PHS Bidco Limited

Annual report
for the period ended 30 June 2022

Registered no: 9213465

phs Group

PHS Bidco Limited

Annual report
for the period ended 30 June 2022

Directors and advisors

Directors

M Brabin
C J Thomas
T G Scruse
A Fainman

Secretary and registered office

D Finlayson
PHS Group
Block B
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CAERPHILLY
CF83 1XH

Independent auditors

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Chartered Accountants and Statutory Auditors
One Kingsway
CARDIFF
CF10 3PW

Solicitors

Blake Morgan LLP
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Strategic report
for the period ended 30 June 2022

The Directors present the Strategic report of PHS Bidco Limited for the 52-week year ended 30 June 2022.

Business overview

In May 2020, PHS Bidco Limited was acquired by Bidvest Services (UK) Limited, part of The Bidvest Group Limited ("Bidvest") having previously been an intermediate holding company included in the consolidation of PHS Group Investments Limited. Bidvest is a business-to-business services, trading and distribution company with operations in South Africa, Ireland and the United Kingdom. In order to align with the new group's reporting, the reporting date of the Company and Group was extended to 30 June. Consequently, the results in these financial statements are for the 52-week year ending 30 June 2022 and are not directly comparable to the comparatives which are for the 53-weeks ending 30 June 2021.

In order to present a true reflection of the Group's performance, the key Statement of comprehensive income lines for the 53-weeks ending 30 June 2021 have been shown below on a pro-rata basis. These figures are discussed in the business review that follows.

	Audited 52-week year ended 30 June 2022 £m	Unaudited 52-weeks (pro-rata) 30 June 2021 £m	Unaudited 53-weeks ended 30 June 2021 £m
Hygiene	237.2	221.7	226.0
Change	*+7.0%*		
Specialist	65.5	58.8	59.9
Change	*+11.4%*		
Turnover	**302.7**	280.5	285.9
Change	***7.9%***		
Hygiene	68.3	66.5	67.8
Change	*+2.7%*		
Specialist	10.1	9.8	10.0
Change	*3.1%*		
Operating profit before central costs	**78.4**	76.3	77.8
Change	*2.8%*		
Central costs	26.0	29.2	29.8
Change	*-11.0%*		
EBITA before exceptional costs	**52.4**	47.1	48.0
Change	*11.3%*		

Strategic report
for the year ended 30 June 2022 (continued)

An analysis of the Group's turnover and operating profit, by class of business, for the year ended 30 June 2022, is set out below:

Hygiene

Year ended 30 June 2022:
£237.2m turnover (+5.0%)
£68.3m operating profit before central costs (+0.7%)

The Hygiene division comprises the following businesses:

Washroom hygiene
- washroom services, which include sanitary and nappy waste handling and disposal, air freshening, air and hand cleansing and hand drying services, in the UK, Ireland and Spain (Serkonten);
- supply and sale of essential washroom supplies and products, such as chemicals and hand dryers;
- washroom consumables sales, such as paper and chemicals.

Healthcare hygiene
- collection and disposal of clinical, pharmaceutical and dental waste.

Floorcare hygiene
- supply and laundry of standard and specialist floor mats;
- specialist floor cleaning, floor care and restoration;
- supply and installation of entrance matting;
- supply and installation of playground safety surfacing.

2,080 employees

Specialist

Year ended 30 June 2022:
£65.5m turnover (+9.3%)
£10.1m operating profit before central costs (+1.0%)

The Specialist division comprises the following businesses which provide workplace services delivered through a route-based service network:

Besafe – managed supply and laundry of technical workwear for demanding operating environments such as the utility and transport sectors. Besafe also supplies and services roller towels.

Compliance – on-site electrical, fire and gas safety and medical device testing.

Greenleaf – supply and service of live and replica indoor and outdoor plants and the rental of Christmas trees.

Teacrate – provision and washing of crates, pallets and packing materials for the food and removals sectors.

Wastekit – sale, rental and service of compactors and balers to assist in the recycling and management of waste.

755 employees

Strategic report
for the year ended 30 June 2022 (continued)

Business review

Hygiene

The majority of PHS's turnover and profitability comes from its Hygiene division.

