Personnel Hygiene Services Limited

Annual report
for the period ended 30 June 2021

Registered no: 770813

phs Group

Personnel Hygiene Services Limited

Annual report
for the period ended 30 June 2021

Personnel Hygiene Services Limited

Directors and advisors

Directors

M E S Brabin	(appointed 24 February 2021)
C J Thomas	
T G Scruse	
A Fainman	
D J B Taylor-Smith	(resigned 23 February 2021)
N T Madisa	(resigned 30 October 2020)

Secretary and registered office

D Finlayson
PHS Group
Block B
Western Industrial Estate
CAERPHILLY
CF83 1XH

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
One Kingsway
CARDIFF
CF10 3PW

Solicitors

Blake Morgan LLP
One Central Square
CARDIFF
CF10 1FS

Personnel Hygiene Services Limited

Strategic report
for the period ended 30 June 2021

The Directors present the Strategic report of Personnel Hygiene Services Limited ("PHS") for the 53-week period ended 30 June 2021.

Business overview

In May 2020, PHS Bidco Limited, a parent company, was acquired by Bidvest Services (UK) Limited. In order to align with the new group's reporting, the reporting date of the Company was extended to 30 June. Consequently, the results in these financial statements are for the 53 weeks ending 30 June 2021 and are not directly comparable to the previous period which include the results for the 64 weeks ending 21 June 2020.

To present a true reflection of the Company's performance, the key Statement of comprehensive income lines for the prior period have been shown below on a pro-rata basis (53/64ths of the audited result for that period). These figures are discussed in the financial review that follows.

	Audited 53-weeks ended 30 June 2021 £m	Audited 64-weeks ended 21 June 2020 £m	Unaudited 53-weeks (pro-rata) 21 June 2020 £m
Turnover	**216.0**	**239.3**	**198.2**
EBITA before exceptional items	**41.5**	**35.5**	**29.4**

"EBITA before exceptional items" is earnings before interest, tax, amortisation and exceptional items.

Financial review

During the period turnover decreased by 9.7% to £216.0m (2020: £239.3m). After adjustment on a pro-rata basis, the turnover for the period increased by 9.0% to £216.0m (2020: £198.2m). The Company performed strongly during the period despite the impact of Covid-19 which commenced in March 2020 and continued through to the reporting date with various lockdowns throughout the United Kingdom.

Revenues reduced in certain areas of the business as a direct result of Covid-19 due to PHS's customers being impacted by various restrictions imposed throughout the UK during the financial period. Revenue recovered as the lockdown measures were fully lifted towards the end of June 2021 and this has continued into the new financial year. We played a key role in supporting the national response in each country where we operate by providing Covid-19 related services to the Healthcare sector and to businesses and organisations by providing products and services which ensured that their premises were safe to re-open and remain open.

EBITA before exceptional costs increased by 16.8% to £41.5m (2020: £35.5m). After adjustment on a pro-rata basis, EBITA before exceptional costs increased by 41.1% to £41.5m (2020: £29.4m). Whilst Covid-19 has had a significant impact on our business the launch of Covid-19 products and improved cost control measures in the prior period together with provision of essential services to the Healthcare sector and the easing of restrictions in the current period ensured that our EBITA before exceptional costs recovered strongly in the period.

Exceptional costs of £0.6m (2020: £29.9m) were incurred in the period resulting in an operating profit of £40.9m (2020: £5.6m). Further information on exceptional costs can be found in note 10.

Income from shares in group undertakings was £17.9m (2020: £nil) and amounts written off investments was £1.0m (2020: £nil). The net finance expense for the financial period was £18.7m (2020: £4.8m) and the pre-tax profit was £39.0m (2020: £0.8m).

Strategic report
for the period ended 30 June 2021 (continued)

Business overview (continued)

The tax charge for the period was £8.8m (2020: £2.9m), resulting in a profit for the financial period of £30.2m (2020: £2.1m loss).

The net assets of the Company at 30 June 2021 totalled £193.1m (2020: £143.9m).

Covid-19 pandemic

The Covid-19 pandemic has had an unprecedented impact on businesses and economic activity across the world. Almost every business has been affected by uncertainty in revenues.

At PHS we very quickly put in place a 3-stage plan called Respond, Recover & Rebuild, ensuring that we minimised the impact of Covid-19 as much as possible. Our priorities are to:

(i) Protect PHS employees and PHS;

(ii) Support our Customers' recovery; and

(iii) Help to stop Covid-19 spreading.

'Respond' dealt with our initial response to Covid-19; ensuring the protection of our employees, assessing and responding to changing customer requirements, establishing new ways of working as well as reviewing any support available within the UK, Spain and Ireland. 'Recover' focused on supporting our customers' recovery, ensuring they could re-open safely. While during 'Rebuild' we are adjusting our plans to take account of the new opportunities which may be on offer as well as dealing with future challenges.

Whilst the business took measures to continue operating throughout the initial lockdown periods, the uncertainty over the likely economic situation and business activity over the next 12 months makes forecasting and risk mitigation measures difficult. Our results and cash flow have stabilised and we expect this to continue into the foreseeable future. The business has maintained comfortable levels of cash reserves throughout the Covid-19 pandemic.

Most businesses within our portfolio are focused on hygiene or hygiene related products and services which the government has listed as 'essential' and this means we are well placed to continue delivering services throughout the pandemic. Whilst the future path of Covid-19 remains uncertain, the majority of our customers who were affected by Covid-19 have re-opened, so the business has returned to close to normal operating levels.

PHS will continue to support its customers, suppliers and colleagues as we have done throughout each phase of the pandemic to date.

Principal risks and uncertainties

The Company is managed as part of a group of companies whose parent company is PHS Bidco Limited, an undertaking incorporated in the United Kingdom and of which the Company is a wholly owned subsidiary.

The principal risks for the Company relate to competition for new and existing customers and therefore the price and service proposition at which contracts are entered into, and the retention of key employees.

To mitigate these risks, the Company strives to maximise the quality of customer service it offers, providing the best products and services to deliver best value to its customers. In addition, the Company provides competitive remuneration packages for its employees as well as significant training and development initiatives, backed up by improvement plans based on employee surveys.

Personnel Hygiene Services Limited

Strategic report
for the period ended 30 June 2021 (continued)

Principal risks and uncertainties (continued)

The Company is also exposed to foreign exchange, interest rate and liquidity risks. These risks are not considered significant to the business but if they do materialise they may have an adverse effect on profitability and cash flow.

Key performance indicators

The following financial key performance indicators are used to judge performance towards those strategic objectives listed above. To present a true reflection of the Company's performance, the KPIs shown below have been prepared with the 53-week period ending 30 June 2021 being compared to 53/64ths of the result for the 64-week period ending 21 June 2020. Likewise, the Change in turnover for 2020 has been calculated using 52/64ths of the result for the period ending 21 June 2020 to be comparable to the 52-weeks ending 31 March 2019.

	June 2021	Pro-rata June 2020	Change
Financial KPIs			
Change in turnover	+9.0%	-0.1%	n/a
EBITA before exceptional items	£34.3m	£29.4m	+16.7%

"Change in turnover" is calculated as the increase or decrease in turnover in the period expressed as a proportion of prior period turnover.

"EBITA before exceptional items" is earnings before interest, tax, amortisation and exceptional items.

The financial key performance indicators are discussed within the financial review.

The Directors do not consider there to be any appropriate non-financial key performance indicators that are not commercially sensitive.

Section 172(1) statement

The Company is managed as part of a group of companies whose parent company is PHS Bidco Limited. The Board of PHS Bidco Limited are responsible for the oversight of the Company and described below is how the policies of the PHS Group allows the Directors to carry out their duties in respect of the Company's stakeholders.

The Board acknowledges the importance of forming and retaining constructive relationships with all stakeholder groups. Effective engagement with stakeholders enables the Board to ensure stakeholder interests are considered when making decisions and is crucial for achieving the long-term success of the Company.

PHS has a unique culture that has been built up over 50 years and, as the business has evolved, our culture and values have evolved with it. Clear values highlight what is important to PHS and they help influence the way we do business. Our values help us to take care of our customers and colleagues and deliver great service all of which underpin the long-term success of the Company.

