

Company Registration No. 126391

JLA Acquisitions Topco Limited

Annual Report and Financial Statements

Year ended 31 October 2022

(Registered under the Companies (Jersey) Law 1991)

JLA Acquisitions Topco Limited

Annual report and financial statements 2022

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JLA Acquisitions Topco Limited

Report and financial statements for the year ended 31 October 2022

Officers and professional advisers

Directors

R Neeson (Cinven Partners)
D Tanase (Cinven Partners)
Lord J Birt
B Gujral
S Norton

Details of Board composition and Director experience

The Board is responsible for the Group's objectives, business strategy, and its overall supervision and is primarily responsible for the promotion of the long-term success of the Company and the sustainable growth of shareholder value. The Board directs and reviews the Group's operations within an agreed framework of controls, allowing risk to be assessed and managed within agreed parameters.

The Board has established a formal schedule of matters reserved for its approval and majority shareholder consent, and has delegated other specific responsibilities to its Sub-Committees: the Audit, Risk and Compliance Committee, and the Remuneration Committee. Each Committee's roles and responsibilities are set out in formal terms of reference determined by the Board.

Lord Birt (Chairman of the Board). Lord Birt brings extensive experience to the Group. Lord Birt has been a member of the House of Lords since 2000, and was the Prime Minister's Strategy Adviser (2000-2005). Previously, Lord Birt was Director-General of the BBC. In addition, he has been an adviser to McKinsey and Chairman of PayPal Europe. He was Chairman of WRG, Infinis and Maltby Capital, the holding company of EMI. Recently, Lord Birt has been Chairman of CPA Global and HEG.

Ben Gujral (Group Chief Executive Officer). Ben has over 15 years experience holding senior appointments in both listed and PE-backed businesses. He joined JLA from Cogital Group, a PE-backed services business, where he was Group CFO. Prior to that Ben acted as Group CFO of CPA Global.

Sarah Norton (Group Chief Financial Officer). Sarah joined the Group in April 2022. Sarah's experience covers multiple sectors, including technology, logistics and manufacturing, providing a diverse knowledge of finance in a range of circumstances, but with a strong focus on PE-backed and international businesses. Sarah joined the Group from Azets and was previously Group Finance Director at Hydro International.

Rory Neeson Investor Director (representative of Cinven Partners LLP). Rory joined Cinven in 2009 and leads the Business Services sector team. He has been involved in several transactions in addition to JLA, including Guardian Financial Services, Gondola, INSEEC U, Maxeda, NewDay, Phadia and Viridium Group. Prior to joining Cinven, Rory was at Bain & Company for five years working in London, Madrid and Stockholm on projects across a variety of sectors including financial services, retail, industrials and publishing. Rory holds an MA in Economics from Cambridge University.

Daniel Tanase Investor Director (representative of Cinven Partners LLP). Daniel joined Cinven in 2013 and is a member of the Business Services sector team and the regional team for Emerging Europe. He has been involved in a number of transactions including Barentz, Bioclinica, Prezioso, STADA and Tinsa. Previously, Daniel was an associate at First Reserve and prior to that, he worked in the Global Natural Resources Group at Morgan Stanley. Daniel has a Bachelor of Commerce with a specialisation in Banking and Finance from the University College Dublin.

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Officers and professional advisers

The current members of the Board hold positions on the Audit Risk and Compliance Committee and Remuneration Committee as detailed below;

Lord Birt – Chairman and member of the Board Remuneration and Audit Risk and Compliance Committee

Ben Gujral – Group CEO and member of the Board Remuneration Committee

Sarah Norton – Group CFO and member of the Audit Risk and Compliance Committee

Rory Neeson – Cinven, Investor Director and member of the Board Remuneration Committee

Daniel Tanase – Cinven, Investor Director and member of the Audit Risk and Compliance Committee

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JLA Acquisitions Topco Limited

Strategic report (continued)

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

Corporate activity and shareholder transaction

These accounts include all the transactions of the Company and its subsidiaries (the Group) for the accounting year ended 31 October 2022.

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

Business model

JLA supplies and services equipment that is critical to its customers' operations.

JLA focuses its efforts in key parts of the social infrastructure of the UK, with sectors such as Care, Education and Housing driving the majority of the company's revenues and earnings.

JLA works with its customers on a long-term basis as a trusted partner. Its critical asset services are backed by long term contracts generating annuity revenues which underpin the Group's resilient and sustainable business model.

450+
engineers on the road
(including 30 new apprentices)

Time to fix
8 hours

95%
engineer response
within SLA

Access to **MyJLA**:
JLA's flexible and easy
to use customer portal

50
Years of
experience
We'll take care of it.

Serving the social
infrastructure of the UK:
180,000 customer
sites visited every year

55,000+
machines covered
by Total Care

1,000+ employees
across 11 sites across
the UK

JLA Acquisitions Topco Limited

Strategic report (continued)

Business model (continued)

JLA’s chosen critical asset classes are focused on those assets which are essential to the day to day operations of our customers’ businesses, have a high cost of failure and very often travel with a form of regulatory or compliance requirement.

Commercial laundry (including Infection Control)

JLA has been a trusted name in commercial and industrial laundry solutions for fifty years. The range of assets covers washers, dryers, ironers, as well as detergent. All machines are energy efficient and a significant proportion are now digitally connected. Managing the risk of infection outbreaks is critical for all businesses. JLA provides a range of infection control solutions to manage this risk. This includes state-of-the-art room sanitisers, laundry systems and thermal dishwashers.

Commercial catering

Thousands of care homes, hotels, pubs and restaurants across the UK trust JLA to supply, maintain and fix their vital cookers, fridges, and washers.

Fire safety

JLA has extensive experience in keeping people and premises safe with fire risk assessments, detection & warning solutions and fire-fighting equipment, as well as servicing, maintenance and testing for critical escape route doors, signage and lighting.

HVAC

JLA covers a wide range of HVAC solutions from reactive boiler repairs and gas safety certification, to the design and installation of heating and air conditioning systems, as well as the planned maintenance needed for optimum performance and safety. With efficiency and environmental impact front of mind, we offer air source heat pump solutions as well as some of the most energy efficient boilers on the market.



JLA Acquisitions Topco Limited

Strategic report (continued)

Business model (continued)

Total Care by JLA

JLA’s flagship and most popular offering is its market-leading end-to-end Total Care solution. Total Care provides full peace of mind to customers for all aspects of their capital intensive critical equipment. Under Total Care JLA leases the equipment to the customer and provides 24/7 support including repair and replacement for one simple monthly payment. Total Care is backed by the security of a long-term contract and a national network of skilled engineers.

Alongside Total Care, JLA also provides a range of other services and solutions for those customers that still want the peace of mind JLA offers, but prefer to own the equipment.



JLA TOTAL CARE

- 
Market leading equipment for **no capital outlay**
- 
Fully inclusive breakdown cover with **no wear and tear clause**
- 
Industry-leading engineer response times, **wherever you are**
- 
7-day call-out service including bank holidays
- 
No repair bills or call-out charges, ever!

JLA Acquisitions Topco Limited

Strategic report (continued)

Business model (continued)

Circuit

JLA also provides a managed laundry service under its Circuit brand. This provides a fully equipped retail laundry facility on customer premises. JLA will manage and operate the facility on behalf of the customer on a revenue share basis. The largest customer sector for these managed laundries is Universities.

Digital

As a trusted partner, JLA is continually evolving its customer propositions. An increasing number of functions and interactions are now offered digitally to our customers via the MyJLA Portal. This enables increased efficiency and ease of use for customers and greater operational efficiency for JLA. All new JLA Total Care laundry machines now come digitally connected by default enabling remote monitoring to further reduce machine downtime.

Customer acquisition and retention

JLA operates a sophisticated marketing and sales model using data assets and tools alongside our highly experienced sales team to reach new customers and grow the value of existing customer relationships. JLA also dedicates significant effort to customer satisfaction to ensure we retain our customers.

Business strategy

JLA has a clearly defined strategic vision. We will remain focused on meeting the needs of our customers and evolving our services and solutions in line with these, with a focus on social sectors in care, education, housing and government. This builds upon JLA's deep expertise in these segments.

We will act as a trusted partner to our customers, building long-term relationships and offering peace of mind for all customers' critical equipment needs. JLA will seek to grow the value of these long-term relationships by increasing the range of services provided in a mutually beneficial way.

JLA will continue to take advantage of technological developments to improve the customer experience, increasingly offering digital first solutions and capabilities. JLA has world class data assets which will continue to inform our decision making and support our sales efforts.

We will continue to develop and improve our operating platform, focusing on improving efficiencies and enhancing the customer experience.

JLA will look to expand into adjacent markets where there is a clear opportunity to increase the range of critical asset solutions offered to our customers either domestically or internationally.

JLA has committed to continue to improve the sustainability of our operations and this is foundational in what we do.

JLA Acquisitions Topco Limited

Strategic report (continued)

Business review

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, infection control, heating, air conditioning, fire safety and security equipment and the supply of managed laundrettes. The Group's key performance target is to grow turnover and Adjusted EBITDA in the long term.

In the reporting period under review this has been achieved through organic growth. Revenue for the year is £163.9 million (2021: £149.4 million).

The business has shown resilience during the pandemic, and a return to strong growth since.

The main measure of the Group's profit performance is Adjusted EBITDA which is defined as operating profit from continuing operations before depreciation, intangible asset amortisation, profit/(loss) on disposal of fixed assets, share based payments and 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. Adjusted EBITDA is £52.4 million (2021: £44.8 million). Below is a reconciliation from Adjusted EBITDA to reported operating loss.

	2022	2021
	£'000	£'000
Adjusted EBITDA	52,354	44,754
Depreciation	(17,567)	(15,769)
Intangible asset amortisation	(20,994)	(20,852)
Loss on disposal of fixed assets	(2,386)	(2,009)
Separately disclosed items	(17,347)	(14,723)
Operating loss	<u>(5,940)</u>	<u>(8,599)</u>

The Group recorded a loss after tax from continuing operations of £74.6 million (2021: £80.6 million) and reported net liabilities of £316 million (2021: £241 million).

The Group has completed the integration of acquisitions into its HVAC and Fire Safety divisions.

The Group completed the purchase of TFS Facilities Services Ltd in June 2022 (note 16).

The consolidated statement of financial position on pages 26 and 27 shows the Group's financial position at the year end. The Group's financial position was considered satisfactory in terms of working capital and cash, and the directors believe the Group to be well positioned for future growth. The net liabilities of £316 million (2021: £241 million) reflect the financing structure of the Group as discussed below. The consolidated statement of financial position reported cash of £23.9 million (2021: £24.6 million).

Non-Financial KPIs

JLA has introduced a number of non-financial KPIs. These KPI's are relevant and important as they are linked to the strategic priorities of the businesses and are recognised as key determining factors in the successful delivery of the business strategy. Any unintended outcomes or deviations from plan are reported to Cinven, with escalations to the Board as appropriate.