Turnover for the Hygiene division for the year increased by 5.0% to £237.2m (2021: £226.0m). After adjustment on a pro-rata basis, turnover for the year increased by 7.0% to £237.2m. The increase in turnover for the year to June 2022 reflects continued organic growth following the investment made in sales, service, pricing and digital during the year and prior period and the acquisition of Mayflower Hygiene Supplies (London) Limited, Dartry Laundry Limited and Mayflower Hygiene Supplies (Ireland) Limited (collectively "Mayflower"). Mayflower contributed £2.5m to the Group's turnover for the year. See note 18 for further details regarding the acquisition of Mayflower.

Operating profit before central costs and exceptional items increased by 0.7% to £68.3m (2021: £67.8m). After adjustment on a pro-rata basis, operating profit before central costs and exceptional items increased by 2.7% to £68.3m. Mayflower contributed £0.2m to the Group's operating profit for the year.

Hygiene division profit represents over 85% of the Group's operating profit before central costs and exceptional items.

Specialist

The Specialist portfolio comprises businesses which provide a range of route-based workplace services. Each Specialist business has a strong position in its individual market.

Turnover for the Specialist businesses for the year increased by 9.3% to £65.5m (2021: £59.9m). After adjustment on a pro-rata basis, turnover for the year increased by 11.4% to £65.5m.

Operating profit before central costs and exceptional items increased by 1.0% to £10.1m (2021: £10.0m). After adjustment on a pro-rata basis, operating profit before central costs and exceptional items increased by 3.1% to 10.1m.

Financial review

Overview

During the year, Group turnover increased by 5.9% to £302.7m (2021: £285.9m). After adjustment on a pro-rata basis, turnover increased by 7.9% to £302.7m. Operating profit before shared services and exceptional items increased by 0.8% to £78.4m (2021: £77.8m). After adjustment on a pro-rata basis, operating profit before shared services and exceptional items decreased by 2.8% to £78.4m. Central costs decreased by 12.8% to £26.0m (2021: £29.8m) leading to EBITA before exceptional costs of £52.4m (2021: £48.0m); a 9.2% increase on last year.

Exceptional costs of £0.6m (2021: £1.9m) and amortisation of intangible assets of £0.1m (2021: less than £0.1m) were incurred in the year, resulting in an operating profit of £51.7m (2021: £46.0m).

Strategic report
for the year ended 30 June 2022 (continued)

Financial review (continued)

After net finance charges for the financial year of £8.7m (2021: £30.9m), which includes foreign exchange credits of £6.6m (2021: £18.8m charge), the pre-tax profit increased to £43.1m (2021: £15.1m).

The tax credit for the year was £0.5m (2021: £8.9m charge), resulting in a profit after interest and tax for the financial year of £43.6m (2021: £6.3m).

Total assets less current liabilities, at 30 June 2022, totalled an asset of £249.4m (2021: £189.3m).

Re-organisation costs and one-off items

Exceptional costs totalling £0.6m were incurred during the year (2021: £1.9m) including fees incurred in relation to acquisitions (£486,000) and internal restructuring exceptional items (totalling £233,000) offset by credits associated with onerous properties (£130,000).

Cash flow and net debt

Net cash generated from operating activities, as shown in the 'Consolidated statement of cash flows', increased by 37.5% to £78.4m (2021: £57.0m). Net cash inflow from operating activities after capital expenditure of £20.4m (2021: £15.7m) increased by 40.4% to £58.1m (2021: £41.4m).

During the year the Group bought Mayflower for £16.8m, net of cash acquired. See note 18 for further details regarding the acquisition of Mayflower.

Operating cash flows improved during the year and, despite the acquisition of Mayflower for £16.8m, the cash balance increased by £22.2m (2021: decreased by £37.6m) due to strong working capital management and a net increase in intercompany borrowings of £21.3m. Non-current financial liabilities increased by £20.5m to £294.1m (2021: £273.6m) mainly due to the refinancing of the Group's debt with members of the wider group not included in this consolidation. See note 24 for more details on the Group's financial liabilities.

The strong operating cash flows are used to service the Group's debt and fund capital expenditure.