- **Teamwork** – we behave as one team
- **Integrity** – we do the right thing and build trusted relationships
- **Performance** – we work hard and deliver at pace
- **Expertise** – we are experts in our field and know our industry
- **Innovation** – we continuously improve our products and services
- **Accountable** – we set high standards and take responsibility

Strategic report
for the period ended 30 June 2021 (continued)

Section 172(1) statement (continued)

The following disclosures describe how the Board has had regard to the matters set out in Section 172(1) (a) to (f) and forms the Directors' statement required under Section 414CZA of the Companies Act 2006.

Employees' interest

PHS employs over 2,000 people throughout the UK. The quality and commitment of our people differentiates us from our competitors.

The Board recognises the importance of having a good understanding of the services our front-line colleagues deliver to customers. In order to enhance the knowledge and appreciation of the methods, equipment and systems being used, and the environment our colleagues work in, a Back to the Floor initiative was launched. All members of the executive and senior management teams spend time working alongside front-line colleagues. The ideas and insights gained from these experiences are fed back to the Board so that all learning points from the front-line are captured and appropriate actions taken.

PHS's Performance and Development Framework and the objectives of all company employees are aligned to our business plan. The development themes from across the business are captured and used to review and inform our Learning and Development solutions across the business twice a year.

The company is committed to developing its employees and offers a comprehensive range of training and development and apprenticeship programmes to employees both online and face-to-face. During the period, 136 employees started a work-based learning programme, 130 started an apprenticeship and 6 started an NVQ course.

The Company is committed to creating a safe environment for all current and prospective employees. We have a proactive approach to health and safety through the implementation of the *phs Yellow Rules* Health and Safety regime which monitors health and safety in the workplace. Our Health and Safety team proactively monitor and audit health and safety Key performance indicators which are reviewed by management at the start of key meetings.

The Company is committed to fairness, equality and non-discrimination. We have continued to do this through our policy not to discriminate on any basis. This policy applies to job advertisements, recruitment and selection, training and development opportunities, benefits and pay.

PHS is committed to providing equal opportunities and to complying with the Race Relations, Sex Discrimination, Disability Discrimination and Rehabilitation of Offenders Acts.

Business relationships

Customers are at the heart of our business and it is therefore vital that we listen to our customers and respond quickly when issues arise. To support this we continue to invest in customer service and have implemented Net Promoter Score (NPS) throughout the business which encourages customer feedback and gives transparency on how the Company is performing against customers' needs.

PHS has good links with organisations such as the Freight Transport Association ("FTA"), Chartered Institute of Waste Management ("CIWM"), Scottish Qualifications Authority ("SQA") and Sanitary & Medical Disposal Services Association ("SMDSA"). These links help to ensure that PHS is consulted over changes affecting its operations whilst also enabling it to offer constructive advice and opinions on behalf of its sector of the waste industry. PHS is involved with the CIWM & IOSH Healthcare Special Interest Group and the IOSH Transport & Distribution Special Interest Group.

Impact of operations on the community and the environment

PHS's focus on providing quality assured, recyclable, energy efficient products to help its customers manage their environmental impact drives product development and the Company's commitment to gaining the highest levels of recognition and certification for its services.

Strategic report
for the period ended 30 June 2021 (continued)

Section 172(1) statement (continued)

As a significant supplier to many of the UK's leading companies, PHS recognises its critical role as a service provider and is committed to improving the management of its own environmental impact within these broad supply chains. PHS has continued to make improvements to the energy efficiency of its buildings, including investments in lighting upgrades, equipment upgrades and improved insulation and heat retention.

Vehicle fuel is responsible for over 70% of the organisational carbon footprint at PHS and as such is a key environmental factor. PHS continues to work hard to manage the financial and environmental impacts associated with fuel use and all new vehicles meet Euro 6 standards. PHS is working closely with manufacturers to identify new solutions and plans to trial electric vehicles in urban areas in the future. PHS has also invested in both route optimisation and enhanced vehicle telematics to ensure that both route and fuel efficiency are maximised. PHS also operates a safe driving scheme which monitors driving behaviour using telematics. This has resulted in improved safety, lower accidents and improved fuel efficiency by over 4%.

PHS is committed to doing the right thing for its customers and the environment. Pursuing sustainable approaches to waste disposal such as generating energy from waste rather than using landfill sites is part of this commitment. LifeCycle is the name given to its sustainable waste disposal strategy and PHS is constantly reviewing its approach in the light of newly evolving options in the waste disposal market.

Accordingly, PHS now believes that it is possible to divert more than 90% of its offensive waste into sustainable waste disposal methods and has adopted this as its target. To do this, it must have a multifaceted approach to waste disposal. Contracting with national Energy from Waste ("EfW") suppliers, which offer greater capacity, enables a UK only supply chain, a better solution for customers and demonstrates its long-term commitment to sustainable waste disposal.

Business conduct

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. PHS has in place a suite of policies and procedures applicable to all employees covering dealings with colleagues, agents, customers, suppliers, subcontractors, competitors, government officials, the public and investors.

Governance

Good governance is fundamental to creating and maintaining an effective sustainable business. Accordingly, the Board remains committed to reviewing, adapting and developing its governance processes and procedures to ensure it meets its responsibilities to shareholders and wider stakeholders for the Company's activities and long-term success.

The board believes governance of the Company is best achieved by delegation of its authority for the executive management of the Company, subject to defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The governance practices of the Company are discussed in more detail in the Governance statement in the Directors' report.

Approved and signed on behalf of the board

Colin Thomas

C J Thomas
Director
4 March 2022

Directors' report
for the period ended 30 June 2021

The Directors present their report and the audited financial statements for Personnel Hygiene Services Limited (the "Company") for the 53-week period ended 30 June 2021.

Principal activities

The Company is engaged in the supply and service of essential products for the workplace.

Results and dividends

The profit for the financial period amounted to £36.2m (2020: £2.1m loss).

The Directors do not recommend the payment of a dividend for the period (2020: £nil). No ordinary dividends were paid during the period (2020: £nil).

Directors

The directors who served during the period and up to the date of approval of the financial statements (unless otherwise stated) were:

M E S Brabin	(appointed 24 February 2021)
C J Thomas	
T G Scruse	
A Fainman	
D J B Taylor-Smith	(resigned 23 February 2021)
N T Madisa	(resigned 30 October 2020)

Future developments

It is anticipated that the role of the Company within the group will remain unchanged into the foreseeable future.

Financial risk management

The Company's operations expose it to a variety of financial risks, the most significant being the financing of tangible fixed assets, working capital management and foreign exchange movements.

The Company is financed by parent companies that have access to sufficient external borrowings that are made available for the Company's use as necessary. Therefore, the exposure of the Company to any adverse effect on its financial performance resulting from interest rate changes is minimal.

The Board have assessed the risk of exchange rate movements having significant effect on the trading profits and cash flows of the Company to be low due to the size of its overseas operations in relation to the Company as a whole and the relative stability of the currencies involved.

The strategy is to finance the acquisition of tangible fixed assets through the Company's strong post-tax cash flows. Effective working capital management forms an important part of maximising the amount of internally generated cash available. Control of trade debtors is a key element in this area with comprehensive credit control procedures and regular debt monitoring by the Board helping efficient conversion of turnover to cash.

Suppliers are paid on time, consistent with negotiated payment terms. Inventory levels are closely monitored to strike a balance between meeting customer demand and efficient working capital management.

Directors' report
for the period ended 30 June 2021 (continued)

Research and development activities

Technical development is considered to be an important part of the Company's ongoing advancement. Resources are employed in the development of new products or improving existing products to continuously improve the range and quality of products that we offer our customers.

Refer to note 2 for our accounting policies for research and development.

Streamlined Energy and Carbon Reporting

PHS is committed to reducing the energy consumption and the carbon impact of our operations. We understand that we have a role in ensuring that the UK meets its target of bringing its greenhouse gas emissions to a net zero by 2050 and will align our targets with that 30-year timescale.

Quantification and reporting methodology

This report will use data collected between 22 June 2020 and 27 June 2021 in line with our financial year.

We have used an operational control boundary to determine the operations on which we are going to report. These businesses are fully under our control allowing us to identify existing energy usage, evaluate its impact and implement any energy reduction measures identified in this report.