JLA Acquisitions Topco Limited

Strategic report (continued)

Business review (continued)

Net Promoter Score

NPS is a leading indicator used to measure a customer's overall satisfaction with and perception of the brand. JLA uses this measure in conjunction with other metrics and insights from the customer journey, such as lost and saved contracts, to provide an actionable view of customer experience performance and to give early warning indicators of customer issues and propensity to leave.

Carbon footprint

The Group sees sustainability as underpinning its strategy and core values. Given the number of engineers on the road servicing customers, carbon footprint reporting is seen as a measure of key importance and the Group will, in conjunction with its obligations under the Streamlined Energy and Carbon Reporting ("SECR") legislation, implement measures and controls to achieve economic and environmental benefits in this area.

Lost time accident frequency rate

The safety of its employees is of paramount importance to the Group and the focus on near miss reporting has improved greatly. Improved hazard perception by employees has reduced accidents overall and therefore the time lost to customers has reduced. We continue to target and strive to achieve a zero target which was achieved for the year ended 31 October 2020. For the year ended 31 October 2022, we achieved an LTIFR rate of 2.929 (2021: 3.693), which is well below the Health & Safety Executive industry figure of 11.0 for our comparatives in the multiple skill service engineering industry.

Anti-bribery and corruption incidents

JLA has strong controls around bribery and corruption and provides annual formal training to colleagues to raise awareness of their duties and obligations. A Gifts and Hospitality register formally records gifts offered and received and an independent whistleblowing hotline provides a mechanism for the reporting of incidents of non-compliance across the Group.

Gender diversity

The business continues to acknowledge that a gender pay gap exists and whilst the results of calculations from this year provide a slightly improved position for 2022 by 0.4% to 22.9% gender pay gap, the Group will continue to commit to reducing the gender pay gap through our attraction, recruitment, development and promotion strategies.

It is notable that a large proportion of the workforce are field based engineers which is a predominantly male based environment, therefore impacting on the gender pay calculations. JLA continues however to explore new opportunities to attract a more diverse engineering community within the Group, and remains confident in its ability to tackle this issue.

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.

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Strategic report (continued)

Risk Management

The Group continuously monitors and seeks to enhance its risk management and governance processes. The Group maintains a risk register and operates a robust governance framework which demonstrates strong controls throughout the organisation. The risk register is monitored on a periodic basis and strong oversight, challenge and assurance is achieved through regular reporting to the Audit Risk and Compliance Committee and the Board as required.

Principal risks and uncertainties

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

Not all these factors are within the direct control of the 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 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.
- 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.

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Strategic report (continued)

Principal risks and uncertainties (continued)

- Liquidity/cash flow risk - the Group and Company are financed through a combination of bank and debt instruments that carry either fixed or variable rates of interest. The appropriateness of these bank and debt instruments and the risks related to variable rate debt are periodically reviewed by management and the Board. These facilities are secured against the assets of the Group including those of the Company. This financing provides the necessary headroom to support the business activities and strategy of the Group. 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.

Sustainability Report

Gender

JLA operates an equal opportunities policy and opposes all forms of discrimination. The Group supports the provision of a living wage and gender equality. JLA prides itself in having such a diverse and talented workforce at its disposal, which is a key driver in the continued growth of the JLA Group.

	2022		2021	
	Men	Women	Men	Women
The Board	4	1	4	-
Executive Team	3	2	6	1
Senior Leadership Team	25	13	20	13
Other employees	722	353	737	345

Environmental matters

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

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.

Modern Slavery

JLA is committed to improving its practices to ensure that slavery and human trafficking is not present either within the Group itself or its supply chain. JLA continues to take positive steps to this end and describes in its annual statement the progress that has been made over the last year.

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Strategic report (continued)

s.172 Statement - Promoting the Success of the Company

Our Approach

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

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

Our Employees

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.

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.

JLA Acquisitions Topco Limited

Strategic report (continued)

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

Our Employees (continued)

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.

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.

JLA Acquisitions Topco Limited

Strategic report (continued)

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

The Environment

During the period, we engaged a third party to provide a more detailed analysis of our carbon footprint and to advise on the lifecycle assessment and total cost of ownership of alternative heating technologies. We 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.

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Strategic report (continued)

Streamlined Energy and Carbon Reporting (“SECR”)

Introduction and methodology

As a leading supplier of commercial laundry, cleaning and catering equipment, we recognise our obligation to manage the environmental impact of our business operations and comply with all relevant environmental legislation, including the Streamlined Energy and Carbon Reporting (SECR) scheme. SECR was implemented in April 2019 and requires qualifying businesses to comply for financial years starting on or after 1 April 2019. This is the third year in which the Group is reporting energy and carbon emissions in accordance with the mandatory requirements of the SECR regulations. The compilation of this report is in line with the UK Government publication: ‘Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting’.

The Greenhouse Gas (GHG) emissions associated with our core business operations have been measured and verified in accordance with SECR category guidance; Scope 1 (direct resource use), Scope 2 (bought resources for use in our direct operations) and specific Scope 3 emissions (indirect emissions due to business activities). We have also identified appropriate intensity ratios to normalise and monitor our carbon emissions and energy efficiency measures which support our drive to minimise costs and improve productivity whilst reducing carbon emissions in line with the UK’s target to bring all GHG emissions to net zero by 2050.

The energy consumption of our core business operations has been calculated using proprietary software to process utility bills for our site and fleet data. Our carbon emissions have been calculated in accordance with guidance provided by the UK Government and the WRI GHG Reporting Protocol methodology.

Under the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018, we are mandated to disclose our UK energy use and associated greenhouse gas (GHG) emissions. As a minimum, we are required to report the GHG emissions from fuel combustion, purchased energy and transport vehicles. Additionally, the use of an intensity ratio and an outline of implemented efficiency measures are required under the Streamlined Energy and Carbon Reporting (SECR) regulations.

To ensure a high level of transparency is achieved, robust and recognised reporting methods have been implemented. The reporting methodology involves usage of the 2022 DEFRA (Department for Environment, Food and Rural Affairs) emissions factors to calculate and assess our UK operational emissions.

The SECR reporting period covers JLA Acquisitions Topco Limited’s UK operations from the 1 November 2021 to the 31 October 2022. Our calculations are for the following scopes:

- **Building-related energy** – Natural gas consumption (Scope 1), fuel combustion at site (Scope 1) and purchased electricity consumption (Scope 2).
- **Transportation** – Business travel in company vehicles (Scope 1) and business travel in employee owned vehicles (Scope 3).

JLA Acquisitions Topco Limited’s emissions have been assessed in accordance with the ‘GHG Protocol Corporate Accounting and Reporting Standard’ and in line with DEFRA’s ‘Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements’. The DEFRA 2022 emission conversion factors were used to quantify the emissions associated with JLA Acquisitions Topco Limited’s UK operations for the specified reporting period.

JLA Acquisitions Topco Limited

Strategic report (continued)

Streamlined Energy and Carbon Reporting (“SECR”) (continued)

The SECR reporting period covers JLA Acquisitions Topco Limited’s UK operations from the 1 November 2021 to the 31 October 2022.

GHG emissions and energy usage data for the year ended:

Energy consumption	2022 kWh	2021 kWh
Purchased electricity	949,059	829,823
Combustion of gas	358,374	259,765
Combustion of fuel	41,906	-
Transport fuel - company	15,531,366	11,290,939
Transport fuel - grey fleet	927,080	981,821
Water	-	377
	17,807,785	13,362,725

Carbon emissions	2022 teCO_{2e}	2021 teCO_{2e}
Scope one emissions		
Combustion of gas	65	48
Combustion of fuel	10	-
Transport fuel	3,740	2,674
Scope two emissions		
Purchased electricity - location based	184	166
Scope three emissions		
Transport fuel	229	233
Gross carbon emissions	4,228	3,121
Additional scope three emissions		
Grid electricity transmission and distribution losses - location based	17	16
Total annual net emissions	4,245	3,137

As reported in the prior year, data and information is now available to separate out grey fleet and water energy consumption.

The above table shows the Gross GHG emissions associated with our combined business operations during our third SECR period were 4,228 tonnes of carbon dioxide equivalents (teCO_{2e}) (2021: 3,121 tonnes).

94% (2021: 93%) of this amount was due to transportation attributable to our fleet of HGVs, vans, company cars, pool/hire cars and grey fleet. Of this, 3,740 tonnes (2021: 2,674) were emitted by our in-house fleet of vehicles and 229 tonnes (2021: 233) by our grey fleet.

As indicated in our previous SECR reports, our future carbon reduction strategy should be transport focused.

Although this is the third year of SECR a performance indicator is still difficult to quantify. This is due to the prior year figures being in the second year of a global pandemic marred by multiple lockdowns, a constantly shifting landscape with work and intercompany business transactions adversely affected due to nationwide restrictions.

We have chosen to expand the scope of our reporting to exceed the mandatory requirement by including emissions associated with the transmission of electricity to site. Our annual net emissions have been calculated by adding this figure to the gross emissions and in future years we will look to subtract any carbon offsetting or renewable energy generation that we can procure as part of our wider sustainability goals. Under this optional methodology our gross annual emissions are 4,245 teCO_{2e} (2021: 3,137 teCO_{2e}).

JLA Acquisitions Topco Limited

Strategic report (continued)

Streamlined Energy and Carbon Reporting (“SECR”) (continued)

Intensity ratios

Current government environmental reporting guidance recommends the development of at least three Key Performance Indicators (KPIs) associated with key environmental impacts. We have identified intensity ratios which divide our energy and carbon emissions by appropriate normalising factors to enable performance tracking over time and comparison against organisations operating in equivalent sectors, namely:

Intensity ratio	2022	2021
Average carbon emissions per £100k revenue - teCO ₂ e/£100,000 of revenue	2.58	2.10
Average carbon emissions per full time employee - teCO ₂ e/FTE	3.71	6
Average total energy use per full time employee - kWh/FTE	15,635	24,564

We are also working to establish performance benchmarks for total energy efficiency within our buildings, having analysed the performance of our head office as being 184kWh/m² with an associated carbon intensity of 0.04 teCO₂/m². If this is indicative of our other building stock it would suggest our offices can be rated as performing at good practice for energy efficiency compared to industry benchmarks for standard air conditioned offices.

Energy saving measures

We have engaged with McGrady Clarke to develop a road map to achieve net zero GHG emissions ahead of the government’s 2050 legally binding deadline for achieving net zero.

In addition to our mandatory SECR compliance, we quantify and report on our Scope 1 and Scope 2 emissions, as well as our energy consumption, on a quarterly basis.

Following the implementation of a range of recommendations from our ESOS Phase 2 report, we are currently in the process of moving our energy contracts to renewable suppliers to reduce the emissions associated with our electricity and gas usage. In the near future, we will comply with ESOS Phase 3, which will provide further recommendations to reduce energy consumption and therefore our carbon equivalent emissions.

As the majority of our emissions are associated with the combustion of diesel and petrol used for transport purposes, many of our efficiency measures focus on this area. We have a dedicated plan to achieve 100% fleet electrification, and are continuing to invest in hybrid and fully electric vehicles. We continue our “electric-only” policy for company cars and we are trialling fully electric vans for the most appropriate areas of our business. We have plans to provide EV charging points in all of our office locations and we have placed a large order for hybrid electric vans to replace some of our diesel fleet.

