisitions Topco Limited ("the Group"). The principal activities of the group focus on critical asset solutions for a range of customers and comprise the long-term hire, supply and maintenance of laundry, catering, heating and fire safety equipment and the supply of managed laundrettes. 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 laundry, catering and heating equipment, related parts and maintenance service.

The Company's key performance target is to grow turnover and profits in the long term. In the year under review turnover has increased by £1.2m to £27.1 million (2021: £25.9 million) as the company refocused on driving the contracted revenue lines. Adjusted EBITDA, which is the main measure of the Group's profit performance, increased in the year to £7.8 million (2021: £4.4 million). The Company has continued to invest and develop new product and customer opportunities which it expects to contribute to future growth.

Adjusted EBITDA is defined as operating profit from continuing operations before depreciation, intangible asset amortisation, profit/(loss) on disposal of fixed assets, share based payments and separately disclosed items. The directors consider that due to their size and nature, separately disclosed items should be excluded to provide a more accurate presentation of the operational performance of the group. Details of separately disclosed items can be found in note 6. Below is a reconciliation from Adjusted EBITDA to reported operating profit/(loss).

	2022 £'000	2022 £'000
Adjusted EBITDA	7,664	4,438
Depreciation	(2,522)	(2,657)
Intangible asset amortisation	(1,455)	(1,567)
(Loss)/profit on disposal of fixed assets	(9)	190
Separately disclosed items	(3,575)	(4,272)
Operating profit/(loss)	103	(3,868)

The loss for the year, before taxation, amounted to £1.4 million (2021: £5.4 million). The Directors have not recommended a dividend (2021: £nil). The Directors have not paid or declared a dividend for 2022 (2021: £nil).

JLA Limited

Strategic report

Business review (continued)

The statement of financial position on pages 16 and 17 shows the Company's financial position at the year end. The company had net liabilities of £16.2 million (2021: net liabilities £15.0 million). The Company's financial position was considered satisfactory in terms of working capital and confirmed group support and the Directors believe the Company to be well positioned for future growth.

Future developments

The Board has plans to grow the business significantly, both in terms of revenue and EBITDA growth, through organic growth within its existing core market segments and through acquisition.

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 Company and 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 the wider Group, 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 and the sectors in which the Group operates, an economic downturn can have an adverse impact to the business, particularly in sectors that are reliant on economic growth to prosper.
- 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, installing flood defences, 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 periodic 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.
- 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 outsourced 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 Board remains vigilant to the risks posed by a disruption to the supply chain.
- Demand for labour remains high which has resulted in challenges in staff recruitment and retention. Various financial and non-financial measures have helped to mitigate the recruitment risk and to develop and retain staff, including pay benchmarking, an apprenticeship scheme and a management development programme. The Group continues to invest in its people.

JLA Limited

Strategic report

Principal risks and uncertainties (continued)

- Credit and liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of a revolving credit facility at floating rates of interest. The Group's credit risk is primarily attributable to its trade receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and market segments.
- Liquidity/cash flow risk - the Group and Company are financed through a combination of bank and debt instruments that carry either fixed or variable rates of interest. The appropriateness of these bank and debt instruments and the risks related to variable rate debt are periodically reviewed by management and the Board. These facilities are secured against the assets of the Group including those of the Company. This financing provides the necessary headroom to support the business activities and strategy of the Group. In light of the changing economic circumstances and rising interest rates, during the period the Group entered into an interest rate cap in relation to a proportion of the variable rate debt. This transaction has provided more certainty for the Group regarding its interest payments and therefore its cashflow position.

s.172 Statement - Promoting the Success of the Company

Our Approach

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

The statement set out below specifies the actions that have been applied at a Group level which also apply to the Company. The interests of our stakeholders are key factors in our decision making process and set out below are some examples of how we have taken those interests into account.