Having now made two ESOS submissions that have been verified by a qualified Lead Assessor and accepted by the regulator we have used the "Complying with the Energy Savings Opportunity Scheme (ESOS)" guidance for quantifying and reporting on our energy consumption. For the purposes of converting energy figures into kWh and tCO_2e we have utilised the UK Government 2021 GHG Conversion Factors for Company Reporting.

Previous emissions

Emissions data for the 52-weeks ending 29 March 2020 is shown below:

Emission Type	Notes	Scope	Consumption (kWh)	Emission (CO_2e)	% of data estimated
Natural Gas	1	1	18,005,788	3,310	0.08
Gas Oil	2	1	356,420	92	0
Burning Oil	2	1	542,723	138	0
LPG	2	1	54,322	12	0
Vehicle Fuel (Diesel)	3	1	69,189,792	18,004	0
Fugitive Emissions from Air-conditioning	4,7	1	n/a		
Electricity	5	2	5,059,676	1,293	0.62
Electricity (Transmission and Distribution)	6	3	-	110	0.62
Scope 1 Total			**88,149,045**	**21,556**	
Scope 2 Total			**5,059,676**	**1,293**	
Scope 3 Total			**-**	**110**	
Grand Total			93,208,721	22,959	

Directors' report
for the period ended 30 June 2021 (continued)

Streamlined Energy and Carbon Reporting (continued)

Current emissions

Emission data for the 53-weeks ending 27 June 2021:

Emission Type	Note(s)	Scope	Consumption (kWh)	Emission (CO_2e)	% of data estimated
Natural Gas	1	1	13,424,646	2,459	0.10
Gas Oil	2	1	60,392	16	0
Burning Oil	2	1	273,971	67	0
LPG	2	1	41,166	9	0
Vehicle Fuel (Diesel)	3	1	76,120,912	17,008	0
Vehicle Fuel (Petrol)	3	1	1,141,798	262	0
Fugitive Emissions from Air-conditioning	4,7	1	n/a		
Electricity	5	2	4,301,673	913	1.15
Electricity (Transmission and Distribution)	6	3	-	81	1.15
Scope 1 Total			**91,062,885**	**19,821**	
Scope 2 Total			**4,301,673**	**913**	
Scope 3 Total			**-**	**81**	
Grand Total			95,364,558	20,815	

Notes
1. Burning of gas for space heating and PHS product washing processes e.g. bin washing, laundering of mats, workwear & roller towels etc.
2. Burning of gas oil, burning oil and LPG for the activities specified above where natural gas is not available.
3. Burning of motive fuels in our vehicle fleet and grounds maintenance equipment.
4. Fugitive emissions from refrigerants and fluorinated gases are possible.
5. Consumption of electrical energy supplied from national grid for lighting, heating (air-conditioning) and powering of electrical and electronic equipment.
6. Emissions derived from losses experienced during the transmission and distribution of electrical energy.
7. Excluded due to cost of data collection, regular leak-testing carried out so estimated to be less than 0.25% of Scope 1 emissions.

Directors' report
for the period ended 30 June 2021 (continued)

Streamlined Energy and Carbon Reporting (continued)

Intensity measure

Due to the diversity of products and services offered by PHS the only consistent, stable and applicable performance indicator is our annual turnover versus the carbon emissions we generate. For this reason, the intensity measure we will use is the quantity of CO_2e per £ of revenue generated. (without any deductions). Annual Turnover for the parts of the business in scope of SECR, which includes Personnel Hygiene Services Limited and its UK subsidiaries, during the financial year was £263,069,549.

Emission Type	Scope	Kg of CO_2e per £ of Revenue
Natural Gas	1	0.00934
Gas Oil	1	0.00006
Burning Oil	1	0.00025
LPG	1	0.00003
Vehicle Fuel (Diesel)	1	0.06465
Vehicle Fuel (Petrol)	1	0.00995
Fugitive Emissions from Air-conditioning	1	N/A
Electricity	2	0.00347
Electricity (Transmission and Distribution)	3	0.00030
Total		**0.08805**

Efficiency measures

PHS has implemented the following measures in order to manage and reduce its emissions:

Energy Consumption Monitoring - All energy consuming processes are continually evaluated against an appropriate metric e.g. kilogrammes of dust mats laundered per kWh to ensure that we identify any deficiencies in the use of plant and machinery, reductions in machine efficiency and process efficiency opportunities.

Energy Procurement - We use a specialist broker to continuously monitor the energy market and identify opportunities to switch our energy supply to renewable sources. Currently, our half hourly metered electricity which represents 52% of our electricity usage is wholly derived from renewables. In addition, 28% of our non-half hourly electricity is derived from renewables and the carbon associated with our gas consumption is wholly offset by our supplier.

Replacement of Equipment and Infrastructure - Whole life emissions are considered when installing and replacing equipment/infrastructure and energy efficient alternatives utilised where a business case supports it e.g. the replacement of fluorescent light fixtures with LED alternatives.

Directors' report
for the period ended 30 June 2021 (continued)

Streamlined Energy and Carbon Reporting (continued)

Vehicle Monitoring - We have installed telemetry in all commercial vehicles to monitor speed, driving behaviours (acceleration, cornering and braking) and fuel efficiency. Telemetry is analysed by our in-house fleet management team and reports discussed with site managers during daily "Beat Calls" so that non-conformances and identified negative trends can be dealt with immediately.

Vehicle Downgrade Scheme - We currently operate a company car downgrade scheme which allows employees to switch to a car with lower emissions in return for an increased cash allowance.

Scheduling and Route Optimisation - We utilise route optimisation software and have an in-house scheduling team to continuously monitor our route profile and ensure that our fleet travels the most efficient number of miles to service our customers' needs.

Climate Change Agreements - Currently two of our laundries are in a climate change agreement which incentivises them to generate energy efficiency improvements. It is our intention to add further sites to climate change agreements in the forthcoming financial year.

Employee involvement

It is Company policy to ensure that employees are provided with information on all matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees or their representatives are aware of the financial and economic factors affecting the Company's performance, are consulted wherever necessary and are encouraged generally to be involved in the Company's overall performance.

It is established Company policy to offer the same opportunities to disabled people as to all others in matters of recruitment and career advancement, provided they have the abilities to perform the tasks required with or without training, and to provide retraining where necessary in cases when disability arises during employment with the Company.

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its performance and financial position. The factors included the likely impact of Covid-19.

The ultimate parent undertaking, The Bidvest Group Limited, has provided support to the PHS Group and this support will be available for the foreseeable future, being at least 12 months from the date of these financial statements.

The Directors have concluded with regard to the most recent projections available that the Company will have available sufficient funding to enable it to continue as a going concern and meet its liabilities as they fall due for the foreseeable future.

The Company is in a net current liabilities position of £87.1m (2020: £99.6m) at the reporting date as a result of amounts due to group undertakings. The Directors have confirmation that these balances will not be called in within at least the 12 months following the signing of the financial statements.

Directors' report
for the period ended 30 June 2021 (continued)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Corporate governance statement

The Company has always endeavoured to apply the highest standards of corporate governance and has a goal of continuous improvement in its governance processes. The Companies (Miscellaneous Reporting) Regulations 2018 (the 'Regulations'), in force since 1 January 2019, aim to extend sustainable and responsible governance practice beyond listed companies and into private limited companies.

As a large private company which meets the threshold specified in the Regulations, the Company is required to disclose its corporate governance arrangements. As explained below, during the reporting period ended 30 June 2021, the Company continued to operate under high standards of corporate governance. The Regulations also require the Company to report on how its directors have considered their duties under section 172 of the Companies Act 2006 during the reporting period. This is set out in the Strategic report.

Throughout the reporting period the Company followed the corporate code of conduct and code of ethics as set out by its ultimate parent company, The Bidvest Group Limited.

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. PHS's ethical business practice policy is in place and applies to all employees in relation to dealings with its people, agents, customers, suppliers, subcontractors, competitors, government officials, the public and investors. To support this, there are a wide range of policies, procedures and training modules available including, modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining. The Company's website also provides a whistleblowing facility, thereby providing members of the public with a mechanism by which to report concerns about unethical practices or employee conduct.

The Company has developed a strategy to develop sustainable long-term value. This strategy is developed in conjunction with stakeholders and is articulated as part of every quarterly video update call to employees.