Covid-19 pandemic and Global economic outlook

The COVID-19 pandemic followed by the conflict in Ukraine and consequential impact on the global economy had an unprecedented impact on businesses and economic activity across the world. Almost every business has seen uncertainty. In common with other businesses, the company has gone through a pattern of assessing the impacts and establishing appropriate ways of working.

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 were, and remain, 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 current and future challenges.

Strategic report
for the year ended 30 June 2022 (continued)

Covid-19 pandemic and Global economic outlook (continued)

The business took measures to continue operating throughout the periods of lockdown and maintained comfortable levels of cash reserves throughout the Covid-19 pandemic.

The uncertain global and UK economic outlook and high inflationary rates present an ongoing challenge. PHS has taken action to control costs and ensure availability of supply through active engagement with suppliers and where possible passing on higher costs to our customers.

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 principal risks for the Group 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 Group 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 Group provides competitive remuneration packages for its employees as well as significant training and development initiatives, backed up by improvement plans based on employee surveys.

The Group 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.

The risks and uncertainties related to the Covid-19 pandemic and the conflict in Ukraine are discussed above.

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 52-week year ending 30 June 2022 being compared to 52/53rds of the result for the 53-week period ending 30 June 2021. Likewise, the Change in turnover for 2021 has been calculated using 53/64ths of the result for the period ending 21 June 2020 to be comparable to the 53-weeks ending 30 June 2021.

	2022	2021	Change
Financial KPIs			
Change in turnover	+7.9%	+7.4%	n/a
EBITA before exceptional items	£52.4m	£47.1m	+11.3%
EBITDA before exceptional items	£78.8m	£77.5m	+1.8%
Net cash inflow from operating activities less capital expenditure	£58.1m	£41.4m	+40.4%

"Change in turnover" is calculated as the increase or decrease in turnover excluding discontinued operations in the year expressed as a proportion of prior year turnover excluding discontinued operations.

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

Strategic report
for the year ended 30 June 2022 (continued)

Key performance indicators (continued)

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

"Net cash inflow from operating activities less capital expenditure" is calculated as net cash inflow from operating activities less capital expenditure as shown in the Consolidated Statement of Cash Flows.

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

Section 172(1) statement

PHS Bidco Limited is the parent of a group of companies known as the PHS Group ("PHS"). The Board of PHS Bidco Limited are responsible for the oversight of the Company and the rest of the PHS Group. The narrative below explains how the policies of the PHS Group allow the Directors to carry out their duties in respect of the Company's and Group'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 and of the Group.

PHS has a unique culture that has been built up over almost 60 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 and of the Group.

- **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

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 3,000 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 management teams spend time each year 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 group 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.

Strategic report for the year ended 30 June 2022 (continued)

Section 172(1) statement (continued)

PHS is committed to develop its employees and offers a comprehensive range of training and development and apprenticeship programmes to employees both online and face-to-face. During the year, 97 people started work based learning programmes; 75 started an apprenticeship, 3 started and NVQ course, 6 started a supported internship via Project Search to help young people with special needs find full time employment, 3 started courses through the Scottish Flexible Workforce Development fund and 10 started courses through Chwarae Teg; a charity inspiring, leading and delivering gender equality in Wales.

PHS 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.

PHS 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

Our customers are at the heart of our business and it is therefore vital that we listen to them and respond quickly when issues arise. To support this, we use Net Promoter Score (NPS) throughout the business which encourages customer feedback and gives transparency on how the Group is performing against customers' needs.

PHS has good links with organisations such as Logistics UK, 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.

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 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 15% since the project was started.

Strategic report
for the year ended 30 June 2022 (continued)

Section 172(1) statement (continued)

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 and Group's activities and long-term success.

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

Outlook and future development

The Group holds market leading positions in each of the markets in which it operates; nearly all of which are growing. Each business within the Group has a clear strategy, with a strong emphasis on execution improvement, based on a detailed understanding of their respective markets. The strategic plan, with additional investment in operations, sales and organisational capability, continues to deliver positive results and this puts the Group in a strong position as it enters the new financial year. The Board is confident that the continued implementation of the Group's strategic plan, together with favourable cash generation, will deliver further growth in the business.