Our Employees

Board considerations

Our employees are our biggest asset and fundamental to the success of the Group. As we moved out of the pandemic, JLA invested in our colleagues' wellbeing to ensure a smooth transition into more normal working practices. Recognising the changes to working life brought on by the pandemic, we introduced flexible working arrangements for colleagues.

Diversity and inclusion

In May 2022 we launched our diversity and inclusion framework, with various initiatives undertaken to support the business becoming more diverse and inclusive. This included partnering with various recruitment agencies such as Women in Engineering, LGBTQ Jobs, Springpod and BME Jobs, to ensure we recruit from a diverse pool of potential colleagues. We also took steps to improve our knowledge of the ethnicity of our colleague base in order to design more relevant D&I initiatives.

The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate in any way.

JLA Limited

Strategic report

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

Our Employees (continued)

Career Development

We are keen to ensure our colleagues have clear development goals and the opportunity to further their career with us. During the period we invested heavily in our colleague development framework. This included launching the JLA Academy, ensuring our colleagues have the right skills, tools and knowledge for their role and career progression.

For our engineering colleagues, the Academy means developing training capability and qualifications across all verticals, as well as our new apprenticeship programme, which helps us to create a talent pipeline of engineers for the future. For our sales teams, we have developed specific product/market training and introduced a field sales development programme to help them achieve their own personal and corporate goals.

During the period we launched a mentoring programme for all our colleagues. Our colleagues have a rich and diverse experience and we are keen that we utilise this resource to benefit other colleagues. There has been a strong uptake of the mentoring programme which demonstrates our colleagues' desire for personal development and we will look to further develop and expand this programme where appropriate.

In addition, we launched a management development programme (MDP) that all line managers and those with leadership potential will undertake. The MDP serves the dual purpose of demonstrating our commitment to the personal development of our colleagues, but also realises the strategic goal of fostering a strong culture of leaders who understand how the business should be managed in line with the Board's strategy.

Engagement and Communication

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. The Executive team delivers half yearly roadshows to all colleagues in order to report on the business' progress, and update on key strategic initiatives going forward. Colleagues are encouraged to provide monthly feedback on questions focussed on their engagement, and this is fed back to the Board.

Our Customers

By focusing on their most critical assets, JLA is at the heart of our customers' operations. This means customers are key stakeholders in all that we do. We will therefore, continue to invest in customer satisfaction across our operations. Our focus on becoming a trusted partner and establishing long term value-adding relationships with our customers will continue.

We have considerable experience and expertise in our chosen market segments and seek to use this knowledge to anticipate our customers' needs and offer them the best possible range of solutions.

The use of the widely regarded Net Promoter Score metric is embedded in our business to continually measure customer satisfaction and identify areas of improvement.

We continue to invest in developing our digital capabilities which is a further demonstration of our commitment to consistently improving the customer experience and expand the range of services we can offer.

During the period the business launched two new digital propositions: MyJLA and JLAConnect.

In June 2022, the group acquired TFS Facilities Services Ltd. The acquisition was selected to expand the company's fire safety business and share of the market, as well as cross sell opportunities into existing JLA verticals.

JLA Limited

Strategic report

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

Our Suppliers

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

During the period the business experienced cost and delivery time increases from its supply chain. During this challenging time we worked with our long standing suppliers to identify ways in which to mitigate the impact of these increases and limit the impact to our customers. Whilst these increases have since reduced in severity, we will continue to invest in strengthening our existing relationships whilst identifying new supplier relationships to mitigate against future supply chain impacts.

The Environment

During the period, the Company engaged a third party to provide a more detailed analysis of its carbon footprint and to advise on the lifecycle assessment and total cost of ownership of alternative heating technologies. We have used the output of this advice to develop a framework detailing the primary initiatives the business will focus on to reduce its impact on the environment and to inform our customer and supplier strategy in our heating business. We have also identified key performance indicators and targets in relation to our environmental impact so that we can monitor these KPIs against our targets and identify areas for improvement.