Directors' report
for the period ended 30 June 2021 (continued)

Corporate governance statement (continued)

The agenda for quarterly Audit Committee meetings includes a standing item covering conflicts of interest. Prior to each meeting, declarations are obtained from all directors and senior employees and, to the extent that these declarations contain circumstances which could give rise to a conflict, these declarations form part of the information pack circulated to Audit Committee members ahead of the meeting.

The Company's risk register features financial, non-financial and reputational risks, each of which is assessed for probability and likely impact before being allocated an overall risk score. The register is reviewed regularly, with each risk being discussed and mitigation measures to reduce probability and/or impact agreed and implemented where possible.

For internal control purposes and to ensure proper accountability amongst the board and management team, the Company maintains a delegated authority matrix. This matrix covers a wide range of topics (including planning, employee matters, capital investment, procurement, commercial and litigation) and clearly sets out the authority limits applicable to various levels of management. The matrix is reviewed on a regular basis, with any revisions resulting in a new version being distributed to the senior management team for communication to the wider business.

The employment terms and conditions of the vast majority of the Company's employees are covered by the delegated authority matrix, but for a defined group of senior employees these matters are reserved by the parent company.

The Company encourages feedback from its stakeholders. Its board includes non-executive directors appointed by its parent company who are directly involved in strategic decision making. The nature of the Company's business means that it serves a very large number of customers, whose feedback is encouraged and closely monitored, with all negative comments being treated as learning opportunities and followed up within 24 hours. On a quarterly basis, the Company provides live video updates to all employees, at which questions and feedback are invited. Employee engagement surveys are run approximately biennially, with results closely monitored and any recurring themes developed into a schedule of management actions. These actions are tracked at regular senior team meetings until all have been closed out.

The nature of the Company's business means that its daily operations are conducted with heightened awareness of and rigid compliance with various environmental regulations. More detail on the Company's approach to environmental matters is provided as part of the Section 172(1) statement in the Strategic report.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report
for the period ended 30 June 2021 (continued)

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved and signed on behalf of the board

Colin Thomas

C J Thomas
Director
4 March 2022

Independent auditors' report to the members of Personnel Hygiene Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Personnel Hygiene Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the 53-week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of financial position as at 30 June 2021; Statement of comprehensive income and Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Verifying the mathematical integrity of the forecast cash flow model as well as agreeing underlying cash flow projections to management approved forecasts;
- Assessing the accuracy of management's forecasts by obtaining management information for the financial performance year to date;
- Evaluating and challenging the key assumptions within management's forecasts; and
  Reviewing the letter of support from the ultimate parent undertaking confirming that it will provide financial support to the company including its intention not to seek repayment of amounts advanced to the company by members of its group for at least the next 12 months, and evaluating the ability of the parent to provide the support.

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Personnel Hygiene Services Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 30 June 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' 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.

Independent auditors' report to the members of Personnel Hygiene Services Limited

Auditors' responsibilities for the audit of the financial statements (continued)

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 of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. 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 designed to manipulate the financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry with management and consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of meetings of those charged with governance;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of intangible assets, property provisions, defined benefit scheme, impairment of trade receivables, deferred taxation asset and lease accounting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- Obtaining third party confirmations of all of the company's banking arrangements.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Independent auditors' report to the members of Personnel Hygiene Services Limited (continued)

We have no exceptions to report arising from this responsibility.

Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
4 March 2022

Personnel Hygiene Services Limited

Statement of comprehensive income
for the period ended 30 June 2021

	Note	Period ended 30 June 2021 £'000	Period ended 21 June 2020 £'000
Turnover	4	**216,027**	239,332
EBITDA before exceptional items		**67,419**	67,578
Depreciation (excluding exceptional items)		**(25,948)**	(32,083)
EBITA before exceptional items		**41,471**	35,495
Amortisation of intangibles	6	**(7)**	-
Exceptional expense - other	10	**(604)**	(27,255)
Exceptional depreciation	10	**(8)**	(2,690)
Operating profit	6	**40,852**	5,550
Interest receivable and similar income	11	**41,602**	40,096
Interest payable and similar expenses	12	**(60,321)**	(44,880)
Income from shares in group undertaking		**17,913**	-
Amounts written off investments	17	**(1,033)**	-
Profit before taxation		**39,013**	766
Tax on profit	13	**(8,778)**	(2,859)
Profit / (Loss) for the financial period		**30,235**	(2,093)
Other comprehensive income / (expense):			
Items that will not be reclassified to profit or loss			
Actuarial gain on defined benefit schemes		**228**	81
Movement on pension surplus not recognised		**(228)**	(81)
Other comprehensive income for the period		**-**	-
Total comprehensive income / (expense) for the period		**30,235**	(2,093)

Personnel Hygiene Services Limited

Statement of financial position
as at 30 June 2021

	Note	**30 June 2021 £'000**	21 June 2020 £'000
Fixed assets			
Intangible assets	14	**183,998**	183,887
Property, plant and equipment	15	**35,382**	38,699
Right-of-use assets	16	**29,218**	31,763
Investments	17	**61,267**	22,937
		309,865	277,286
Current assets			
Inventories	18	**5,232**	6,787
Trade and other receivables	19	**932,570**	703,415
Cash and cash equivalents	20	**13,732**	53,140
		951,534	763,342
Creditors: amounts falling due within one year	21	**(1,038,630)**	(862,949)
Net current liabilities		**(87,096)**	(99,607)
Total assets less current liabilities		**222,769**	177,679
Creditors: amounts falling due after more than one year	22	**(17,973)**	(21,312)
Provisions for liabilities	24	**(11,657)**	(12,504)
Net assets		**193,139**	143,863
Capital and reserves			
Called up share capital	25	**9,672**	15
Capital redemption reserve	26	**20,151**	11,111
Share-based payment reserve	26	**344**	-
Profit and loss account	26	**162,972**	132,737
Total shareholders' funds		**193,139**	143,863

The financial statements were approved and authorised for issue by the Board of Directors on 4 March 2022 and were signed on its behalf by:

C J Thomas
Director

The notes on pages 22 to 48 form part of these financial statements.

Personnel Hygiene Services Limited

Statement of changes in equity

For the period ended 30 June 2021	Note	Called up share capital £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 22 June 2020		**15**	**11,111**	**-**	**132,737**	**143,863**
Profit for the financial period	26	-	-	-	30,235	30,235
Comprehensive income for the period		-	-	-	30,235	30,235
Actuarial losses on pension scheme, net of movement on unrecognised surplus	27	-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	30,235	30,235
Charge relating to equity-settled share-based payments	26	-	-	344	-	340
Capital contribution	26	-	9,040	-	-	9,044
Proceeds from shares issued	25	9,657	-	-	-	9,657
Transactions with owners		9,657	9,040	344	-	19,041
At 30 June 2021		9,672	20,151	344	162,972	193,139

For the period ended 21 June 2020	Note	Called up share capital £'000	Capital redemption reserve £'000	Share-based payment reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 April 2019		15	11,111	-	134,830	145,956
Loss for the financial period	26	-	-	-	(2,093)	(2,093)
Comprehensive expense for the period		-	-	-	(2,093)	(2,093)
Actuarial losses on pension scheme, net of movement on unrecognised surplus	27	-	-	-	-	-
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive expense for the period		-	-	-	(2,093)	(2,093)
At 21 June 2020		15	11,111	-	132,737	143,863

The notes on pages 22 to 48 form part of these financial statements.

Notes to the financial statements for the period ended 30 June 2021

1. General information

Personnel Hygiene Services Limited ('the Company') is engaged in the supply and service of essential products for the workplace.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales with a registered number of 770813. The address of its registered office is PHS Group, Block B, Western Industrial Estate, Caerphilly, CF83 1XH.

2. Principal accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently.

Consolidated financial statements

The Company is exempt from the preparation of consolidated financial statements by virtue of Section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not about its Group.

Financial reporting standard 101 – reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments, Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    - iii. Paragraph 79(a)(iv) of IAS 1;
    - iv. Paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
    - v. Paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);

Notes to the financial statements
for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Financial reporting standard 101 – reduced disclosure exemptions (continued)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16(statement of compliance with all IFRS);
  - 38A(requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111(statement of cash flows information); and
  - 134–136 (capital management disclosures);
- IAS 7, 'Statement of cash flows' Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group; and
- Paragraphs 130(f)(ii), 130(F)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36, 'Impairment of assets' (disclosures when the recoverable amount is fair value less costs of disposal, assumptions involved in estimating recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives, and management's approach to determining these amounts).