Approved and signed on behalf of the Board

Colin Thomas

C J Thomas
Chief Financial Officer
9 January 2023

Directors' report
for the year ended 30 June 2022

The Directors present their report and the audited consolidated financial statements for PHS Bidco Limited (the "Company") for the 52-week year ended 30 June 2022. The comparatives are for the 53-week period ended 30 June 2021. As consolidated financial statements were not prepared by the Company in the prior year, the comparatives are unaudited.

Principal activities

The Company acted as a holding company for a group of companies which provided workplace services in the UK, Ireland and Spain during the year. It is anticipated that the role of the Company within the Group will remain unchanged for the foreseeable future.

Results and dividends

The profit for the financial year amounted to £43.6m (2021: £6.3m).

The Directors do not recommend the payment of a final dividend for the year (2021: £nil). Dividends paid during the year amounted to £11.4m (2021: £18.5m).

Directors

The directors who served during the period and up to the date of approval of the financial statements were:

M E S Brabin
C J Thomas
T G Scruse
A Fainman

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 year ended 30 June 2022 (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.

All such expenditure is charged to the profit and loss account as incurred.

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 28 June 2021 and 26 June 2022 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 2022 GHG Conversion Factors for Company Reporting.

Previous emissions

Emission data for the 53-weeks ending 30 June 2021:

Emission Type	Note(s)	Scope	Consumption (kWh)	Emission (CO_2e)
Natural Gas	1	1	13,424,646	2,459
Gas Oil	2	1	60,392	16
Burning Oil	2	1	273,971	67
LPG	2	1	41,166	9
Vehicle Fuel (Diesel)	3	1	76,120,912	17,008
Vehicle Fuel (Petrol)	3	1	1,141,798	262
Electricity	5	2	4,301,673	913
Electricity (Transmission and Distribution)	6	3	-	81
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

Directors' report
for the year ended 30 June 2022 (continued)

Streamlined Energy and Carbon Reporting (continued)

Current emissions

Emission data for the 52-weeks ending 30 June 2022:

Emission Type	Note(s)	Scope	Consumption (kWh)	Emission (CO_2e)
Natural Gas	1	1	848,037	153
Gas Oil	2	1	145,769	38
Burning Oil	2	1	n/a	n/a
LPG	2	1	n/a	n/a
Vehicle Fuel (Diesel)	3	1	62,544,709	15,011
Vehicle Fuel (Petrol)	3	1	3,408,027	783
Electricity	5	2	2,863,513	554
Electricity (Transmission and Distribution)	6	3	-	51
Scope 1 Total			**66,946,542**	**15,985**
Scope 2 Total			**2,863,513**	**554**
Scope 3 Total			**-**	**51**
Grand Total			**69,810,055**	**16,590**

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. Fugitive air conditioning emissions are excluded due to cost of data collection, regular leak-testing carried out so estimated to be less than 0.25% of Scope 1 emissions.

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 £278,279,929 (2021: £263,069,549).

In this financial year we reduced our Kg of Co^2e per £ of Revenue from 0 08 to 0.0596 which represents a 25% reduction from the previous financial year. We are on target to reduce our emissions relevant to turnover by 10% year on year between 2019/20 and 2022 -2023 financial reporting years.

Directors' report
for the year ended 30 June 2022 (continued)

Streamlined Energy and Carbon Reporting (continued)

Emission Type	**Scope**	**Kg of CO_2e per £ of Revenue**
Natural Gas	1	0.00055
Gas Oil	1	0.00014
Vehicle Fuel (Diesel)	1	0.05394
Vehicle Fuel (Petrol)	1	0.00282
Fugitive Emissions from Air-conditioning	1	N/A
Electricity	2	0.00199
Electricity (Transmission and Distribution)	3	0.00018
Total		**0.05962**

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.
- **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. In 2021/22 we have made significant changes to our Washrooms routing, establishing smaller routes with a mileage reduction of 0.6%.
- **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.

Directors' report
for the year ended 30 June 2022 (continued)

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. All employees are encouraged to participate in an employee webinar which is broadcast across the PHS Group four times a year.