JLA Acquisitions Topco Limited

Strategic report (continued)

Going concern

The financial results of the Group and the future developments are discussed on pages 7 and 8.

The Group has net liabilities of £316 million (2021: £241 million), recorded a loss after taxation from continuing activities of £74.6 million (2021: £80.6 million) and recorded a net cash outflow of £0.6 million (2021: £6.9 million net outflow). Funding is provided to the company through external borrowings.

The Group has a £260 million 1st lien term loan, a £95 million 2nd lien term loan and a £50 million revolving credit facility. The 1st lien term loan is due to be repaid on 15 August 2025, the 2nd lien term loan is due to be repaid on 15 August 2025 and any drawn balance on the revolving credit facility is due to be repaid on 15 August 2024.

On 28 February 2020, the group secured additional loan facilities to its 1st and 2nd lien term loans. A £30 million Facility B2 Senior loan was secured and fully drawn on the same terms as the 1st lien term loan, repayable on 15 August 2025. A £10 million Facility B2 Second Lien was secured and fully drawn on the same basis as the 2nd lien term loan, repayable on 15 August 2025.

On 28 February 2020, the group secured a new Acquisition & Capex Facility (“ACF”) of £40 million which can be used to refinance existing bank debt, acquisitions or capital expenditure. The ACF was secured on the same terms as the 1st lien term loan. The ACF was available to draw until 28 August 2022, with any drawn balance repayable on 15 August 2025.

At 31 October 2022, the Group had utilised £50 million (2021: £50 million) of the revolving credit facility and had drawn £40 million (2021: £15 million) of the ACF. The senior facilities term loans are fully drawn down.

The term loan facilities are secured by fixed and floating charges over a number of the group’s subsidiaries. The Group is subject to interest rate benchmark reform regulation as LIBOR has been replaced by alternative benchmark interest rates from 31 December 2021. From 1 December 2021, the Group has replaced LIBOR with an alternative risk-free-rate, Sterling Overnight Index Average (SONIA).

In the current year, the interest rate payable on all facilities is based on a margin above SONIA. During the year the Group purchased an interest rate cap (note 22). Under the terms of the interest rate cap, £325 million of the group’s debt facilities are capped at a SONIA rate of 2.5% until April 2024.

The Group has considerable financial resources, together with forecast cash generation from operations, which will enable the business to drive forward and execute strategic plans for future growth. Management has performed stress testing on forecasts, which show the Group has sufficient liquidity, and mitigating measures available, to continue to operate in the event of a significant economic downturn. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making appropriate enquiries, and reviewing the 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 (note 3).

The Group’s controlling party, Cinven Partners, is a UK private equity fund. Accordingly, the Annual Report and Financial Statements have been prepared in accordance with the Walker Guidelines for UK companies in private equity ownership.

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



S Norton
Director
8 March 2023

JLA Acquisitions Topco Limited

Directors' report

The director's present their report and the audited consolidated financial statements for the year ended 31 October 2022.

Principal activities

These accounts include all of the Company's transactions for the accounting year ended 31 October 2022.

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.

The Group accounts reflect all the transactions of the Company and its subsidiaries (the "Group") for the accounting year ended 31 October 2022.

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, infection control, heating and fire safety equipment and the supply of managed launderettes.

The principal activity of the company was as an investment holding and financing company.

Directors

The directors who served during the period and subsequently were:

Directors

R Neeson	(Cinven Partners)
D Tanase	(Cinven Partners)
Lord J Birt	
B Gujral	
S Norton	(appointed 22 September 2022)
A Duvall	(appointed 22 September 2021, resigned 28 February 2022)

Results and dividends

The consolidated income statement is set out on page 24 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

Employee engagement

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.

Equal opportunities

The 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.

JLA Acquisitions Topco Limited

Directors' report (continued)

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 the Companies (Jersey) Law 1991.

Going concern, financial risk management objectives and policies and carbon reporting

The directors set out in the Strategic report:

- the reasoning for the adoption of the going concern basis in preparing the report and financial statements for the Group;
- the financial risk management objectives and policies of the Group; and
- their carbon reporting and energy consumption reporting obligations.

Future developments

Refer to details in the strategic report on page 8.

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 and smallest group in which the results of the Company were consolidated was that headed by JLA Acquisitions Topco Limited, which is incorporated in Jersey.

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
8 March 2023

Registered office: Aztec Financial Services (Jersey) Limited, 11-15 Seaton Place, St Helier, Jersey, JE4 0QH.
Registered in Jersey No. 126391

JLA Acquisitions Topco Limited

Directors' responsibilities statement

The directors are responsible for preparing the 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 group and company financial statements in accordance international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991. 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 group and company and of the profit or loss of the group and company for that year.

International Accounting Standard requires that financial statements present fairly for each financial period the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the group 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 Acquisitions Topco Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and of the Parent Company’s affairs as at 31 October 2022 and of the Group’s loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards and with regards to the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

We have audited the financial statements of JLA Acquisitions Topco Limited (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 31 October 2022 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statements of changes in equity, the consolidated cash flow statement 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 International Financial Reporting Standards for the Group and United Kingdom Accounting Standard 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice) for the Parent Company, together as (the “Applicable Financial Reporting Standards”).

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 Group and the Parent 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 Group’s and Parent 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 Acquisitions Topco Limited (continued)

Other Companies (Jersey) Law 1991 reporting

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper 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
- 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 Group's and Parent 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 Group's or the Parent 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 Group and Parent Company and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, Applicable Financial Reporting Standards, and the Companies (Jersey) Law 1991; those that relate to the payment of employees; and industry related such as compliance with health and safety legislation. 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 Acquisitions Topco Limited (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates 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 valuation of goodwill, allowance for expected credit losses of trade receivables, provision for impairment of inventories, deferred income and deferred tax;
- identifying and testing journal entries, in particular review of journal entries posted with specific words, journal entries posted on weekends, manual journals to revenue accounts, journals posted by specific users and journal entries posted to least 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 Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Gary Harding
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Gary Harding (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, United Kingdom
10 March 2023

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

JLA Acquisitions Topco Limited

Consolidated income statement Year ended 31 October 2022

	Notes	2022 £'000	2021 £'000
Revenue	5	163,900	149,392
Cost of sales		(71,034)	(67,117)
Gross profit		92,866	82,275
Administrative expenses		(98,806)	(90,874)
Operating loss	6	(5,940)	(8,599)
Gain on interest rate cap	22	9,119	-
Finance costs	10	(86,356)	(74,025)
Loss before tax		(83,177)	(82,624)
Tax on loss	11	8,602	2,020
Loss for the year		(74,575)	(80,604)
Loss is attributable to:			
Owners of JLA Acquisitions Topco Limited		(74,575)	(80,604)
		(74,575)	(80,604)

The accompanying notes are an integral part of this consolidated income statement. Included within the results for the period are acquisitions which contributed £2.2 million (2021: £nil) to revenue, £1.5 million (2021: £nil) to cost of sales, £0.3 million (2021: £nil) to administrative expenses and an operating profit of £0.4 million (2021: £nil) (note 16).

JLA Acquisitions Topco Limited

Consolidated statement of total comprehensive income Year ended 31 October 2022

	Notes	2022 £'000	2021 £'000
Loss for the year		<u>(74,575)</u>	<u>(80,604)</u>
Items that may be subsequently reclassified to profit or loss			
Changes in fair value of diesel swaps	22	-	50
Changes in fair value of derivatives	22	-	-
Deferred tax charge on origination and reversal of timing differences	11	-	(10)
Total comprehensive expense for the year		<u><u>(74,575)</u></u>	<u><u>(80,564)</u></u>
Total comprehensive expense for the year is attributable to:			
Owners of JLA Acquisitions Topco Limited		<u>(74,575)</u>	<u>(80,564)</u>
		<u><u>(74,575)</u></u>	<u><u>(80,564)</u></u>
Total comprehensive expense for the year attributable to the owners of JLA Acquisitions Topco Limited arises from:			
Continuing operations		<u>(74,575)</u>	<u>(80,564)</u>
		<u><u>(74,575)</u></u>	<u><u>(80,564)</u></u>

JLA Acquisitions Topco Limited

Consolidated statement of financial position As at 31 October 2022

	Notes	31 October 2022 £'000	31 October 2021 £'000
Non-current assets			
Goodwill	12	417,576	413,586
Intangible assets	13	143,691	158,565
Property, plant and equipment	14	94,342	84,309
Trade and other receivables	18	786	-
Derivative financial instruments	22	9,119	-
		<hr/>	<hr/>
		665,514	656,460
Current assets			
Inventories	17	23,555	15,162
Trade and other receivables	18	30,900	33,549
Cash and bank balances		23,948	24,589
Derivative financial instruments	22	-	10
		<hr/>	<hr/>
		78,403	73,310
		<hr/>	<hr/>
Total assets		743,917	729,770
		<hr/> <hr/>	<hr/> <hr/>
Current liabilities			
Trade and other payables	19	(45,190)	(44,865)
Current tax liabilities		(431)	(216)
Lease liabilities	20	(2,177)	(1,691)
		<hr/>	<hr/>
		(47,798)	(46,772)
		<hr/>	<hr/>
Net current assets		30,605	26,538
		<hr/>	<hr/>
Non-current liabilities			
Borrowings	21	(998,005)	(906,069)
Lease liabilities	20	(4,857)	(1,982)
Deferred tax liability	23	(9,207)	(16,322)
		<hr/>	<hr/>
		(1,012,069)	(924,373)
		<hr/>	<hr/>
Total liabilities		(1,059,867)	(971,145)
		<hr/>	<hr/>
Net liabilities		(315,950)	(241,375)
		<hr/> <hr/>	<hr/> <hr/>

JLA Acquisitions Topco Limited

Consolidated statement of financial position (continued) As at 31 October 2022

	Notes	31 October 2022 £'000	31 October 2021 £'000
Equity			
Called up share capital - nominal	24	13	13
Share premium	24	978	978
Treasury shares reserve	26	(7)	(7)
Hedging reserve	26	(44)	(44)
Share-based payment reserve	26	184	74
Retained earnings	26	(317,074)	(242,389)
		<hr/>	<hr/>
Equity attributable to the owners of the company		(315,950)	(241,375)
		<hr/>	<hr/>
Total deficit		(315,950)	(241,375)
		<hr/> <hr/>	<hr/> <hr/>

The financial statements of JLA Acquisitions Topco Limited registered number 126391 were approved by the Board of Directors on 8 March 2023.

The accompanying notes are an integral part of this consolidated statement of financial position.