In particular, during the period, we have developed a plan to transition our van fleet to electric vehicles, and we have entered into contracts to source the majority of the energy used to heat and light our buildings from renewable sources.

We have also commenced an audit of our operating sites in order to identify opportunities to reduce our energy demand. Once identified, these initiatives will be assessed and will be incorporated into our future building strategy.

JLA Limited

Strategic report

Going concern

The Company has a net liabilities position as at 31 October 2022 of £16.2 million (2021: net liabilities of £15.0 million) and has recorded a loss of £1.4 million (2021: £8.7 million loss). 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.

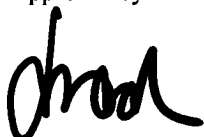
The Group has considerable financial resources, together with significant forecast cash generation from operations. As part of the going concern review the directors' considered specific assumptions and risks to achieving forecast outcomes and have considered liquidity as well as the ability to operate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

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

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

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



S Norton
Director

10 July 2023

JLA Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 October 2022.

Principal activities

The principal activity of the Company focusses on critical assets and comprise the supply and maintenance of laundry, catering, heating equipment, related parts and maintenance service. 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

Results and dividends

The income statement is set out on page 14 and shows the loss for the year of £1.4 million (2021: £8.7 million loss).

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

Disabled employees

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 and the Company.

Provision of information to the auditor

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

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

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

JLA Limited

Directors' report (continued)

Going concern and financial risk management objectives and policies

The Directors set out in the Strategic report:

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

Future developments

Refer details in the strategic report on page 3.

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



S Norton
Director

10 July 2023

JLA Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of JLA Limited

Opinion

We have audited the financial statements of JLA Limited ("the Company") for the year ended 31 October 2022 which comprise the income statement, the statement of total comprehensive income, the statement of financial position, the statements of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

Responsibilities of directors

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

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

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 JLA Limited (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 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.

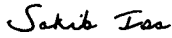
A further description of our responsibilities is available on the Financial Reporting Council's website at:

<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:

B2CAD66FFEE486...

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

10 July 2023

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

JLA Limited

Income statement Year ended 31 October 2022

	Notes	2022 £'000	2021 £'000
Revenue	5	27,096	25,934
Cost of sales		<u>(14,038)</u>	<u>(15,701)</u>
Gross profit		13,058	10,233
Administrative expenses		<u>(12,955)</u>	<u>(14,101)</u>
Operating profit/(loss)		103	(3,868)
Finance costs	10	<u>(1,548)</u>	<u>(1,556)</u>
Loss before tax		(1,445)	(5,424)
Tax on loss	11	92	(3,254)
Loss for the financial year		<u><u>(1,353)</u></u>	<u><u>(8,678)</u></u>

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

JLA Limited

Statement of other comprehensive income Year ended 31 October 2022

	Notes	2022 £'000	2021 £'000
Loss for the year		<u>(1,353)</u>	<u>(8,678)</u>
Items that may be subsequently reclassified to profit or loss			
Change in fair value of financial instruments	19	-	50
Deferred tax (credit)/ charge on origination and reversal of timing differences	11	-	(10)
Capital contribution		<u>110</u>	<u>57</u>
Total comprehensive loss for the year		<u><u>(1,243)</u></u>	<u><u>(8,581)</u></u>

JLA Limited

Statement of financial position As at 31 October 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Goodwill	12	955	955
Intangible assets	13	2,672	4,127
Property, plant and equipment	14	5,607	4,894
Deferred tax asset	20	1,504	1,412
		<u>10,738</u>	<u>11,388</u>
Current assets			
Inventories	15	21,023	13,259
Trade and other receivables	16	145,182	129,551
Derivative financial instrument	19	-	10
Cash and bank balances		10,453	12,991
		<u>176,658</u>	<u>155,811</u>
Total assets		<u><u>187,396</u></u>	<u><u>167,199</u></u>
Current liabilities			
Trade and other payables	17	(200,206)	(179,966)
Lease liabilities	18	(1,077)	(1,216)
		<u>(201,283)</u>	<u>(181,182)</u>
Net current liabilities		<u>(24,625)</u>	<u>(25,371)</u>
Non-current liabilities			
Lease liabilities	18	(2,351)	(1,012)
Derivative financial instruments	19	-	-
		<u>(2,351)</u>	<u>(1,012)</u>
Net liabilities		<u><u>(16,238)</u></u>	<u><u>(14,995)</u></u>