This information is included in the consolidated financial statements of The Bidvest Group Limited as at 30 June 2021 and these financial statements may be obtained from the group's offices, Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196, South Africa.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the Directors considered the Company's business activities together with factors likely to affect its performance and financial position. The factors included the likely impact of Covid-19.

The ultimate parent undertaking, The Bidvest Group Limited, has provided support to the PHS Group and this support will be available for the foreseeable future, being at least 12 months from the date of these financial statements.

The Directors have concluded with regard to the most recent projections available that the Company will have available sufficient funding to enable it to continue as a going concern and meet its liabilities as they fall due for the foreseeable future.

The Company is in a net current liabilities position of £87,096,000 (2020: £99,607,000) at the reporting date as a result of amounts due to group undertakings. The Directors have confirmation that these balances will not be called in within at least the 12 months following the signing of the financial statements.

Notes to the financial statements for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Government grants

Government grants are not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff employment costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the Statement of comprehensive income within 'net operating expenses'. For an analysis of 'net operating expenses' see note 5.

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods or services have transferred to the customer.

Revenue comprises the accrued value of contractual and non-contractual income arising from the provision of workplace services exclusive of value added tax.

Contractual income consists of service contract income, of a recurring nature, to the extent that it reflects the Company's full or partial performance of its contractual obligations. Non-contractual income consists of the invoiced value of goods sold (which is recognised on despatch) plus service contract income of a non-recurring nature.

A receivable is recognised to the extent that it reflects the Company's full or partial performance of its contractual obligations or, for the sale of goods, when the goods are despatched as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If an invoice has been raised for the goods or services rendered, a receivable is recognised in trade receivables. If no invoice has been raised, a receivable is recognised in prepayments and accrued income. Payment is due when the credit terms agreed with customers have expired.

Deferred income (included accruals and deferred income) is recognised if the invoicing exceeds the services rendered.

Contracts for the provision of workplace services may include retrospective discounts. Revenue from these contracts is recognised based on the price specified in the agreement, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the retrospective discounts, using the expected value method, with revenue being recognised only to the extent that it is highly probable that a significant reversal will not occur. A liability (included in accruals and deferred income) is recognised for expected retrospective discounts payable to customers in relation to the period up to the end of the reporting date.

A provision (included in trade receivables) is recognised for credits expected to be raised to the extent that the Company's performance obligations have not been fully met. Accumulated experience is used to estimate such credit notes using the expected value method.

Notes to the financial statements
for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Research and development

Research expenditure and development expenditure that do not meet the criteria below are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell
- the software is available; and
- the expenditure attributable to the software during its development can be reliably measured.

There were no capitalised development costs during the period (2020: nil).

Goodwill and intangible assets

Goodwill represents the difference between amounts paid in relation to a business combination and the acquirer's interest in the fair value of the Company's share of its identifiable assets and liabilities at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill has an indefinite life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The principle useful economic lives of the assets are:

Customer contracts - 10 years

The useful life of each intangible asset is the period over which that asset is expected to be available for use. Where the asset arises directly from a contractual or legal right, the useful life will not exceed the period of that right.

Notes to the financial statements for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Property, plant and equipment

Property, plant and equipment assets, under the cost model, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated to write-off the cost of each property, plant and equipment asset on a straight-line basis over its expected useful economic life.

The principal depreciable lives of assets are:

Short-term leasehold property	-	Lease term
Equipment installed at customers' premises	-	1 to 12.5 years
Other equipment and vehicles	-	3 to 10 years
Tooling	-	4 years

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate.

Leases

The Company leases various properties and vehicles. Rental contracts are typically made for fixed periods of 5 to 15 years for property and 4 to 5 years for vehicles but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the company under residual value guarantees;
- The exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for property leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Notes to the financial statements for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Leases (continued)

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 3.

Lease income from operating leases where the company is the intermediate lessee is recognised in income on a straight-line basis over the lease term. The respective leased assets continue to be recognised as right-of-use assets in the Statement of financial position.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Valuation of investments

Investments held as fixed assets are stated at cost less provision for any impairment in value. Provision for impairment is recognised where the carrying value of the investment is lower than the higher of the net realisable value and value in use. The value in use is calculated using cash flow projections based on financial budgets approved by the Board covering a one-year period. Cash flows are extrapolated using an estimated long-term growth rate. The growth rate is based on the average long-term growth rate predicted across the relevant sectors and countries in which the business operates.

2. Principal accounting policies (continued)

Impairment of financial assets

The Company assesses on a forward-looking basis the expected loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see 'Trade and other receivables' section below).

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, inventories are assessed for impairment. If the value of any part of the inventory is impaired, the carrying amount is reduced to its net realisable value. The impairment loss is recognised immediately in profit or loss.

Trade and other receivables

Trade receivables are initially measured at fair value, being the original transaction price, and subsequently measured at amortised costs less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The impact of the coronavirus pandemic has been considered and incorporated into the forward-looking information used in calculating the expected credit losses.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

Notes to the financial statements
for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Foreign currency translation

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the financial statements
for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension scheme

The Company operates a defined benefit scheme which is closed to new members. For defined benefit schemes, assets are measured using closing market values. Pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return of a high-quality bond of equivalent term and currency to the liability. The expected return of the scheme assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time are included in finance costs. Actuarial gains and losses are included in other comprehensive income. The amount of surplus recognised as an asset is limited to the amount that the employer can use to generate future economic benefits.

Interest Income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the financial statements for the period ended 30 June 2021 (continued)

2. Principal accounting policies (continued)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Rounding of amounts

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pounds, unless otherwise stated.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company makes judgments and estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments and estimates that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

Critical judgements in applying the Company's accounting policies

The Directors do not consider any individual judgements to be critical to the preparation of these financial statements.

Key accounting estimates and assumptions

Impairment of intangible assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable value is estimated as detailed in note 2 above.

Notes to the financial statements
for the period ended 30 June 2021 (continued)

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Key accounting estimates and assumptions (continued)

Property provisions
Provision is made for property dilapidation. Provisions for dilapidations require management's best estimate of the costs that are likely to be incurred at the end of each property lease based on legislative and contractual requirements. The timing of cash flows and discount rates used to establish the net present value of the obligations also require management's judgment.

Defined benefit pension scheme
The Company has obligations to pay pension benefits to certain individuals. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of financial position. The assumptions reflect historical experience and current trends.

Provisions for bad and doubtful debts and credit notes
Provision is included in the trade receivables balance based on an expected credit loss model which uses a lifetime expected loss allowance for all receivables. The provision is measured as detailed in note 2 above.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

A 1% increase or decrease in the rates of credit losses used in the Company's credit loss model would cause a corresponding increase or decrease in the required provision of £592,000.

Deferred taxation asset
Capital allowances claimed to date are significantly less than depreciation resulting in a deferred tax asset that has been recognised in these financial statements. The availability of sufficient future taxable profits that give rise to management considering it probable that the asset will be recovered against those future profits require management's best estimate of the future profitability of the company.

Lease accounting
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for property leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

- To determine the incremental borrowing rate, the company:
- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The company used an incremental borrowing rate of 6.55%. A 100-basis point increase in the rate would cause the lease liabilities to reduce by £2,153,000. A 100-basis point decrease in the rate would cause the lease liabilities to increase by £2,632,000.

Notes to the financial statements for the period ended 30 June 2021 (continued)

4. Turnover

An analysis of turnover by class is as follows:	**53-week period ended 30 June 2021 £'000**	64-week period ended 21 June 2020 £'000
Hygiene	**191,566**	207,526
Specialist	**24,461**	31,806
	216,027	239,332

An analysis of turnover by type is as follows:	**53-week period ended 30 June 2021 £'000**	64-week period ended 21 June 2020 £'000
Contractual	**175,210**	190,683
Non-contractual	**40,817**	48,649
	216,027	239,332

Turnover and operating profit are principally earned and sourced, and net assets principally located, in the UK.