Signed on behalf of the Board of Directors



S Norton
Director

JLA Acquisitions Topco Limited

Company statement of financial position As at 31 October 2022

	Notes	31 October 2022 £'000	31 October 2021 £'000
Non-current assets			
Investments	15	10,485	10,485
Amounts owed by group undertakings	18	448,688	413,012
		<u>459,173</u>	<u>423,497</u>
Current assets			
Other receivables	18	-	31
Cash and bank balances		147	116
		<u>147</u>	<u>147</u>
Total assets		<u><u>459,320</u></u>	<u><u>423,644</u></u>
Current liabilities			
Trade and other payables	19	(1,857)	(1,372)
Current tax liabilities		-	(5)
		<u>(1,857)</u>	<u>(1,377)</u>
Net current liabilities		<u>(1,710)</u>	<u>(1,230)</u>
Non-current liabilities			
Borrowings	21	(496,160)	(443,142)
Total liabilities		<u>(498,017)</u>	<u>(444,519)</u>
Net liabilities		<u><u>(38,697)</u></u>	<u><u>(20,875)</u></u>
Equity			
Called up share capital - nominal	24	13	13
Share premium	24	978	978
Share-based payment reserve	26	184	74
Retained earnings	26	(39,872)	(21,940)
Equity attributable to the owners of the company		<u><u>(38,697)</u></u>	<u><u>(20,875)</u></u>

The company has taken advantage of the exemption contained within Companies (Jersey) Law 1991 not to present its own Income Statement. The loss for the period dealt with in the financial statements of the company was £17,822,000 (2021: £12,072,000).

The financial statements of JLA Acquisitions Topco Limited registered number 126391 were approved by the Board of Directors on 8 March 2023. Signed on behalf of the Board of Directors



S Norton
Director

JLA Acquisitions Topco Limited

Consolidated statement of changes in equity As at 31 October 2022

	Notes	Share capital £'000	Share premium £'000	Treasury shares reserve £'000	Hedging reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Non-controlling interests £'000	Total £'000
Balance at 1 November 2020		13	974	(81)	(84)	17	(162,160)	375	(160,946)
Loss for the year		-	-	-	-	-	(80,604)	-	(80,604)
Other comprehensive income		-	-	-	40	-	-	-	40
Total comprehensive income/(expense) for the year		-	-	-	40	-	(80,604)	-	(80,564)
Change in ownership of non- controlling interest		-	-	-	-	-	375	(375)	-
Shares issued	24	-	4	-	-	-	-	-	4
Shares sold by EBT	24	-	-	133	-	-	-	-	133
Shares bought by EBT	24	-	-	(59)	-	-	-	-	(59)
IFRS 2 share based payments	25	-	-	-	-	57	-	-	57
Balance at 31 October 2021		13	978	(7)	(44)	74	(242,389)	-	(241,375)
Loss for the year		-	-	-	-	-	(74,575)	-	(74,575)
IFRS 2 share based payments		-	-	-	-	110	(110)	-	-
Total comprehensive income/(expense) for the year		-	-	-	-	110	(74,685)	-	(74,575)
Balance at 31 October 2022		13	978	(7)	(44)	184	(317,074)	-	(315,950)

The other comprehensive income for the period is comprised of 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), as detailed in note 22.

JLA Acquisitions Topco Limited

Company statement of changes in equity As at 31 October 2022

	Notes	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Retained earnings £'000	Total £'000
Balance at 31 October 2020		13	974	17	(9,868)	(8,864)
Shares issued	24	-	4	-	-	4
Loss for the year	26	-	-	-	(12,072)	(12,072)
IFRS 2 share based payments	25	-	-	57	-	57
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2021		13	978	74	(21,940)	(20,875)
Loss for the year	26	-	-	-	(17,822)	(17,822)
IFRS 2 share based payments		-	-	110	(110)	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 October 2022		<u>13</u>	<u>978</u>	<u>184</u>	<u>(39,872)</u>	<u>(38,697)</u>

JLA Acquisitions Topco Limited

Consolidated cash flow statement Year ended 31 October 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Net cash from operating activities	27	26,226	33,476
Interest paid		(17,374)	(14,665)
Taxation paid	28	(115)	(578)
Net cash from/(used in) operating activities		<hr/> 8,737	18,233
Cash flows from investing activities			
Investing activities	28	(31,611)	(22,605)
Cash outflow before financing		<hr/> (22,874)	(4,372)
Cash flows from financing activities			
Financing activities	28	22,233	(2,535)
(Decrease)/increase in cash in the year		<hr/> (641)	(6,907)
Cash and bank balances brought forward		<hr/> 24,589	31,496
Cash and bank balances carried forward		<hr/> 23,948	24,589

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

1. General information

JLA Acquisitions Topco Limited (the Company) is a private company limited by shares incorporated in Jersey under the Companies (Jersey) Law 1991. The address of the registered office is given on page 2. The company is domiciled in Jersey but is centrally managed and controlled in the United Kingdom and is therefore considered to be UK tax resident. The principal activities of the company and its subsidiaries (the group) and the nature of the group's operations are set out on page 3 and in the strategic report on pages 3 to 17.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Standards, amendments to published standards and interpretations effective for the year ended 31 October 2022

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 October 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

The following amendments are effective for the period beginning 1 January 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 Acquisitions Topco Limited is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as it does not have convertible debt instruments.

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

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis in accordance with International Accounting Standards and Companies (Jersey) Law 1991. These policies have been consistently applied to all the years presented. The preparation of financial statements in conformity with IFRSs generally requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The company financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, fair value measurements, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

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.

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 period of the company and group ends on the Friday falling between 28 October and 3 November each year but are always reported as at 31 October (Friday 28 October 2022 and Friday 29 October 2021).

Basis of consolidation

The group financial statements consolidate the financial statements of JLA Acquisitions Topco Limited and all of its subsidiary undertakings ('subsidiaries') drawn up to the relevant accounting date each October.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Basis of consolidation (continued)

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent company and are based on consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

Employee Benefit Trusts (“EBTs”) are accounted for under IFRS 10 and are consolidated on the basis that the parent has control, thus the assets and liabilities of the EBT are included on the consolidated statement of financial position and shares held by the EBT in the company are presented as a deduction from equity under a treasury shares reserve.

Going concern

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

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

The group has considerable financial resources, together with significant forecast cash generation from operations. Management has performed stress testing on forecasts, which show the group has sufficient liquidity, and mitigating measures available, to continue to operate in the event of a significant economic downturn. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making appropriate enquiries, and reviewing the 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, taking into account reasonably possible changes in trading.

Please see the going concern section of the strategic report for further details on the considerations made with regards to the going concern basis of accounting adopted.

Business combinations

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Business combinations (continued)

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds 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 interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill is initially recognised and measured as set out above.

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 group'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.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Goodwill (continued)

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.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Intangible fixed assets and amortisation

Intangible assets acquired are measured on initial recognition at cost. Intangible assets acquired in a business combination are measured at their fair value at the date of acquisition and, following initial recognition are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding internally developed software, are not capitalised and the related expenditure is reflected in the income statement in the period 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:

Goodwill	-	indefinite life
Contracts	-	11 years straight-line
Customer relationships	-	8 years straight-line
Technology	-	6 years straight-line
Brand name	-	15 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 within administrative expenses.

Customer relationships acquired as part of acquisition businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the group.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Impairment of assets

The group 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 group 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. 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 consolidated 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
Leasehold improvements	-	5 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 is calculated using the weighted average method and 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 group.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Derivative financial instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational activities and interest rate risk arising from changes in interest rates. The group does not hedge account its interest rate cap products. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Forward foreign currency and interest rate hedging contracts are recognised at fair value in the consolidated statement of financial position with movements in fair value recognised in the consolidated income statement for the period.

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 group's statement of financial position when the group 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 group'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 group's loans and receivables comprise 'Trade and other receivables' and 'Cash and cash equivalents' in the consolidated 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 SONIA.

Financial liabilities

The group'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 group'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 Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Hedge accounting

The group 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 group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 22 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 consolidated statement of financial position.

Cashflow 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 group 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 consolidated 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 group held effective hedge accounted swap contracts on the consolidated statement of financial position. There are no hedge accounted swap contracts as at 31 October 2022.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Fair value hierarchy (continued)

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with an original maturity of three months or less. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows, as these are used as an integral part of the group's cash management.

Trade and other payables

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

Financial expenses and capitalisation of issue costs of finance

Financial expenses comprise interest payable on interest-bearing loans and borrowings. Financial expenses are recognised in the consolidated income statement on an effective interest method.

Issue costs of finance are netted against the loan finance to which they relate. These costs are allocated to the consolidated income statement over the term of the loan finance facility at the constant rate on the carrying value.

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.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Revenue recognition (continued)

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.

Machine rental

On-Premise Total Care is subscription revenue, on an operating lease arrangement, with a service element incorporated in a single, typically monthly, recurring payment. The Group have concluded the provision of specialist market leading commercial equipment, regular servicing and fully inclusive breakdown cover over the contracted lease term represents a single identifiable performance obligation. Revenue is recognised over the term of the lease.

Managed income

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

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest rate method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Taxation

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

The company is registered in Jersey but is not subject to Jersey income tax and withholding tax, as it is resident in the United Kingdom due to its business being centrally managed and controlled there.

Current tax

The tax currently payable is based on taxable profit for the period. 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 periods and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Taxation (continued)

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 Group 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 Group 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government grants

Government grants are recognised at the fair value of the asset received or receivable where there is reasonable assurance that the grant conditions will be met, and the grants will be received. A grant specifying performance conditions, are recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. During the year, the company received grants in the form of the Coronavirus Job Retention Scheme for the furloughing of employees of £nil (2021: £0.6m). The scheme closed in September 2021.

Pensions

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

Share based payment transactions

The group operates an equity-settled share-based compensation plan through an employee benefit trust.

The fair value of the employee services received under such schemes is recognised as an expense in the income statement. Fair values are determined by use of an appropriate pricing model, in this case the Binomial model, and incorporate an assessment of relevant market conditions where appropriate.

The amount to be expensed over the vesting period is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions (where applicable) at the vesting date.

At each statement of financial position date, the group revises its estimates of the number of share incentives that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity.

Acquisition costs

Acquisition costs and other deal related costs are expensed as incurred to the income statement.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

3. Accounting policies (continued)

Foreign currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pound sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements. 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. Exchange differences arising from the retranslation of monetary items forming part of the net investment in a foreign operation are recognised in the consolidated statement of total recognised gains and losses. All other exchange differences are included in the consolidated income statement.

Contract commissions asset

During the year, the Group has capitalised incremental sales commissions incurred in obtaining long term contracts. These commissions are recognised as current assets and will be recognised as an expense over the contract period.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group'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

The following are the critical judgements, apart from those involving estimation (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of goodwill

The group is required to perform a review of the carrying value of goodwill annually to ensure that it is less than the recoverable amount. This assessment is based on the higher of recoverable amount or an expectation of fair value less costs of disposal and depends on assumptions regarding future performance and valuations achievable on a sale of the business. Details of the review of the carrying value of goodwill are referred to in note 12.

Valuation of other intangible assets

On a business combination the directors are required to recognise and measure at fair value the identifiable assets and liabilities of the acquired business. This requires judgement in identifying intangible assets that meet the recognition criteria in IAS 38 and in attributing fair values.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

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

Depreciation and amortisation

Judgement is required in assessing the useful economic lives of property, plant and equipment and intangible fixed assets. This assessment is based on analysis performed on historic group data, manufacturer's guidance and the directors' best estimate of the life of the asset and of its residual value at the end of its useful economic life.