JLA Limited

Statement of financial position (continued) As at 31 October 2022

	Notes	2022 £'000	2021 £'000
Equity			
Called up share capital	21	150	150
Hedging reserve	22	(7)	(7)
Share-based payment reserve	22	167	57
Retained earnings	22	(16,548)	(15,195)
Equity attributable to the owners of the Company		<u>(16,238)</u>	<u>(14,995)</u>

The accompanying notes 1 - 25 are an integral part of the financial statements. The financial statements of JLA Limited registered number 01094178 were approved by the Board of Directors on 10 July 2023.

Signed on behalf of the Board of Directors



S Norton
Director

JLA Limited

Statement of changes in equity Year ended 31 October 2022

	Called up share capital £'000	Share-based payment reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2020	150	-	(47)	(6,517)	(6,414)
Loss for the year	-	-	-	(8,678)	(8,678)
Capital contribution	-	57	-	-	57
Other comprehensive expense	-	-	40	-	40
Total comprehensive loss for the year	-	57	40	(8,678)	(8,581)
Balance at 31 October 2021	150	57	(7)	(15,195)	(14,995)
Loss for the year	-	-	-	(1,353)	(1,353)
Capital contribution	-	110	-	-	110
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	110	-	(1,353)	(1,243)
Balance at 31 October 2022	150	167	(7)	(16,548)	(16,238)

The other comprehensive expense for the year is comprised of transfer on maturity of hedged items, the effective portion of changes in fair value of current cash flow hedges, and the deferred tax on the change in fair value of the cash flow hedges, totalling £nil (2021: £nil).

JLA Limited

Notes to the financial statements Year ended 31 October 2022

1. General information

JLA Limited (the Company) is a private company limited by shares domiciled and incorporated in England and Wales and in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 7.

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 2022

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 Company. 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 2022:

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback)
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current)
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants)

JLA Limited is currently assessing the impact of these new accounting standards and amendments. The Company 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.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

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.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Basis of preparation of financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

The principal accounting policies adopted are set out below.

Accounting reference date

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

Going concern

The Company has a net liabilities position as at 31 October 2022 of £16.2 million (2021: net liabilities of £15.0 million) and has recorded a loss of £1.4 million (2021: £8.7 million loss). 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.

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

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

JLA Limited

Notes to the financial statements Year ended 31 October 2022

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:

Customer relationships	- 8 years straight line
Software	- 5 years straight-line

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

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

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

JLA Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists, or when the annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

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

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

Property, plant and equipment

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

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

Freehold property	-	50 years straight-line
Plant and machinery	-	8 - 12 years straight-line
Motor vehicles	-	4 years straight-line
Fixtures and fittings	-	3 - 8 years straight-line
Right-of-use assets	-	over life of the lease

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.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at fair value and re-measured at each year end.

Forward foreign currency contracts are recognised at fair value in the Statement of Financial Position with movements in fair value recognised in Other Comprehensive Income for the year.

The fair value of forward foreign currency contracts is the gain or loss that would result if the agreements were terminated at the reporting date, taking into account current foreign currency rates.

Derivatives are presented as assets when the fair values are positive and as liabilities when the fair values are negative. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

The Company's financial assets are all categorised as loans and receivables with the exception of derivative financial instruments which are categorised as fair value through profit or loss (FVTPL). Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the Statement of Financial Position.

Cash and cash equivalents comprise short-term cash deposits with major United Kingdom clearing banks earning floating rates of interest based upon bank base rates or rates linked to LIBOR.