5. Operating expenses (including exceptional items)

An analysis of the Company's net operating expenses is set out below:

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Own work capitalised	**(1,712)**	(6,041)
Raw materials and consumables	**25,598**	32,808
Employee costs (note 8)	**73,420**	96,112
Depreciation	**25,956**	34,773
Other external charges	**52,970**	78,245
Other operating income	**(1,057)**	(2,115)
	175,175	233,782

Notes to the financial statements for the period ended 30 June 2021 (continued)

6. Operating profit

The operating profit is stated after charging / (crediting):

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Depreciation charge on right-of-use assets	**9,017**	12,285
Depreciation charge on property, plant and equipment excluding exceptional accelerated depreciation	**16,931**	19,798
(Reversal of impairment) / Impairment of right-of-use assets	**(634)**	828
Amortisation of intangibles	**7**	-
Exceptional accelerated depreciation	**8**	2,690
Impairment of investments	**1,033**	-
Exchange differences	**147**	(43)
Inventory recognised as an expense	**17,307**	20,926
Short-term and low value leases	**843**	1,764
Government grants	**(1,057)**	(2,115)
Impairment of trade receivables	**5,401**	3,200

7. Auditors' remuneration

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual financial statements	**99**	168

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated group financial statements of The Bidvest Group Limited.

8. Employees

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

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Wages and salaries	**63,218**	83,344
Social security costs	**6,274**	8,315
Other pension costs	**3,602**	4,453
Share-based payments (note 26)	**326**	-
	73,420	96,112

Notes to the financial statements for the period ended 30 June 2021 (continued)

8. Employees (continued)

The average monthly number of persons (including executive directors) employed by the Company in the period was as follows:

	53-week period ended 30 June 2021 Number	64-week period ended 21 June 2020 Number
Administration	**489**	477
Sales	**277**	270
Service	**1,364**	1,557
	2,130	2,304

9. Directors' remuneration

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Aggregate emoluments	**2,121**	5,385
Payments for loss of office	**275**	-
Company contributions to defined contribution pension schemes	**17**	12
	2,413	5,397

The remuneration in the prior period included performance payments for the contribution of management to the growth of the business, which were paid at the time of the sale of the company to Bidvest Services (UK) Limited.

During the period post-employment benefits were accruing to 1 Director (2020: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,369,000 (2020: £3,549,000).

Payments for loss of office comprise contractual payment in lieu of notice.

No contributions were paid by the Company to defined contribution pension schemes in respect of the highest paid Director during the period (2020: £nil).

The emoluments T G Scruse and A Fainman are borne by a parent company, Bidvest Services (Pty) Limited and those of N T Madisa are borne by a parent company, Bid Industrial Holdings (Pty) Limited, which make no recharge to the Company (2020: £nil). T G Scruse and A Fainman served as directors of Bidvest Services (Pty) Limited and N T Madisa served as a director of Bid Industrial Holdings (Pty) Limited during the period and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments for each of the subsidiaries.

Key management are deemed to be the Directors of the Company.

There were no non-executive Directors during the period. Management fees of £892,000 were charged during the prior period by non-executive Directors for the provision of services.

Notes to the financial statements
for the period ended 30 June 2021 (continued)

10. Exceptional items

In the current period, exceptional items include impairment of intercompany receivables (£4,384,000), restructuring costs (£1,241,000), onerous property costs (£333,000), refinancing costs (£110,000), impairment of fixed assets (£8,000) and other smaller internal restructuring exceptional items totalling £121,000 partially offset by credits in relation to the waiver of intercompany debts (£4,978,000) and credits associated with an onerous fuel agreement (£607,000)

In the prior period, exceptional items include impairment of intercompany receivables (£11,700,000), costs associated with the sale of the PHS Bidco group to Bidvest Services (UK) Limited (£8,700,000), restructuring and organisational review costs (£3,300,000), impairment of fixed assets (£2,690,000), onerous property and vehicle lease and repair costs (£1,900,000), costs associated with an onerous fuel agreement (£1,100,000), costs associated with a discontinued business processes (£400,000) and other smaller internal restructuring exceptional items totalling £155,000.

11. Interest receivable and similar income

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Interest receivable from group companies	**41,566**	39,876
Other interest receivable	**36**	220
	41,602	40,096

12. Interest payable and similar expenses

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Loans from group undertakings	**49,073**	43,880
Lease liabilities	**1,248**	1,000
Other interest payable	**10,000**	-
	60,321	44,880

Other interest payable includes £9,934,000 (2020: £nil) in respect of foreign exchange differences arising on financing activities.

13. Tax on profit

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Corporation tax		
Current tax on profits for the period	**3,922**	403
Adjustments in respect of prior years	**289**	(68)
Group taxation relief	**2,573**	2,494
Total current tax	**6,784**	2,829
Deferred tax		
Origination and reversal of temporary differences	**1,277**	91
Impact of change in tax rate	**(233)**	-
Adjustments in respect of prior years	**950**	(61)
Total deferred tax	**1,994**	30
Taxation on profit	**8,778**	2,859

Factors affecting the tax charge for the period

The tax assessed for both periods varies from than the standard rate of corporation tax in the UK. The differences are explained below:

	53-week period ended 30 June 2021 £'000	64-week period ended 21 June 2020 £'000
Profit before taxation	**39,013**	766
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**7,412**	146
Effects of:		
Adjustments in respect of prior years	**1,239**	(129)
Group relief unpaid	**331**	-
Remeasurement of deferred tax – change in UK rate	**(233)**	-
Expenses not deductible for tax purposes	**29**	2,842
Total tax charge for the period	**8,778**	2,859

Factors that may affect future tax charges

A change to the main UK corporation tax rate was included in the Finance Bill 2021, which had its third reading on 24 May 2021, and is now considered substantively enacted for UK GAAP purposes. The rate applicable from 1 April 2020 to 31 March 2023 remains at 19% but the rate from 1 April 2023 will increase to 25%. Deferred taxes at the reporting date have been measured using these enacted tax rates and reflected in these financial statements.

Personnel Hygiene Services Limited

Notes to the financial statements
for the period ended 30 June 2021 (continued)

14. Intangible assets

	Goodwill	Customer contracts	Total
	£'000	£'000	£'000
Cost			
At 22 June 2020	183,887	-	183,887
Additions	-	118	118
At 30 June 2021	183,887	118	184,005
Accumulated amortisation			
At 22 June 2020	-	-	-
Charge for the period	-	7	7
At 30 June 2021	-	7	7
Net book value			
At 30 June 2021	183,887	111	183,998
At 21 June 2020	183,887	-	183,887

15. Property, plant and equipment

	Short-term leasehold property	Equipment installed at customers' premises	Other equipment and vehicles	Tooling	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 22 June 2020	4,200	70,439	57,984	1,168	133,791
Additions	502	10,597	2,498	216	13,813
Disposals	(664)	(10,586)	(12,634)	-	(23,884)
At 30 June 2021	**4,038**	**70,450**	**47,848**	**1,384**	**123,720**
Accumulated depreciation					
At 22 June 2020	2,117	42,917	49,635	423	95,092
Charge for period	772	11,284	4,597	286	16,939
Disposals	(664)	(10,434)	(12,595)	-	(23,693)
At 30 June 2021	**2,225**	**43,767**	**41,637**	**709**	**88,338**
Net book value					
At 30 June 2021	**1,813**	**26,683**	**6,211**	**675**	**35,382**
At 21 June 2020	2,083	27,522	8,349	745	38,699

Notes to the financial statements
for the period ended 30 June 2021 (continued)

16. Leases

The Company has lease contracts for various properties and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position

The Statement of financial position shows the following amounts relating to leases:

	2021	2020
	£'000	£'000
Right-of-use assets		
Properties	**15,637**	16,098
Vehicles	**13,581**	15,665
	29,218	31,763

	2021	2020
	£'000	£'000
Lease liabilities		
Current	**8,490**	10,299
Non-current	**17,973**	21,312
	26,463	31,611

Additions to the right-of-use assets during the period were £5,047,000 (2020: £9,963,000) and modifications to lease terms were £791,000 (2020: £nil).