Allowance for expected credit losses of trade receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. Assumptions are used to derive an overall lifetime expected credit loss rate for specific groupings of trade receivables which have been based on days overdue. These assumptions include historical collection rates and external macro-economic factors. See note 18 for the carrying amount of trade receivables and allowance for expected credit losses.

Leases

The transition to IFRS 16: Leases has involved the company exercising a degree of estimation and judgement.

In determining the lease term, the group assesses whether or not it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. The assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

When the interest rate implicit in the lease is not readily determinable, the group estimates the incremental borrowing rate based on the current rate incurred on its external borrowings.

For the carrying amount of right-of-use assets, see note 14 and for the carrying amount of the related current and non-current lease liabilities, see note 20.

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 17.

Deferred income

Deferred income is recognised in respect of cash loaded on top up cards and mobile phone apps for use on machines at higher education institutions. The deferred income balance is then adjusted based on usage and further cash loaded. Judgement is required when assessing the likelihood of any deferred income balances not being utilised. This assessment is made consistently during the year based on historical trends and ongoing monitoring.

Deferred taxation

The group recognises deferred tax assets and liabilities based on the directors' expectation of future taxable income and the related recoverability of the balance. This assessment requires judgement regarding future income streams and movements in corporation tax rates. Details of the deferred tax assets and liabilities are referred to in note 23.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

5. Revenue

An analysis of revenue by class of business and geographical segment is as follows:

	2022	2021
	£'000	£'000
Distribution and service - United Kingdom	66,858	70,592
Distribution and service - Overseas	335	156
Machine rental - United Kingdom	54,559	50,823
Machine rental - Overseas	768	690
Managed income - United Kingdom	40,003	26,335
Managed income - Overseas	1,377	796
	<u>163,900</u>	<u>149,392</u>

6. Loss before taxation

	2022	2021
	£'000	£'000
Loss before taxation is stated after charging/(crediting):		
Amortisation - intangible assets (note 13)	20,994	20,852
Cost of inventories recognised as an expense (note 17)	23,108	26,513
Depreciation of property, plant and equipment:		
- owned by the group (note 14)	15,034	13,139
- held as right-of-use assets (note 14)	2,533	2,630
Loss on sale of property, plant and equipment	2,386	2,009
Interest rate cap fair value (note 22)	(9,119)	-
Separately disclosed items:		
- terminations	4,924	3,282
- integration	3,936	1,140
- fair value movement in deferred and contingent consideration	(270)	1,716
- legal and other costs	3,091	1,574
- strategic projects	5,263	4,249
- COVID-19 costs	403	2,762
	<u>163,900</u>	<u>149,392</u>

Separately disclosed items comprise of the following:

- 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.
- 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.
- 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.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

7. Auditor's remuneration	2022 £'000	2021 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	12	12
Fees payable to the company's auditor for other services to the group		
The audit of the group and UK subsidiary financial statements	246	218
Total audit fees	<u>258</u>	<u>230</u>
Financial due diligence on acquisitions during the year	35	33
Total audit and non-audit services fees	<u><u>293</u></u>	<u><u>263</u></u>

8. Staff costs

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

	2022 £'000	2021 £'000
Wages and salaries	48,493	43,458
Social security costs	5,765	4,752
Other pension costs	1,485	1,260
	<u>55,743</u>	<u>49,470</u>

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

	2022 No.	2021 No.
Administration and management	151	142
Selling and production	970	982
Research and development	2	2
	<u>1,123</u>	<u>1,126</u>

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

9. Directors' remuneration

	2022 £'000	2021 £'000
Emoluments	1,030	1,018
	<hr/>	<hr/>
	<u>1,030</u>	<u>1,018</u>

During the period there were no retirement benefits accruing to any of the directors (2021: £nil). The highest paid director received remuneration of £641,000 (2021: £526,000).

Key management personnel comprise four executive directors of the company and the group's subsidiary companies (2021: four).

10. Finance costs

	2022 £'000	2021 £'000
Bank loans and overdrafts	30,281	23,520
Preference share debt	53,018	47,353
Interest on lease liabilities	315	410
Amortisation of financing costs	2,742	2,742
	<hr/>	<hr/>
	<u>86,356</u>	<u>74,025</u>

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

11. Taxation

	2022	2021
	£'000	£'000
Analysis of tax credit in the year		
Current tax		
UK corporation tax charge on loss for the year of 19%	-	-
Overseas tax	43	24
Adjustments in respect of prior periods	-	(211)
Total current tax credit	<u>43</u>	<u>(187)</u>
Deferred tax (note 23)		
Origination and reversal of temporary differences	(6,996)	(7,550)
Effect of change in tax rate	(980)	5,709
Adjustments in respect of prior periods	(669)	8
Total deferred tax credit	<u>(8,645)</u>	<u>(1,833)</u>
Total tax credit on loss	<u><u>(8,602)</u></u>	<u><u>(2,020)</u></u>
Tax on loss is attributable to:		
Loss from continuing operations	<u>(8,602)</u>	<u>(2,020)</u>
	<u><u>(8,602)</u></u>	<u><u>(2,020)</u></u>
Tax credit included in other comprehensive income		
	2022	2021
	£'000	£'000
Deferred tax		
Origination and reversal of temporary differences	<u>-</u>	<u>10</u>

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

11. Taxation (continued)

Factors affecting tax credit for the year

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

	2022 £'000	2021 £'000
Loss from continuing operations before tax	(83,177)	(82,624)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(15,804)	(15,699)
Effects of:		
Expenses not deductible for tax purposes	10,557	9,469
Fixed asset differences	(563)	1
Rate change	(2,123)	4,266
Adjustments in respect of prior periods	(669)	(57)
Tax credit for the year	(8,602)	(2,020)

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.

The company is registered in Jersey but is not subject to Jersey income tax and withholding tax, as it is resident in the United Kingdom due to its business being centrally managed and controlled there.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

12. Goodwill

Group	Goodwill £'000
Cost	
At 1 November 2020	413,226
Adjustments arising from the retrospective re-assessment of previous acquisitions within the 12-month measurement period defined in IFRS 3	360
At 31 October 2021	413,586
Additions arising from the acquisition of subsidiary undertakings (note 16)	3,990
At 31 October 2022	417,576
Carrying amount	
At 31 October 2022	417,576
At 31 October 2021	413,586
At 31 October 2020	413,226

The company held no goodwill at the reporting date.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or Group of units that are expected to benefit from that business combination. The CGUs for the business are the Laundry, Catering, Heating and Fire Safety divisions.

The Group 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 year. 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 Group 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 is underpinned by long term contracts. The pre-tax rate used to discount the forecast cash flows is 12.9% for all divisions.

The Group 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.

The sensitivity case utilised by the business of decreasing sales and gross margin by 2% demonstrates a goodwill headroom of £86 million in total. The Laundry and Catering CGUs are sensitive to assumptions used to test for impairment of the carrying value. For an impairment to occur, an increase in the discount rate of Laundry CGU by 2.0% and Catering CGU by 2.2% would be needed. Should trading exhibit the trends reasonably expected in the downside case the directors consider that they have sufficient mitigating actions available to them in terms of cost and margin management to prevent a material impairment being reported.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

13. Intangible assets

Group	Contracts £'000	Customer relationships £'000	Technology £'000	Brand name £'000	Software £'000	Total £'000
Cost						
At 1 November 2020	125,801	35,107	718	50,497	7,634	219,757
Additions	-	-	-	-	56	56
At 31 October 2021	125,801	35,107	718	50,497	7,690	219,813
Additions arising from acquisition	-	6,120	-	-	-	6,120
At 31 October 2022	125,801	41,227	718	50,497	7,690	225,933
Amortisation						
At 1 November 2020	25,256	5,454	265	7,434	1,987	40,396
Charge for the year	11,436	4,389	120	3,366	1,541	20,852
At 31 October 2021	36,692	9,843	385	10,800	3,528	61,248
Charge for the year	11,436	4,643	119	3,367	1,429	20,994
At 31 October 2022	48,128	14,486	504	14,167	4,957	82,242
Carrying amount						
At 31 October 2022	77,673	26,741	214	36,330	2,733	143,691
At 31 October 2021	89,109	25,264	333	39,697	4,162	158,565
At 31 October 2020	100,545	29,653	453	43,063	5,647	179,361

The company held no intangible assets at the reporting date.

Separately identifiable intangible assets were valued and their appropriate useful lives established at the time of acquisition. The carrying value of these assets and their remaining useful life is reviewed annually for indicators of impairment.

Amortisation is charged to administrative expenses in the consolidated income statement.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

14. Property, plant and equipment

Group	Freehold buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Right-of-use assets £'000	Total £'000
Cost							
At 1 November 2019	2,126	17	68,580	434	2,734	6,446	80,337
Additions arising from acquisition	-	59	154	20	186	226	645
Additions	5	24	18,358	3	1,407	2,880	22,677
Disposals	-	-	(3,549)	(35)	-	(198)	(3,782)
At 31 October 2020	2,131	100	83,543	422	4,327	9,354	99,877
Additions	38	104	20,132	223	1,063	1,769	23,329
Disposals	(28)	(24)	(6,396)	(412)	-	(4,524)	(11,384)
At 31 October 2021	2,141	180	97,279	233	5,390	6,599	111,822
Additions arising from acquisition	-	-	-	-	11	-	11
Additions	3	9	23,530	35	596	6,699	30,872
Disposals	-	(27)	(5,935)	-	(231)	(2,287)	(8,480)
At 31 October 2022	2,144	162	114,874	268	5,766	11,011	134,225

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

14. Property, plant and equipment (continued)

Group	Freehold buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures & fittings £'000	Right-of-use assets £'000	Total £'000
Depreciation							
At 1 November 2020	46	2	3,798	166	759	861	5,632
Charge for the year	37	15	11,340	106	977	2,281	14,756
Disposals	-	-	(2,139)	(35)	-	(125)	(2,299)
At 31 October 2020	83	17	12,999	237	1,736	3,017	18,089
Charge for the year	37	15	11,941	140	1,006	2,630	15,769
Disposals	-	-	(3,880)	(283)	-	(2,182)	(6,345)
At 31 October 2021	120	32	21,060	94	2,742	3,465	27,513
Charge for the year	39	29	13,619	135	1,212	2,533	17,567
Disposals	-	(27)	(3,486)	-	(231)	(1,453)	(5,197)
At 31 October 2022	159	34	31,193	229	3,723	4,545	39,883
Net book value							
At 31 October 2022	1,985	128	83,681	39	2,043	6,466	94,342
At 31 October 2021	2,021	148	76,219	139	2,648	3,134	84,309
At 31 October 2020	2,048	83	70,544	185	2,591	6,337	81,788

JLA Acquisitions Topco 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 2022 as detailed below:

Group	2022	2021
	£'000	£'000
The types of assets the cost of right-of-use assets relates to:		
Leasehold property	2,917	2,757
Motor vehicles	8,094	3,839
Office equipment	-	3
	<hr/>	<hr/>
At 31 October	11,011	6,599
	<hr/>	<hr/>
The types of assets the depreciation of right-of-use assets relates to:		
Leasehold property	1,180	1,292
Motor vehicles	3,365	2,171
Office equipment	-	2
	<hr/>	<hr/>
At 31 October	4,545	3,465
	<hr/>	<hr/>
The types of assets the carrying amount of right-of-use assets relates to:		
Leasehold property	1,737	1,465
Motor vehicles	4,729	1,668
Office equipment	-	1
	<hr/>	<hr/>
At 31 October	6,466	3,134
	<hr/>	<hr/>

The company has no property, plant and equipment.