Financial liabilities

The Company's financial liabilities are all categorised as other financial liabilities. Other financial liabilities, with the exception of foreign exchange forward contracts, forward interest rate swaps and interest rate caps, are measured at amortised cost. Foreign exchange forward contracts, forward interest rate swaps and interest rate caps are measured at fair value. The Company's other financial liabilities comprise 'Interest-bearing loans and borrowings' and 'Trade and other payables' and are measured at amortised cost.

Estimation of fair values

For trade and other receivables/payables, the notional amount is deemed to reflect the fair value.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 19 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are shown in the Statement of Financial Position.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

Fair value hierarchy

At 31 October 2021, 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.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Cash and cash equivalents

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

Trade and other payables

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

Financial expenses

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

Interest bearing loans and borrowings

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

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

Revenue recognition

The revenue shown in the income statement represents the amounts of goods and services provided during the period, stated net of value added tax.

Distribution and service

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

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

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

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

Taxation

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

Current tax

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

JLA Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Taxation (continued)

Deferred tax

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

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

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

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

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

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

Current tax and deferred tax for the year

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

Government grants

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

Pensions

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

Foreign currency

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

JLA Limited

Notes to the financial statements Year ended 31 October 2022

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 Company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Allowances against the carrying value of inventory

Provision is made against the carrying value of inventory lines, based on their expected rate of sale, to ensure that they are stated at the lower of cost and net realisable value. Judgement is required to assess future demand and promotional activity. Details of the allowances against the carrying value of inventory are referred to in note 15.

5. Revenue

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

	2022 £'000	2021 £'000
Distribution and service - United Kingdom	26,761	25,778
Distribution and service - Overseas	335	156
	<u>27,096</u>	<u>25,934</u>

JLA Limited

Notes to the financial statements Year ended 31 October 2022

6. Loss before taxation

	2022 £'000	2021 £'000
Loss before taxation is stated after charging/(crediting):		
Amortisation - intangible assets (note 13)	1,455	1,567
Depreciation of property, plant and equipment:		
- owned by the company (note 14)	1,141	992
- held as right-of-use assets (note 14)	1,381	1,665
Loss/(profit) on sale of property, plant and equipment	9	(190)
Separately disclosed items:		
- terminations	1,226	1,787
- strategic projects	761	1,232
- COVID-19 costs	333	1,253
- integration	172	-
- legal and other costs	1,083	-

Separately disclosed items incurred during the year comprise:

- Terminations costs relate to redundancies arising from organisational changes, including any settlement payments, the costs of serving any notice periods, gardening leave and any related legal costs.
- Strategic projects relate to investments made to drive future commercial and operational benefits. In the current year, the strategic projects spend largely relates to investments in JLA's digital capabilities.
- COVID-19 costs are specific and incremental costs borne by the business owing to the unprecedented impact to the UK economy caused by the pandemic.
- Integration costs relate to one off costs associated with the acquisition and integration of new entities into the group, including legal & professional fees and consulting fees.
- Legal and other costs incurred as a result of organisational changes, integration activities and acquisitions, shareholder costs and investments made in JLA's academy for trainee engineers.

7. Auditor's remuneration

	2022 £'000	2021 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	45	45

JLA Limited

Notes to the financial statements Year ended 31 October 2022

8. Staff costs

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

	2022 £'000	2021 £'000
Wages and salaries	29,938	27,227
Social security costs	3,684	3,265
Other pension costs	998	865
	<u>34,620</u>	<u>31,357</u>

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

	2022 No.	2021 No.
Administration and management	157	184
Selling and production	493	444
Research	2	2
	<u>652</u>	<u>630</u>

9. Directors' remuneration

The Directors of this company have received total emoluments of £871,000 (2021: £859,000) and these have been borne by JLA Acquisitions Topco Limited, another group company.

Key management personnel comprise two executive directors of the Company.