Amounts recognised in the Statement of comprehensive income

The Statement of comprehensive income shows the following amounts relating to leases:

	2021	2020
	£'000	£'000
Depreciation charge of right-of-use assets		
Properties	**2,309**	3,398
Vehicles	**6,708**	8,887
	9,017	12,285
Short-term and low value leases	**843**	1,764
(Reversal of impairment) / Impairment charge	**(634)**	828
Interest expense	**1,248**	1,000

Notes to the financial statements for the period ended 30 June 2021 (continued)

16. Leases (continued)

Future minimum lease payments as at 30 June 2021 and 21 June 2020 are as follows:

	2021 £'000	2020 £'000
Not later than one year	**10,032**	11,530
Later than one year and not later than five years	**24,085**	25,872
Later than five years	**22,305**	23,498
Total gross payments	**56,422**	60,900
Impact of finance expenses	**(29,959)**	(29,289)
Carrying amount of liability	**26,463**	31,611

The total cash outflow for leases was £12,232,000 (2020: £15,233,000).

The total cash inflow for property rents receivable was £263,000 (2020: £360,000).

17. Investments

	Investments in subsidiary companies £'000
Cost or valuation	
At 22 June 2020	223,583
Additions	44,250
Disposals	(4,887)
Write offs	(62,274)
At 30 June 2021	**200,672**
Impairment	
At 22 June 2020	200,646
Charge for the period	1,033
Write offs	(62,274)
At 30 June 2021	**139,405**
Net book value	
At 30 June 2021	**61,267**
At 21 June 2020	22,937

During the period, the Company acquired the entire share capital of PHS FXCO1 Limited for consideration of £24,250,000 and made an additional investment of £20,000,000 in Teacrate Limited.

Several dormant subsidiaries of the Company undertook share capital reductions during the period with at total of £4,887,000 being returned to the Company. These subsidiary companies were subsequently dissolved and the remaining investment and impairments were written off the Company's balance sheet with a net book value of £nil.

Notes to the financial statements for the period ended 30 June 2021 (continued)

18. Inventories

	2021 £'000	2020 £'000
Raw materials and consumables	**794**	733
Finished goods and goods for resale	**4,438**	6,054
	5,232	6,787

19. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**42,719**	32,780
Amounts owed by group undertakings	**871,182**	653,605
Other receivables	**875**	2,555
Deferred taxation (note 23)	**4,984**	6,960
Prepayments and accrued income	**12,810**	7,515
	932,570	703,415

Included in Prepayments and accrued income is accrued income of £8,641,000 (2020: £4,922,000).

Trade receivables and accrued income are stated after provisions for impairment of £17,253,000 (2020: £15,272,000).

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. An interest rate of 5% is charged on non-trading balances with group undertakings that are not dormant.

During the period, PHS Bidco Limited and its subsidiaries sought to simplify the amounts owed to and from group members by carrying out various share issues, loan waivers and loan transfers of relevant parties. The balance of the amounts due from and owed to group undertakings has been impacted by this exercise.

20. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	**13,732**	53,140

21. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**13,911**	10,234
Amounts owed to group undertakings	**929,986**	756,023
Lease liabilities (note 16)	**8,490**	10,299
Corporation tax	**259**	-
Other taxation and social security	**11,757**	22,936
Other creditors	**9,542**	4,548
Accruals and deferred income	**64,685**	58,909
	1,038,630	862,949

Notes to the financial statements for the period ended 30 June 2021 (continued)

21. Creditors: Amounts falling due within one year (continued)

Included in Accruals and deferred income is deferred income of £39,097,000 (2020: £37,319,000).

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. An interest rate of 5% is charged on non-trading balances with group undertakings that are not dormant.

During the period, PHS Bidco Limited and its subsidiaries sought to simplify the amounts owed to and from group members by carrying out various share issues, loan waivers and loan transfers of relevant parties. The balance of the amounts due from and owed to group undertakings has been impacted by this exercise.

Included in Accruals and deferred income is deferred income of £39,097,000 (2020: £37,319,000).
The following table shows how much of the revenue recognised in the current reporting period related to brought-forward deferred income.

	2021 £'000	2020 £'000
Revenue recognised that was included in deferred income at the beginning of the period	**37,319**	38,502

22. Creditors: Amounts falling due after more than one year

	2021 £'000	2020 £'000
Lease liabilities (note 16)	**17,973**	21,312

23. Deferred taxation

The deferred tax asset is made up as follows:

	Deferred capital allowances £'000	**Short-term timing differences £'000**	**Total £'000**
At 1 April 2019	**6,947**	**43**	**6,990**
(Charged) / credited to the Statement of comprehensive income	(172)	142	(30)
At 21 June 2020	**6,775**	**185**	**6,960**
(Charged) / credited to the Statement of comprehensive income	(2,104)	110	(1,994)
Credited to the Share-based payment reserve	-	18	18
At 30 June 2021	**4,671**	**313**	**4,984**

Notes to the financial statements for the period ended 30 June 2021 (continued)

24. Provisions for liabilities

	Property £'000	Vehicle £'000	Fuel £'000	Reorgani-sation £'000	Total £'000
At 22 June 2020	9,024	1,555	1,021	904	12,504
Charged/(credited) to the Statement of comprehensive income	897	513	(607)	(185)	618
Utilised	(667)	(111)	(240)	(492)	(1,510)
Unwind of discount	45	-	-	-	45
At 30 June 2021	9,299	1,957	174	227	11,657

Property provisions
Property provisions include onerous provisions in respect of unutilised space and vacant properties within the Company's leased premises portfolio and property dilapidation obligations on various leased premises across the Company. Onerous provisions are based on the best estimate of the outcome of negotiations and commitments to service charges, security and insurance costs on the onerous property. The dilapidations provisions are subject to uncertainty in respect of the final negotiated settlement of any dilapidation claims with landlords.

Vehicle provisions
Vehicle provisions consist of estimates of the repair costs required on the Company's fleet of vehicles at the end on their lease terms. The estimates have been calculated based on past experience.

Fuel
Provision is made for the difference between the estimated costs that will be incurred and the fixed price agreed for fuel.

Reorganisation
During the prior period, the Company made the decision to change the way that it services its customers in relation to certain products. Provision is made for the expected costs in implementing the new process.

25. Called up share capital

Shares classified as equity	**2021 £'000**	2020 £'000
Allotted, called up and fully paid		
9,671,695 (2020: 14,800) ordinary shares of £1 each	**9,672**	15

During the period 9,656,895 £1 ordinary shares were issued to the Company's immediate parent, PHS Investments Limited, at par for a total consideration of £9,656,895.

26. Reserves

Capital redemption reserve
The capital redemption reserve represents the amount by which the Company's share capital was diminished on the cancellation of shares bought back by the Company. During the year, PHS Services Limited, a parent company, made a capital contribution of £9,040,000.

Notes to the financial statements
for the period ended 30 June 2021 (continued)

26. Reserves (continued)

Share-based payment reserve
Certain employees of the company, along with other group employees, have been conditionally granted shares in The Bidvest Group Limited subject to certain performance conditions being satisfied over a three-year performance period. Once the performance conditions have been met, the conditional share awards will vest as follows:

- 75% of the conditional share awards vest on 1 September 2023; and
- 25% of the conditional share awards vest on 1 September 2024.

The Company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit in a share-based payment reserve.

On vesting of the awards, the company is charged the intrinsic value of the shares by The Bidvest Group Limited. This amount is treated as a reduction of the share-based payment reserve, and it is recognised directly in equity.

Profit and loss account
The profit and loss account represents the accumulated profits, losses and distributions of the Company.

27. Post-employment benefits

The Company operates a defined contribution scheme for eligible employees. Contributions by the Company are charged to the Statement of comprehensive income as incurred. The total pensions cost for the period is shown in note 8. Contributions totalling £564,000 (2020: £518,000) were payable to the fund at the reporting date.

Along with the acquisition of Warner Howard Group Limited on 31 October 2005, the Company acquired a pension plan with both a defined benefit and money purchase element.

The defined benefit section of the pension scheme was established under an irrevocable Deed of Trust by Warner Howard (UK) Limited. With effect from 1 January 2003 all active members of the defined benefit section ceased to accrue further benefits and became deferred pensioners.

The scheme is valued every three years by independent consulting actuaries using the defined accrued benefit method. The valuation at 1 May 2020 was significantly impacted by the pandemic and so new valuation was carried out at 1 May 2021. The most recent valuation at 1 May 2021 indicated that the assets exceeded the technical by £513,000.