15. Investments

Company	Shares in subsidiary undertakings
	£'000
Cost and net book value	
At 1 November 2020	10,428
Increase in investment resulting from equity-settled share based payment	<hr/> 57
At 31 October 2021	<hr/> 10,485
Increase in investment resulting from equity-settled share based payment	<hr/> -
At 31 October 2022	<hr/> 10,485

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

16. Subsidiaries

The company owns 100% of the issued share capital of the companies listed below, all of which are registered in England and Wales and are registered at Meadowcroft Lane, Halifax Road, Ripponden, Halifax, West Yorkshire, HX6 4AJ, except where otherwise indicated.

Directly held	Country	Registered office	Nature of business
JLA Acquisitions Jersey Holdco Limited	Jersey	11-15 Seaton Place, St Helier, Jersey, JE4 0QH	Intermediate holding company
Indirectly held			
JLA Holdco Limited			Intermediate holding company
JLA Midco Limited			Intermediate holding company
JLA Bidco Limited			Intermediate holding company
JLA New Equityco Limited	Jersey	6th Floor, 37 Esplanade, St Helier, JE2 3QA	Intermediate holding company
JLA New Debtco Limited	Jersey	6th Floor, 37 Esplanade, St Helier, JE2 3QA	Intermediate holding company
JLA New Holdco Limited	Jersey	6th Floor, 37 Esplanade, St Helier, JE2 3QA	Intermediate holding company
JLA Equityco Limited			Intermediate holding company
JLA Debtco Limited			Intermediate holding company
JLA Clean Limited			Intermediate holding company
Inhoco 3498 Limited			Intermediate holding company
Vanilla Group Limited			Intermediate holding company
JLA Limited			Laundry equipment supplier
JLA Total Care Limited			Hire and service of laundry equipment and provision of managed laundry facilities
Circuit Launderette Services Limited			Supply of managed launderettes
Circuit Launderette Services (Ireland) Limited	Ireland	70 Sir Rogerson's Quay, Dublin 2	Supply of managed launderettes
JLA Fire & Security Limited			Installation and service of fire safety equipment
JLA HVAC Limited			Installation and service of heating equipment
Proton (Southern) Limited			Catering equipment supplier
Direct Catering Products Limited		Unit 25, Lodge Hill Industrial Park, Station Road, Wells, BA5 1EY	Catering equipment supplier
Crystal Surface Limited			Specialised cleaning of commercial kitchens
TFS Facilities Services Ltd			Other construction installation
T Jolly Facility Services Limited			Intermediate holding company
Atlas Services Holdings Limited			Intermediate holding company
Astral Total Limited			Dormant
FSW Holdings Limited			Intermediate holding company
DCSW Limited			Intermediate holding company

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

16. Subsidiaries (continued)

Indirectly held (continued)	Country	Registered office	Nature of business
Atlas Sterile Services Limited			Dormant
Astral Fire and Security Limited			Installation and service of fire safety equipment
MacDonald Martin Limited			Installation and service of fire safety equipment
Firewatch South West Limited			Installation and service of fire safety equipment
Fire Facilities Management Limited			Dormant
Ellesmere Group Limited			Dormant
Newcombustion Engineering Limited			Dormant
Trinity Heat Care Limited			Dormant
Ripponden 10 Limited			Dormant
Ripponden 11 Limited			Dormant
Ripponden 12 Limited			Dormant
Westwells (North West) Limited			Dormant
Newco Catering Equipment Limited			Dormant
Acer Equipment Limited			Dormant
Martin & Richards Limited			Dormant
Fire Bright Solutions Limited			Dormant
The Stanland Group Limited			Dormant
Washrite Limited			Dormant
Circuit Rentals Limited			Dormant
Wilson Electrics Limited			Dormant
William Whitfield Limited	Scotland	6 Belgrave Street, Bellshill Industrial Estate, Bellshill, ML4 3NP	Dormant
Comcat Engineering Limited	Scotland	6 Belgrave Street, Bellshill Industrial Estate, Bellshill, ML4 3NP	Dormant
20 20 Lifts & Escalators Ltd			Dormant
Mehvac Ltd			Dormant
Central Building Maintenance Ltd			Dormant

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

16. Subsidiaries (continued)

Acquisition of TFS Facilities Services Ltd in June 2022	TFS Facilities Services Ltd
	Book value & provisional fair value £'000
Identifiable intangible assets (note 13)	6,120
Property, plant and equipment (note 14)	11
Financial assets	3,501
Financial liabilities	(2,021)
Deferred tax liability (note 23)	(1,530)
Total identifiable assets and liabilities	6,081
Goodwill (note 12)	3,990
Total consideration	10,071
Satisfied by:	
Cash consideration	7,234
Fair value of contingent consideration	2,837
Total consideration	10,071
Net cash outflow arising on acquisition:	
Cash consideration	7,234
Less: cash, overdraft, and cash equivalent balances acquired	(2,152)
	5,082

On 27 June 2022, the group acquired 100% of the issued ordinary share capital and voting rights of TFS Facilities Services Ltd for cash consideration including a fair value estimate of the deferred contingent consideration eventually payable if criteria are met post-acquisition of £2,837,000. 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.

The acquisition costs incurred and expensed to the consolidated income statement are presented within administrative expenses.

The goodwill arising on the acquisition noted above is principally considered to relate to:

- the value of the assembled workforce which is not separately identifiable;
- expected business synergies; and
- savings related to increased buying power with common suppliers.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

17. Inventories

Group	31 October 2022 £'000	31 October 2021 £'000
Finished goods and goods for resale	23,345	15,059
Work in progress	210	103
	<u>23,555</u>	<u>15,162</u>

The company held no inventory at the reporting date.

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

Inventories are stated after provisions for impairment of £1,257,000 (2021: £1,000,082).

No unutilised provision was reversed during the period.

18. Trade and other receivables

Group	31 October 2022 £'000	31 October 2021 £'000
Trade receivables	24,971	26,094
Allowance for expected credit losses (note 35)	(3,149)	(2,599)
	<u>21,822</u>	<u>23,495</u>
Other receivables	4,052	5,702
Prepayments	4,906	4,352
Contract commissions	120	-
	<u>30,900</u>	<u>33,549</u>
Group - non-current		
Contract commissions – non current	<u>786</u>	<u>-</u>
Company	31 October 2022 £'000	31 October 2021 £'000
Current		
Other receivables	-	31
	<u>-</u>	<u>31</u>
Non-current		
Amounts owed by group undertakings – non current	448,688	413,012
	<u>448,688</u>	<u>413,012</u>

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

18. Trade and other receivables (continued)

Interest is charged at 12% on the intercompany loan lent to JLA Acquisitions Jersey Holdco Limited. The principal loan amount is £298,134,000. No interest is charged on the other amounts owed to 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 49 days (2021: 57 days). Allowances 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.

Ageing of receivables (net of allowance for doubtful debts)

	31 October 2022 £'000	31 October 2021 £'000
Not past due	15,332	12,510
0-30 days	1,879	3,672
31-60 days	526	1,755
61-90 days	353	918
91 days and above	3,732	4,640
	<u>21,822</u>	<u>23,495</u>

Ageing of impaired receivables

	31 October 2022 £'000	31 October 2021 £'000
Not past due	438	468
0-90 days	71	351
91+ days	2,640	1,780
	<u>3,149</u>	<u>2,599</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.

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Notes to the financial statements Year ended 31 October 2022

19. Trade and other payables

Group	31 October 2022 £'000	31 October 2021 £'000
Current liabilities		
Trade payables	22,509	20,352
Social security and other taxes	7,470	8,075
Accruals	10,465	10,925
Deferred income	4,398	4,525
Other creditors	348	988
	45,190	44,865
	45,190	44,865

The directors consider that the carrying amount of trade payables approximates to their fair value. Social security and other taxes includes contributions payable of £287,000 (2021: £93,000) arising from the group's defined contribution pension scheme.

Within accruals is deferred consideration of £3,158,000 (2021: £2,971,000). During the year, £2,379,000 was paid.

Company	31 October 2022 £'000	31 October 2021 £'000
Current liabilities		
Accruals	11	11
Amounts owed to group undertakings	1,846	1,361
	1,857	1,372
	1,857	1,372

The amounts owed to group undertakings are interest free and repayable on demand.

20. 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:

Group	Property leases 31 October 2022 £'000	Motor vehicle leases 31 October 2022 £'000	Total leases 31 October 2022 £'000
Within one year	468	1,709	2,177
Within one to five years	1,405	3,436	4,841
Over five years	16	-	16
	1,889	5,145	7,034
	1,889	5,145	7,034

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Notes to the financial statements Year ended 31 October 2022

20. Lease liabilities (continued)

Group	Property leases 31 October 2021 £'000	Motor vehicle leases 31 October 2021 £'000	Total leases 31 October 2021 £'000
Within one year	413	1,278	1,691
Within one to five years	941	1,010	1,951
Over five years	31	-	31
	<u>1,385</u>	<u>2,288</u>	<u>3,673</u>

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:

Group	Property leases 31 October 2022 £'000	Motor vehicle leases 31 October 2022 £'000	Total leases 31 October 2022 £'000
Within one year	568	1,965	2,533
Within one to five years	1,549	3,696	5,245
Over five years	16	-	16
	<u>2,133</u>	<u>5,661</u>	<u>7,794</u>

Group	Property leases 31 October 2021 £'000	Motor vehicle leases 31 October 2021 £'000	Total leases 31 October 2021 £'000
Within one year	470	1,366	1,836
Within one to five years	1,228	1,045	2,273
Over five years	48	-	48
	<u>1,746</u>	<u>2,411</u>	<u>4,157</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.

	£'000
At 1 November 2021	3,673
Additions	6,699
Interest charged	315
Payments made	(2,767)
Disposals	(886)
	<u>7,034</u>
At 31 October 2022	<u>7,034</u>

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Notes to the financial statements Year ended 31 October 2022

21. Borrowings

Group	31 October 2022 £'000	31 October 2021 £'000
Bank loans	501,845	462,927
Redeemable preference shares	496,160	443,142
	<u>998,005</u>	<u>906,069</u>
Company	31 October 2022 £'000	31 October 2021 £'000
Redeemable preference shares	<u>496,160</u>	<u>443,142</u>

Included within the above are amounts falling due as follows:

	31 October 2022 £'000	31 October 2021 £'000
Between two and five years		
Bank loans	<u>501,845</u>	<u>462,927</u>
	£'000	£'000
Over five years		
Bank loans	-	-
Redeemable preference shares	<u>496,160</u>	<u>443,142</u>
	<u>496,160</u>	<u>443,142</u>

The facilities comprise a £260 million 1st lien term loan repayable on 15 August 2025, a £95 million 2nd lien term loan repayable on 15 August 2025 and a £50 million revolving credit facility repayable on 15 August 2024.