10. Finance costs

	2022 £'000	2021 £'000
<i>Interest expense on</i>		
Bank loans and overdrafts	222	100
Lease liabilities	164	294
Intercompany loans (note 17)	1,162	1,162
	<u>1,548</u>	<u>1,556</u>

JLA Limited

Notes to the financial statements Year ended 31 October 2022

11. Taxation

	2022 £'000	2021 £'000
Analysis of tax (credit)/charge in the year		
Current tax		
UK corporation tax charge on loss for the year 19% (2021: 19%)	-	-
Total current tax	-	-
Deferred tax (note 20)		
Origination and reversal of temporary differences	(87)	(218)
Adjustment to charge for previous year	166	3,652
Effect of tax rate change on opening balance	(171)	(180)
Total deferred tax	(92)	3,254
Tax on loss	(92)	3,254

Tax income included in other comprehensive income

	2022 £'000	2021 £'000
Deferred tax		
Origination and reversal of temporary differences	-	(10)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Loss before tax	(1,445)	(5,424)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(275)	(1,031)
Effects of:		
Fixed asset difference	(39)	-
Expenses not deductible for tax purposes	86	82
Rate change	(171)	(214)
Adjustment to previous year's charge	166	3,652
Group relief surrendered	141	765
Tax (credit)/charge for the year	(92)	3,254

Factors that may affect future tax charges

In the November 2022 Autumn Statement Budget, it was announced that the standard rate of corporation tax would be increasing to 25% from 1 April 2023. There is no expiry date on the timing differences, unused tax losses or tax credits.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

12. Goodwill

	Goodwill £'000
Cost	
At 31 October 2020, 31 October 2021, and 31 October 2022	955
Accumulated impairment losses	
At 31 October 2020, 31 October 2021, and 31 October 2022	-
Carrying amount	
At 31 October 2022	955
At 31 October 2021	955
At 31 October 2020	955

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

In order to perform this test, management are required to compare the carrying value of the relevant CGU including the goodwill with the recoverable amount. The recoverable amounts of the CGU are determined from a value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The Company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows 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 12.9%.

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 2022 and 31 October 2021, 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.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

13. Intangible assets

	Customer relationships £'000	Software £'000	Total £'000
Cost			
At 1 November 2021	222	8,358	8,580
Additions	-	-	-
At 31 October 2022	222	8,358	8,580
Amortisation			
At 1 November 2021	178	4,275	4,453
Charge for the year	27	1,428	1,455
At 31 October 2022	205	5,703	5,908
Carrying amount			
At 31 October 2022	17	2,655	2,672
At 31 October 2021	44	4,083	4,127

The Company has tested for impairment and has concluded that there is no impairment as at 31 October 2022. Amortisation is charged to administrative expenses in the Income Statement.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

14. Property, plant and equipment

	Freehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Right-of-use assets £'000	Total £'000
Cost						
At 1 November 2020	1,665	230	599	4,152	6,383	13,029
Additions	38	68	-	784	1,676	2,566
Disposals	(19)	-	(240)	-	(4,377)	(4,636)
At 31 October 2021	1,684	298	359	4,936	3,682	10,959
Additions	-	133	2	556	3,216	3,907
Disposals	-	-	-	-	(1,463)	(1,463)
At 31 October 2022	1,684	431	361	5,492	5,435	13,403
Depreciation						
At 1 November 2020	720	187	546	1,895	2,323	5,671
Charge for the year	33	41	1	917	1,665	2,657
Disposals	-	-	(223)	-	(2,040)	(2,263)
At 31 October 2021	753	228	324	2,812	1,948	6,065
Charge for the year	34	65	5	1,037	1,381	2,522
Disposals	-	-	-	-	(821)	(821)
At 31 October 2022	787	293	329	3,849	2,508	7,766
Net book value						
At 31 October 2022	897	138	2	1,643	2,927	5,607
At 31 October 2021	931	70	35	2,124	1,734	4,894