The assumptions used in the valuation at 1 May 2021 are set out below:

Solvency Assumption	**1 May 2021**
Discount rate for deferred pensioners	Moody’s Swap curve minus 0.15% pa
Discount rate for pensioners	Moody’s Swap curve plus 0.20% pa
Price inflation - RPI	Moody’s RPI swap curve
Price inflation – CPI	Pre 2030: RPI less 0.6% pa
	Post 2030: RPI less 0.1% pa
Mortality	
Base table	95% of S3PXA
Projection	CMI 2019
Long-term rate	1.75% pa
Initial addition	0.75%
GMP equalisation	4% of liabilities
Wind-up expenses	£200,000

The latest audited financial statements of the scheme are made up to 30 April 2021 at which date the scheme, which is contracted out of the state scheme, had net assets of £12,588,000 (30 April 2020: £12,141,000) for the combined defined benefit and defined contribution sections of the scheme.

Notes to the financial statements for the period ended 30 June 2021 (continued)

27. Post-employment benefits (continued)

The Company did not contribute to its Defined Benefit Pension Scheme during the current or prior period and does not expect to contribute next year as the deficit arising from the triennial valuation of the scheme has been brought into surplus.

The disclosures set out below are based on calculations carried out at 27 June 2021 by an independent qualified actuary. The results of the calculations and the assumptions adopted are shown below.

Composition of plan assets:

	2021 £'000	2020 £'000
Overseas equities	-	4,308
UK Government gilts	8,109	3,890
UK corporate bonds	4,569	4,460
Cash	13	13
Total plan assets	12,691	12,671

	2021 £'000	2020 £'000
Fair value of plan assets	12,691	12,671
Present value of plan liabilities	(11,013)	(11,221)
Defined benefit assets	1,678	1,450
Effect of asset ceiling limit	(1,678)	(1,450)
Net pension scheme assets	-	-

Asset ceiling reconciliation:

	2021 £'000	2020 £'000
Opening balance	1,450	1,369
Changes in asset ceiling (interest effect)	21	39
Changes in asset ceiling (remeasurement)	207	42
Closing balance	1,678	1,450

Reconciliation of fair value of plan liabilities were as follows:

	2021 £'000	2020 £'000
Opening defined benefit obligation	11,221	10,306
Interest costs	156	277
Remeasurement (gains)/losses:		
Financial assumptions	(215)	1,425
Demographic assumptions	89	(329)
Experience	121	-
Past service costs including curtailments	130	-
Benefits paid	(489)	(458)
Closing defined benefit obligation	11,013	11,221

Notes to the financial statements
for the period ended 30 June 2021 (continued)

27. Post-employment benefits (continued)

Reconciliation of fair value of plan assets were as follows:

	2021 £'000	2020 £'000
Opening fair value of scheme assets	**12,671**	11,675
Interest income on plan assets	**177**	316
Remeasurement gains:		
Return on scheme assets excluding interest income	**332**	1,138
Benefits paid	**(489)**	(458)
Closing fair value of scheme assets	**12,691**	12,671

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021 % per annum	2020 % per annum
Discount rate	**1.75**	1.40
Aggregate long-term rate of return on assets (net of expenses)	**1.75**	1.40
Retail Prices Index (RPI) Inflation	**3.65**	3.25
Consumer Prices Index (CPI) Inflation	**3.15**	2.65
Future increases in deferred pensions	**23.15**	2.65
Rate of increase in salaries	**n/a**	n/a
Mortality rates		
- for a male member aged 65 now	**21.60**	21.60
- at 65 for a male member aged 45 now	**23.20**	22.90
- for a female member aged 65 now	**24.30**	23.50
- at 65 for a female member aged 45 now	**25.70**	25.10

Sensitivity analysis

The table below shows the impact on the defined benefit obligation if the assumptions were changed as shown (assuming all other assumptions remain constant):

	2021 £'000	2020 £'000
1% increase in the discount rate would decrease the defined benefit obligation by:	**1,285**	1,340
1% decrease in the discount rate would increase the defined benefit obligation by:	**1,595**	1,659
1% increase in pension increase rate would increase the defined benefit obligation by:	**543**	507
1% decrease in pension increase rate would decrease the defined benefit obligation by:	**599**	565
1-year increase in life expectancy would increase the defined benefit obligation by:	**485**	502
1-year decrease in life expectancy would decrease the defined benefit obligation by:	**513**	434

28. Other financial commitments

The Company had no capital commitments at 30 June 2021 (2020: £nil).

Notes to the financial statements for the period ended 30 June 2021 (continued)

29. Controlling parties

The immediate parent company is PHS Investments Limited, an undertaking incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is The Bidvest Group Limited, an undertaking incorporated and operating in the Republic of South Africa.

The parent company of the smallest and largest group at which the Company's financial statements are consolidated is The Bidvest Group Limited and their financial statement may be obtained from the group's offices at Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196, South Africa.

30. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

The Company owns directly 100% of the ordinary share capital of the companies listed below. For each company listed, the country of incorporation is the UK and the registered office is PHS Group, Block B, Western Industrial Estate, Caerphilly, CF83 1XH.

Name	Principal activity
Clean Step Limited	Dormant
Environmental Waste Solutions UK (Holdings) Limited	Dormant
Epsilon Test Services Limited	Intermediate holding company
Floor Protection Services Limited	Dormant
Griffin Environmental Services Limited	Dormant
H&A Waste Services Limited	Dormant
MC494 Limited	Dormant
PHS All Clear Limited	Intermediate holding company
PHS FXCO1 Limited	Intermediate holding company
PHS Washrooms Limited	Intra-group financing intermediary
PHS Wastekit Limited	Dormant
Rentacrate (UK) Limited	Dormant
Teacrate Limited	Intermediate holding company
Urban Planters Limited	Dormant
Warner Howard Group Limited	Dormant

The Company owns directly 100% of the ordinary share capital of the company listed below. For the company listed, the country of incorporation is the UK and the registered office is PHS Washrooms, Part Block 5, Antrim Business Park, Randalstown Road, Antrim, BT41 4LD.

Name	Principal Activity
Personnel Hygiene Services (N.I) Limited	Dormant

Notes to the financial statements
for the period ended 30 June 2021 (continued)

30. Subsidiary undertakings (continued)

The Company owns directly 100% of the ordinary share capital of the company listed below. For the company listed, the country of incorporation is the UK and the registered office is Unit 1 Parkside Place, Oasis Business Park, Skelmersdale, Lancashire, WN8 9RD.

Name	Principal Activity
Direct365online Limited	Provision of essential business products

The Company owns directly 100% of the ordinary share capital of the company listed below. For the company listed, the country of incorporation is Ireland and the registered office is Unit 8, Cherry Orchard Industrial Estate, Dublin 10.

Name	Principal Activity
Karmarton Limited	Provision of workplace services

The Company owns directly 100% of the ordinary share capital of the company listed below. For the company listed, the country of incorporation is Spain and the registered office is Ribera de Elorrieta, 7, 48.015, Bilbao, Bizkaia.

Name	Principal Activity
Servicios de Contenedores Higienicos Sanitarios S.A.	Provision of workplace services

Indirect subsidiary undertakings

The company owns indirectly 100% of the ordinary share capital of the companies listed below. For each company listed, the country of incorporation is the UK and the registered office is PHS Group, Block B, Western Industrial Estate, Caerphilly, CF83 1XH.

Name	Principal activity
CLM Safety Limited	Intermediate holding company
Environmental Waste Solutions UK Limited	Dormant
PHS Compliance Limited	Provision of workplace services
PHS FXCO2 Limited	Intra-group financing intermediary
Rentacrate Limited	Dormant
Scott-Law Archival and File Management Limited	Dormant
Teacrate Rentals Limited	Provision of workplace services
Tenberry Limited	Dormant
Warner Howard Limited	Dormant
Warner Howard (Holdings) Limited	Dormant
Warner Howard (UK) Limited	Dormant
Warner Howard Services Limited	Dormant

The company owns indirectly 100% of the ordinary share capital of the company listed below. For the company listed, the country of incorporation is Ireland and the registered office is Unit 8, Cherry Orchard Industrial Estate, Dublin 10.

Name	Principal Activity
Hygiene Matters Limited	Dormant