On 28 February 2020, the group secured additional loan facilities to its 1st and 2nd lien term loans. A £30 million Facility B2 Senior loan was secured and fully drawn on the same terms as the 1st lien term loan, repayable on 15 August 2025. A £10 million Facility B2 Second Lien was secured and fully drawn on the same basis as the 2nd lien term loan, repayable on 15 August 2025.

On 28 February 2020, the group secured a new Acquisition & Capex Facility ("ACF") of £40 million which can be used to refinance existing bank debt, acquisitions or capital expenditure. The ACF was secured on the same terms as the 1st lien term loan. The ACF was available to draw until 28 August 2022, with any drawn balance repayable on 15 August 2025.

At 31 October 2022, the group had utilised £50 million (31 October 2021: £50 million) of the revolving credit facility. The senior facilities term loans were drawn down in full. At 31 October 2022, the group had drawn down £40 million (31 October 2021: £15 million) of the ACF.

The term loan facilities are secured by fixed and floating charges over a number of the group's subsidiaries. The Group is subject to interest rate benchmark reform regulation as LIBOR has been replaced by alternative benchmark interest rates from 31 December 2021. From 1 December 2021, the Group has replaced LIBOR with an alternative risk-free-rate, Sterling Overnight Index Average (SONIA).

In the current year, the interest rate payable on all facilities is based on a margin above SONIA. During the year the Group purchased an interest rate cap (note 22). Under the terms of the interest rate cap, £325 million of the group's debt facilities are capped at a SONIA rate of 2.5% until April 2024.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

21. Borrowings (continued)

At 31 October 2022, included within bank loans is an amount of £7,845,000 (2021: £10,587,000) in respect of unamortised loan costs. The loan costs are being written off over the period of the debt to which they relate to.

On 15 August 2018, 307,640,473 cumulative redeemable preference shares were issued as fully paid with a par value of £0.00001 per share and a share premium of £0.99999. The redeemable preference shares are mandatorily redeemable at par on the earlier of the completion of a sale of the group or the day immediately before a listing and incur a fixed coupon of 12% compounding annually. Redeemable preference shares do not carry the right to vote.

22. Derivative financial instruments

	31 October 2022 £'000	31 October 2021 £'000
Group		
Derivatives that are designated and effective as hedging instruments carried at fair value		
Interest rate cap	9,119	-
Diesel swap contract	-	(8)
Foreign currency forward contracts	-	(2)
	<u>9,119</u>	<u>(10)</u>

The company held no derivative financial instruments at the reporting date.

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

	31 October 2022 £'000	31 October 2021 £'000
Group		
Lloyds Bank Plc		
Derivative (assets)/liabilities		
Interest rate cap	9,119	-
Diesel swap contract	-	(8)
Foreign currency forward contracts	-	(2)
	<u>9,119</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.

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Notes to the financial statements Year ended 31 October 2022

22. Derivative financial instruments (continued)

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.

Interest rate cap

In April 2022, the group entered into an interest rate cap with a principal value of £325 million to hedge the financial risk of future interest rate rises. This was designated as a cash flow hedge. The specified period of the contract is the 24 months from April 2022 to April 2024.

23. Deferred taxation

Group	31 October 2022 £'000	31 October 2021 £'000
Non-current deferred tax asset	26,086	20,580
Non-current deferred tax liability	(35,293)	(36,902)
	<u>(9,207)</u>	<u>(16,322)</u>
		£'000
At 1 November 2020		(18,165)
Current period – income statement		1,833
Current period – other comprehensive income		10
		<u>(16,322)</u>
At 31 October 2021		(16,322)
On acquisition of subsidiaries		(1,530)
Adjustments arising from retrospective re-assessment		-
Impact of tax rate change on acquisition of subsidiaries		-
Current period – income statement		8,645
Current period – other comprehensive income		-
		<u>(9,207)</u>

The company did not have a deferred tax asset or liability at the reporting date.

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Notes to the financial statements Year ended 31 October 2022

23. Deferred taxation (continued)

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

	Tangible fixed assets £'000	Intangible fixed assets £'000	Derivative financial assets and liabilities £'000	Losses £'000	Other temporary differences £'000	Total £'000
As at 1 November 2020	2,680	(33,046)	(7)	11,788	420	(18,165)
Rate change	1,619	(7,566)	-	1,670	11	(4,266)
Current period – income statement	6,403	3,709	-	(3,730)	(283)	6,099
Current period – other comprehensive income	-	-	10	-	-	10
As at 31 October 2021	10,702	(36,903)	3	9,728	148	(16,322)
On acquisition of subsidiaries	-	(1,530)	-	-	-	(1,530)
Adjustments arising from retrospective re- assessment	-	-	-	-	-	-
Impact of tax rate change on acquisition of subsidiaries	-	-	-	-	-	-
Rate change	1,330	(1,554)	(3)	1,099	14	886
Current period – income statement	683	4,694	-	2,507	(125)	7,759
Current period – other comprehensive income	-	-	-	-	-	-
As at 31 October 2022	<u>12,715</u>	<u>(35,293)</u>	<u>-</u>	<u>13,334</u>	<u>37</u>	<u>(9,207)</u>

Certain deferred tax assets and liabilities have been netted off as required by IAS12. The amount of non-current deferred tax liability disclosed on the face of the balance sheet after this set-off is £9,207,000 (2021: £16,322,000).

Deferred tax assets totalling approximately £61,000 (2021: £54,000) have not been recognised on losses carried forward of £246,000 (2021: £246,000).

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.

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Notes to the financial statements Year ended 31 October 2022

24. Share capital

	Share nominal £'000	Share premium £'000	Share capital £'000
Allotted, called up and fully paid at 31 October 2022			
180,378 A1 ordinary shares of £1 each (par value £0.01)	2	178	180
15,000 A2 ordinary shares of £1 each (par value £0.20)	3	12	15
762,821 B1 ordinary shares of £1 each (par value £0.01)	7	756	763
32,579 B2 ordinary shares of £1 each (par value £0.01)	1	32	33
	<u>13</u>	<u>978</u>	<u>991</u>
	<u><u>13</u></u>	<u><u>978</u></u>	<u><u>991</u></u>
	Share nominal £'000	Share premium £'000	Share capital £'000
Allotted, called up and fully paid at 31 October 2021			
180,378 A1 ordinary shares of £1 each (par value £0.01)	2	178	180
15,000 A2 ordinary shares of £1 each (par value £0.20)	3	12	15
762,821 B1 ordinary shares of £1 each (par value £0.01)	7	756	763
32,579 B2 ordinary shares of £1 each (par value £0.01)	1	32	33
	<u>13</u>	<u>978</u>	<u>991</u>
	<u><u>13</u></u>	<u><u>978</u></u>	<u><u>991</u></u>

The A1, A2, B1 and B2 represent the ordinary shares and entitle the holders to receive by way of dividend any profits available for distribution. The four classes of ordinary shares rank pari passu but constitute separate classes of share.

The A1 Ordinary shares do not entitle the holder to attend or vote at any general meeting or on any resolution proposed to members.

The A2 Ordinary shares entitle the holders to receive notice and to vote at general meetings on the basis that 5,000 A2 Ordinary Shares shall represent 5% of the total voting rights attaching to the Ordinary Shares.

The B1 and B2 Ordinary shares entitle the holders to receive notice and to vote at general meetings on the basis of one vote per share.

Reconciliation of the number of shares	A1 ordinary shares	A2 ordinary shares	B1 ordinary shares	B2 ordinary shares	Total number of shares
At 31 October 2021	180,378	15,000	762,821	32,579	990,778
At 31 October 2022	<u>180,378</u>	<u>15,000</u>	<u>762,821</u>	<u>32,579</u>	<u>990,778</u>

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Notes to the financial statements Year ended 31 October 2022

25. Share based payments

The Group has an Employee Benefit Trust (“EBT”), whereby the group, at the discretion of the Board, award ordinary class of shares in the company to employees. The EBT is administered by the Trustee, as appointed by the company. The Trustee may consider any recommendations made by the company but the company has no power to direct the Trustee to comply with such recommendations. The company has the power to appoint and remove Trustees.

Shares can also be awarded, at the discretion of the Board, directly to employees.

Ordinary shares awarded to employees vest on a sale or public listing of the group.

At 31 October 2022, there were 150,368 A ordinary shares awarded to employees (2021: 150,368 A ordinary shares).

During the year ended 31 October 2022 the group has recorded a share based payment charge of £110,000 (2021: £57,000).

For the ordinary shares awarded in the year, management has used a Binomial valuation model to determine the price of the ordinary shares at grant date. The valuation model inputs used to determine the fair value at the grant date were:

2021:	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date					
31/10/2020	20,000	-	-	-	20,000
31/03/2021	-	114,220	-	-	114,220
24/08/2021	-	16,148	-	-	16,148
	<u>20,000</u>	<u>130,368</u>	<u>-</u>	<u>-</u>	<u>150,368</u>
2022:	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Grant date					
31/10/2021	150,368	-	-	-	150,368
2022	-	-	-	-	-
	<u>150,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,368</u>

For the options granted during the prior financial year, the valuation model inputs used to determine the fair value at the grant date are as follows:

2021:	Expiry date	Share price at grant date	Exercise price	Expected volatility	Expected dividend yield	Risk-free interest rate
Grant date						
24/8/2021	3.19 years	£5.21	£1.05	39.08%	0%	0.27%
31/3/2021	3.59 years	£5.21	£1.05	38.91%	0%	0.41%

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Notes to the financial statements Year ended 31 October 2022

26. Reserves

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

Reserve	Description and purpose
Retained earnings	Cumulative net gains and losses from recognised earnings in the consolidated income statement.
Hedging reserve	Cumulative net gains and losses from highly effective hedging instrument derivative movements recognised initially in the consolidated statement of total comprehensive income before being recycled into the consolidated income statement when the hedging instrument matures.
Treasury shares reserve	Shares held in the company by an Employee Benefit Trust (“EBT”) which is presented as a deduction from equity. The EBT is considered to be under the control of the company and as such is consolidated under the provisions of IFRS 10.
Share-based payments reserve	Cumulative cost of share-based payment transactions in which equity instruments have been granted.
Share premium	Amount subscribed for share capital in excess of nominal value, and deduction of costs of raising equity.

27. Net cash flow from operating activities

Group	2022 £'000	2021 £'000
Operating profit/(loss)	(5,940)	(8,599)
Fair value movement in deferred and contingent consideration payable	(270)	1,716
Amortisation and impairment of intangible assets	20,994	20,852
Depreciation and impairment of property, plant and equipment	17,567	15,769
Loss on disposal of property, plant and equipment	2,386	2,009
Interest rate cap fee (note 22)	(1,305)	-
Equity settled share based payment expense	-	57
(Increase)/decrease in inventories	(8,393)	(3,565)
Decrease/(increase) in receivables	3,058	1,420
Increase in payables	(1,871)	3,817
Net cash inflow from operations	26,226	33,476

The subsidiary undertakings acquired during the period contributed £0.9m (2021: £nil) to the group's net operating cash flows.