JLA Limited

Notes to the financial statements Year ended 31 October 2022

14. Property, plant and equipment (continued)

Following the transition to IFRS 16, the carrying amounts of property, plant and equipment include right-of-use assets at 31 October 2021 as detailed below:

	2022 £'000	2021 £'000
The types of assets the cost of right-of-use assets relates to:		
Leasehold property	1,585	1,377
Motor vehicles	3,850	2,305
Office equipment	-	-
	<hr/>	<hr/>
At 31 October	5,435	3,682
	<hr/>	<hr/>
The types of assets the depreciation of right-of-use assets relates to:		
Leasehold property	493	651
Motor vehicles	2,015	1,297
Office equipment	-	-
	<hr/>	<hr/>
At 31 October	2,508	1,948
	<hr/>	<hr/>
The types of assets the carrying amount of right-of-use assets relates to:		
Leasehold property	1,092	726
Motor vehicles	1,835	1,008
Office equipment	-	-
	<hr/>	<hr/>
At 31 October	2,927	1,734
	<hr/>	<hr/>

15. Inventories

	2022 £'000	2021 £'000
Finished goods and goods for resale	20,813	13,158
Work in progress	210	101
	<hr/>	<hr/>
	21,023	13,259
	<hr/>	<hr/>

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

Inventories are stated after provisions for impairment of £1,000,082 (2021: £1,315,000). No unutilised provision was reversed during the year.

The cost of inventories recognised as an expense during the year in respect of continuing operations was £10,614,000 (2021: £9,667,000).

JLA Limited

Notes to the financial statements Year ended 31 October 2022

16. Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	6,613	7,533
Allowance for doubtful debts	(564)	(882)
	6,049	6,651
Amounts owed by group undertakings	134,394	120,287
Other receivables	94	44
Prepayments and accrued income	4,645	2,569
	145,182	129,551

Due to the short term nature of the financial assets included in this note they are held at undiscounted cost and are repayable on demand. No interest is charged on the amounts owed by group undertakings.

Trade receivables

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

The average credit period taken on sales of goods is 94 days (2021: 108 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.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

16. Trade and other receivables (continued)

Ageing of receivables (net of allowance for doubtful debts)

	31 October 2022 £'000	31 October 2021 £'000
0-90 days	5,078	5,350
91 days and above	1,535	1,301
	<u>6,613</u>	<u>6,651</u>

Ageing of impaired receivables

	31 October 2022 £'000	31 October 2021 £'000
0-90 days	156	246
91+ days	408	636
	<u>564</u>	<u>882</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.

17. Trade and other payables

	2022 £'000	2021 £'000
Trade payables	13,371	11,066
Amounts owed to group undertakings	177,863	160,230
Social security and other taxes	3,111	3,401
Accruals and deferred income	5,648	5,105
Other creditors	213	164
	<u>200,206</u>	<u>179,966</u>

Social security and other taxes includes contributions payable of £155,000 (2021: £164,000) arising from the Company's participation in a group defined contribution pension scheme. Due to the short term nature of the financial liabilities included in this note they are held at undiscounted cost and are repayable on demand.

Interest is charged at 12% on the intercompany loan owed to JLA Bidco Limited. The principal loan amount is £9,712,000. No interest is charged on the other amounts owed to group undertakings.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

18. Lease liabilities

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

The group leases motor vehicles for use by engineers, as well as some vehicles for use by sales staff and management. Lease terms are 1 to 4 years.

Lease expenses of £nil (2021: £82,000) are included within administrative expenses in relation to short-term leases.