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 Group's and Company's financial statements can be prepared on a going concern basis, the Directors considered the Group's and Company's business activities together with factors likely to affect its performance and financial position. The factors included the likely impact of the uncertain global and UK economic outlook and high inflation rates.

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 group is in a net current liabilities position of £247.7m (2021: £278.2m) at the reporting date as a result of amounts totalling £252.3m due to its immediate parent company. The Directors have confirmation that these balances will not be called in within at least 12 months following the signing of the financial statements.

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 year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company 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, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group 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 UK adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, 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 group and company will continue in business.

Directors' report
for the year ended 30 June 2022 (continued)

Directors' responsibilities statement (continued)

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

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

Corporate governance statement

The Group 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.

A subsidiary, Personnel Hygiene Services Limited, is 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 2022, 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 misconduct.

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 calls to all employees.

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.

Directors' report
for the year ended 30 June 2022 (continued)

Corporate governance statement (continued)

The Company encourages feedback from its stakeholders. Its board of directors includes shareholder representatives who are thereby 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.

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
9 January 2023

Independent auditors' report to the members of PHS Bidco Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- PHS Bidco Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2022 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements 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
- the financial statements 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: the Consolidated statement of financial position and Company statement of financial position as at 30 June 2022; the Consolidated Statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated statement of cash flows for the year 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 group 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, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and 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 reasonableness of management's forecasts by obtaining management information for the financial performance year to date;
- Evaluating and challenging 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 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 group's and 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.

Independent auditors' report to the members of PHS Bidco Limited (continued)

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 group's and 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.

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 year ended 30 June 2022 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 group and company and their 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of PHS Bidco Limited (continued)

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.

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 group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment law 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 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 the posting of 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 the impairment of goodwill and other intangible assets and recoverability of investments in subsidiaries, acquisition accounting and valuation of identified intangible assets, impairment of trade receivables, property provisions, valuation of defined benefit scheme, deferred taxation asset recoverability and lease accounting;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Obtaining third party confirmations of the group and 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.

Independent auditors' report to the members of PHS Bidco Limited (continued)

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The financial statements for the period ended 30 June 2021, forming the corresponding figures of the financial statements for the year ended 30 June 2022, are unaudited.

Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
9 January 2023

Consolidated Statement of comprehensive income for the year ended 30 June 2022

	Note	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Revenue	4	**302,718**	285,865
EBITDA before exceptional items		**78,826**	77,453
Depreciation (excluding exceptional items)		**(26,413)**	(29,490)
EBITA before exceptional items		**52,413**	47,963
Amortisation of intangible assets	18	**(54)**	(25)
Exceptional costs - other	10	**(614)**	(1,927)
Exceptional costs - depreciation	10	**-**	(8)
Operating profit	6	**51,745**	46,003
Finance income	12	**6,620**	36
Finance cost	13	**(15,275)**	(30,901)
Profit before taxation		**43,090**	15,138
Tax on profit	14	**547**	(8,884)
Profit for the financial year / period		**43,637**	6,254
Other comprehensive income / (expense):			
Items that will not be reclassified to profit or loss			
Currency translation differences net of tax		**20**	(274)
Actuarial (loss)/gain on defined benefit schemes net of tax	29	**(1,678)**	358
Movement on pension surplus not recognised net of tax	29	**1,678**	(358)
Other comprehensive income / (expense) for the year / period		**20**	(274)
Total comprehensive income for the year / period		**43,657**	5,980

The accompanying notes form an integral part of the financial statements.

PHS Bidco Limited (Registered no: 9213465)