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Notes to the financial statements Year ended 31 October 2022

28. Analysis of cash flows for headings netted in cash flow statement

	2022	2021
	£'000	£'000
Taxation		
Corporation tax paid	(115)	(578)
	<hr/> <hr/>	<hr/> <hr/>
Investing activities		
Purchase of property, plant and equipment	(24,173)	(21,560)
Purchase of intangible software assets	-	(56)
Proceeds from disposal of assets	23	3,030
Purchase of right of use assets	-	(2,733)
Purchase of subsidiary undertakings (net of cash acquired) (note 16)	(5,082)	-
Deferred consideration settled	(2,379)	(1,286)
	<hr/> <hr/>	<hr/> <hr/>
Net cash outflow from investing activities	(31,611)	(22,605)
	<hr/> <hr/>	<hr/> <hr/>
Financing activities		
<i>Debt</i>		
New bank acquisition facility drawdown	25,000	-
Capital repayment of lease liabilities	(2,767)	(2,307)
Repayment of loan note	-	(287)
Proceeds from issue of shares	-	4
Proceeds from share awards by EBT	-	109
Purchase of parent company shares by EBT	-	(54)
	<hr/> <hr/>	<hr/> <hr/>
Net cash inflow/(outflow) from financing activities	22,233	(2,535)
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the financial statements Year ended 31 October 2022

29. Consolidated reconciliation of net cash flow to movement in net debt and analysis of changes in net debt

	2022 £'000	2021 £'000
(Decrease)/increase in cash in the period	(641)	(6,907)
Cash outflow from movement in debt and lease financing	(22,233)	5,503
Change in net debt resulting from cash flows	(22,874)	(1,404)
Lease liabilities	(6,128)	(1,769)
Amortisation of fees	(2,742)	(2,742)
Redeemable preference share interest	(53,018)	(47,353)
Other non-cash movements	(11,176)	(9,644)
Movement in net debt in the period	(95,938)	(62,912)
Net debt at start of the period	(885,153)	(822,241)
Net debt at end of the period	(981,091)	(885,153)

	31 October 2021 £'000	Cash flow £'000	Acquisitions £'000	Non cash £'000	31 October 2022 £'000
Cash at bank and in hand	24,589	4,441	(5,082)	-	23,948
Debt					
Debt due within one year	-	-	-	-	-
Debt falling due after more than one year	(906,069)	(25,000)	-	(66,936)	(998,005)
Lease liabilities	(3,673)	2,767	-	(6,128)	(7,034)
	<u>(885,153)</u>	<u>(17,792)</u>	<u>(5,082)</u>	<u>(73,064)</u>	<u>(981,091)</u>

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Notes to the financial statements Year ended 31 October 2022

29. Consolidated reconciliation of net cash flow to movement in net debt and analysis of changes in net debt (continued)

	31 October 2020 £'000	Cash flow £'000	Non cash £'000	31 October 2021 £'000
Cash at bank and in hand	31,496	(6,907)	-	24,589
Debt				
Debt due within one year	(287)	287	-	-
Debt falling due after more than one year	(846,740)	-	(59,329)	(906,069)
Lease liabilities	(6,710)	5,216	(2,179)	(3,673)
	<u>(822,241)</u>	<u>(1,404)</u>	<u>(61,508)</u>	<u>(885,153)</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above. There was no bank overdraft in either period.

30. Major non-cash transactions

In the current period, major non-cash transactions include amortisation of loan costs, non-cash interest charges and the change in fair value of the interest rate cap as shown in note 29.

31. Guarantees

A guarantee has been given by the group in favour of HMRC to a limit of £700,000.

The group makes use of bank facilities on a group wide basis, whereby certain companies guarantee the borrowings of the others. Details of the group's borrowings are given in note 21.

32. Pension commitments

The group operates a defined contribution pension scheme. During the period contributions of £1,485,000 (2021: £1,260,000) were charged to the Consolidated Income Statement, there was £287,000 (2021: £93,000) outstanding at the year end in respect of this.

33. Acquisition of TFS Facility Services Limited

The Group acquired TFS Facilities Services Ltd on 27 June 2022 (note 16).

34. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, monitoring fees of £360,000 (2021: £288,000) were charged to the group from its ultimate controlling party, Cinven Partners LLP. There was a balance payable of £180,000 (2021: £99,000) at the statement of financial position date.

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Notes to the financial statements Year ended 31 October 2022

35. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

The group's principal financial instruments comprise interest bearing loan notes and bank borrowings. The main purpose of these financial instruments is to finance the group's operations. The group has various other financial assets and liabilities such as cash balances, receivables and trade and other payables that arise from its operations, as well as derivative financial instruments.

The group's activities expose it to various financial risks: market risk (foreign exchange risk and interest risk), liquidity risk and credit risk.

Derivative financial instruments and hedge accounting

Derivatives are transacted to mitigate financial risks that arise as a result of the group's operating activities and funding arrangements. At the inception of a hedge, the group documents the relationship between the hedging instrument and the hedged item, the risk management objective and strategy for undertaking the hedge.

The group assesses whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item at inception and it also assesses whether the hedge has been and will continue to be effective on an ongoing basis.

All derivatives are initially recognised at fair value and are also measured at fair value at each reporting date. Derivatives with positive fair values are recognised as assets and those with negative fair values as liabilities. They are also categorised as current or non-current according to the maturity of each derivative. All gains or losses arising due to changes in the fair value of derivatives are recognised in profit or loss except when the derivative qualifies for cash flow hedge accounting.

Cash flow hedges

The group designates derivatives into a cash flow hedge where they have been transacted to hedge a highly probable forecast transaction or a particular risk associated with an asset or liability. The effective portion of the change in the fair value of the derivatives, that are designated into cash flow hedge relationships, are recognised in other comprehensive income. Cumulative gains or losses on derivatives are reclassified from other comprehensive income into profit or loss in the period when the transaction occurs. Any ineffective portion of the gain or loss on the derivative is immediately recognised in profit or loss. The group has a centralised treasury function which manages funding, liquidity and other financial risk.

The objective of the policy and controls that are established are to mitigate the risk of an adverse impact on the performance of the group as a result of its exposure to financial risks arising from the group's operations and its sources of finance. It is the group's policy not to engage in speculative trading of financial instruments.

The Board retains ultimate responsibility for treasury activity and is involved in key decision making.

Foreign exchange risk

The majority of purchases made by the group are denominated in sterling, however a substantial portion of trade purchases are made in other currencies, primarily the Euro and US dollar. The group's objective is to reduce short term profit volatility from exchange rate fluctuations. The group monitors its unhedged currency risks and uses forward exchange contracts to mitigate these risks.

At the balance sheet date, the group had taken out forward currency contracts in US dollar and Euros to hedge against the US dollar and Euro.

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Notes to the financial statements Year ended 31 October 2022

35. Financial instruments (continued)

Currency risk

The group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than GBP, primarily the Euro (€) and US Dollars (\$).

The group's exposure to foreign currency risk may be summarised as follows:

	31 October 2022		31 October 2021	
	US Dollars \$'000	Euros €'000	US Dollars \$'000	Euros €'000
Trade receivables	-	306	-	263
Trade payables	(6,164)	(1,919)	(2,684)	(2,760)
Bank	2,060	1,199	302	1,987
	<hr/>	<hr/>	<hr/>	<hr/>
Balance sheet exposure	(4,104)	(414)	(2,382)	(510)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The following exchange rates applied during the year:

	2022 Average rate	2021 Average rate
US Dollar	1.24	1.37
Euro	1.17	1.15
	<hr/> <hr/>	<hr/> <hr/>

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its obligations as they fall due. The group evaluates and continuously monitors the amount of liquid funds needed for business operations. The group has a £355 million long term bank loan with a £50 million revolving credit facility, secured until between 15 August 2024 and 15 August 2025 to support its short and medium term liquidity needs.

Interest risk

The group's exposure to interest rate risk relates primarily to obligations on bank borrowings, which are based on SONIA. None of the group's borrowings at reporting date are at a fixed rate and there are no conditions in the senior funding agreement regarding fixing any portion of the interest risk

At the reporting date, the sensitivity to a reasonable possible change (+/- 0.5%) in the SONIA rates would equate to a £2.5 million (2021: £2.4 million based on LIBOR) annual post tax profit or loss. During the year the Group purchased an interest rate cap (note 22). Under the terms of the interest rate cap, £325 million of the group's debt facilities are capped at a SONIA rate of 2.5% until April 2024.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

35. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers.

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

The group has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered.

The group's review includes external ratings, where available, and in some cases references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment basis or after payment of an upfront deposit.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the group may have a secured claim. The group does not require collateral in respect of trade and other receivables.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This is then assessed by industry sector to enable an evaluation of the estimate of incurred losses for its reasonableness.

The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The reconciliation of the allowance for expected credit loss for the period is shown below:

Group	2022 £'000	2021 £'000
At 31 October	2,599	3,308
Balance acquired	-	-
Used in the year	(753)	(1,709)
Created in the year	1,303	1,000
	<hr/>	<hr/>
At 31 October	3,149	2,599

The carrying value of financial assets represents the maximum credit exposure. The maximum exposure at the reporting date was:

Group	31 October 2022 £'000	31 October 2021 £'000
Trade receivables	21,822	23,495
Cash and cash equivalents	23,948	24,589
	<hr/>	<hr/>
	45,770	48,084

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

JLA Acquisitions Topco Limited

Notes to the financial statements Year ended 31 October 2022

35. Financial instruments (continued)

Fair values

Most of the group's financial instruments are carried at fair value in the Statement of Financial Position. For certain other financial instruments, specifically trade and other receivables/payables, the carrying amounts approximate to fair value due to the immediate or short term nature of these financial instruments.

	As of 31 October 2022		As of 31 October 2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Financial assets				
Current				
Cash and bank balances	23,948	147	24,589	116
Trade and other receivables	25,874	-	29,197	31
Non-current				
Amounts owed by group undertakings	-	448,688	-	413,012
Derivative financial instruments	9,119	-	10	-
Total financial assets	58,941	448,835	53,796	413,159
Financial liabilities				
Current				
Trade and other payables	(37,720)	(1,857)	(36,790)	(1,372)
Lease liabilities	(2,177)	-	(1,691)	-
Non-current				
Interest bearing loans and borrowings	(998,005)	(496,160)	(906,069)	(443,142)
Lease liabilities	(4,857)	-	(1,982)	-
Total financial liabilities	(1,042,759)	(498,017)	(946,532)	(444,514)

Fair value hierarchy

As at 31 October 2022, the group held the following financial instruments carried at fair value in the statement of financial position:

Foreign exchange forward contracts and interest rate cap

The group 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 and 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; and

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

Derivative financial instruments are level 2 and all other financial instruments are level 3.

JLA Acquisitions Topco Limited

Notes to the financial statements

Year ended 31 October 2022

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

The largest and smallest group in which the results of the company were consolidated was that headed by JLA Acquisitions Topco Limited, which is incorporated in Jersey.

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