Maturity analysis of lease liabilities

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

	Property leases 31 October 2022 £'000	Motor vehicle leases 31 October 2022 £'000	Total leases 31 October 2022 £'000
Within one year	228	849	1,077
Within one to five years	980	1,371	2,351
Over five years	-	-	-
	<u>1,208</u>	<u>2,220</u>	<u>3,428</u>

	Property leases 31 October 2021 £'000	Motor vehicle leases 31 October 2021 £'000	Total leases 31 October 2021 £'000
Within one year	161	1,055	1,216
Within one to five years	524	488	1,012
Over five years	-	-	-
	<u>685</u>	<u>1,543</u>	<u>2,228</u>

JLA Limited

Notes to the financial statements Year ended 31 October 2022

18. Lease liabilities (continued)

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

	Property leases 31 October 2022 £'000	Motor vehicle leases 31 October 2022 £'000	Total leases 31 October 2022 £'000
Within one year	294	890	1,184
Within one to five years	1,088	1,382	2,470
Over five years	-	-	-
	<u>1,382</u>	<u>2,272</u>	<u>3,654</u>

	Property leases 31 October 2021 £'000	Motor vehicle leases 31 October 2021 £'000	Total leases 31 October 2021 £'000
Within one year	185	1,053	1,238
Within one to five years	689	546	1,235
Over five years	-	-	-
	<u>874</u>	<u>1,599</u>	<u>2,473</u>

The weighted average incremental borrowing rate applied to lease liabilities is 7.617% (2021: 5.410%) which is based on the weighted average external borrowing rate of the group.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

19. Derivative financial instruments

	2022 £'000	2021 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value		
Foreign currency forward contracts	-	(2)
Diesel swap contract	-	(8)
	<u>-</u>	<u>(10)</u>

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

	2022 £'000	2021 £'000
Lloyds Bank Plc		
Derivative assets liabilities		
Foreign currency forward contracts	-	(2)
Diesel swap contract	-	(8)
	<u>-</u>	<u>(10)</u>

Cash flow hedges

Trading derivatives are classified as either current assets or current liabilities. The full fair value of hedging derivatives is classified as non-current assets or liabilities if the remaining maturity of the hedged item is more than 12 months and, as current assets or liabilities, if the maturity of the hedged item is less than 12 months.

Forward foreign currency contracts

During the year, the group purchased goods in US dollars and Euros and took out forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges.

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

Diesel swap contracts

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

The hedging reserve in equity will be recognised as a profit or loss in the period that the hedged item affects the consolidated income statement.

JLA Limited

Notes to the financial statements Year ended 31 October 2022

20. Deferred taxation

	2022 £'000	2021 £'000
Non-current deferred tax asset	1,504	1,412
	2022 £'000	2021 £'000
At beginning of year	1,412	4,656
Current year - income statement	92	(3,254)
Current year - other comprehensive income	-	10
At end of year	1,504	1,412

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

	Tangible fixed assets £'000	Derivative financial assets and liabilities £'000	Other temporary differences £'000	Total £'000
As at 1 November 2020	598	(14)	4,072	4,656
Current year - income statement	-	-	(3,254)	(3,254)
Current year - other comprehensive income	-	10	-	10
As at 31 October 2021	598	(4)	818	1,412
Current year - income statement	88	4	-	92
Current year - other comprehensive income	-	-	-	-
As at 31 October 2022	686	-	818	1,504

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

21. Share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
150,000 ordinary shares of £1 each	150	150

JLA Limited

Notes to the financial statements Year ended 31 October 2022

22. Reserves

	Hedging reserve £'000
Balance at 1 November 2021	(7)
Diesel swap contracts	-
Deferred taxation	-
	<hr/>
Balance at 31 October 2022	<hr/> (7) <hr/>

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

Reserve	Description and purpose
Retained earnings	Cumulative net gains and losses from recognised earnings in the income statement
Hedging reserve	Cumulative net gains and losses from highly effective hedging instrument derivative movements recognised initially in the statement of total comprehensive income before being recycled into the income statement when the hedging instrument matures
Share-based payments reserve	Cumulative cost of share-based payment transactions in which equity instruments have been granted.

23. 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.

24. Related party transactions

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

25. 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 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.

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.