Consolidated statement of financial position as at 30 June 2022

	Note	**30 June 2022 £'000**	30 June 2021 £'000
Non-current assets			
Property, plant and equipment	15	**45,847**	40,403
Right-of-use assets	16	**41,803**	33,369
Intangible assets	18	**373,261**	356,825
Deferred taxation	26	**1,523**	4,659
		462,434	435,256
Current assets			
Inventories	20	**8,713**	6,908
Trade and other receivables	21	**83,165**	74,215
Cash and cash equivalents	22	**46,229**	23,829
		138,107	104,952
Total Assets		**599,839**	540,208
Current liabilities			
Trade and other payables	23	**373,835**	369,029
Short-term portion of provisions	27	**298**	3,827
Provision for taxation		**595**	492
Short-term portion of lease liabilities	16	**11,044**	9,813
		385,772	383,161
Non-current liabilities			
Inter-group loans	24	**268,000**	253,075
Deferred taxation	26	**702**	-
Long-term portion of provisions	27	**11,861**	8,137
Long-term portion of lease liabilities	16	**26,129**	20,541
		306,692	281,753
Equity			
Share capital	28	**11**	11
Share premium	29	**1,967**	1,967
Share-based payment reserve	29	**885**	344
Accumulated losses	29	**(94,786)**	(127,028)
		(91,923)	(124,706)
Total Equity and Liabilities		**599,839**	540,208

The financial statements on pages 21 to 63 were approved and authorised for issue by the Board of Directors on 9 January 2023 and were signed on its behalf by:

C J Thomas
Director

The notes on pages 27 to 65 form part of these financial statements.

PHS Bidco Limited (Registered no: 9213465)

Company statement of financial position as at 30 June 2022

	Note	30 June 2022 £'000	30 June 2021 £'000
Current assets			
Investments	17	**219,505**	219,505
		219,505	219,505
Current assets			
Inter-group receivables		**137,222**	159,312
Cash and cash equivalents	22	**18,001**	1
		155,223	159,313
Total Assets		**374,728**	378,818
Current liabilities			
Inter-group payables		**252,055**	252,306
		252,055	252,306
Equity			
Share capital	28	**11**	11
Share premium	29	**1,967**	1,967
Retained earnings	29		
At beginning of the period		**124,534**	110,137
Profit for the period		**7,577**	32,897
Dividends paid		**(11,416)**	(18,500)
At end of the period		**120,695**	124,534
		122,673	126,512
Total Equity and Liabilities		**374,728**	378,818

The financial statements on pages 21 to 65 were approved and authorised for issue by the Board of Directors on 9 January 2023 and were signed on its behalf by:

Colin Thomas

C J Thomas
Director

The notes on pages 27 to 65 form part of these financial statements.

PHS Bidco Limited

Consolidated statement of changes in equity

	Notes	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Accumulated losses £'000	Total equity £'000
At 22 June 2020		11	1,967	-	(114,508)	(112,530)
Profit for the financial period		-	-	-	6,254	6,254
Other comprehensive expense		-	-	-	(274)	(274)
Total comprehensive income for the period		-	-	-	5,980	5,980
Charge relating to equity-settled share-based payments		-	-	344	-	344
Dividends paid	32	-	-	-	(18,500)	(18,500)
Transactions with owners		-	-	344	(18,500)	(18,156)
At 30 June 2021		11	1,967	344	(127,028)	(124,706)
Profit for the financial period		-	-	-	**43,637**	**43,637**
Other comprehensive income		-	-	-	**20**	**20**
Total comprehensive income for the period		-	-	-	**43,657**	**43,657**
Charge relating to equity-settled share-based payments		-	-	**541**	-	**541**
Dividends paid	32	-	-	-	**(11,415)**	**(11,415)**
Transactions with owners		-	-	**541**	**(11,415)**	**(10,874)**
At 30 June 2022		**11**	**1,967**	**885**	**(94,786)**	**(91,923)**

The notes on pages 27 to 65 form part of these financial statements.

Company statement of changes in equity

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 22 June 2020		11	1,967	110,137	112,115
Profit for the financial period		-	-	32,897	32,897
Total comprehensive income for the period		-	-	32,897	32,897
Dividends paid	32	-	-	(18,500)	(18,500)
Transactions with owners		-	-	(18,500)	(18,500)
At 30 June 2021		11	1,967	124,534	126,512
Profit for the financial period		-	-	**7,577**	**7,577**
Total comprehensive income for the period		-	-	**7,577**	**7,577**
Dividends paid	**32**	-	-	**(11,416)**	**(11,416)**
Transactions with owners		-	-	**(11,416)**	**(11,416)**
At 30 June 2022		**11**	**1,967**	**120,695**	**122,673**

The notes on pages 27 to 65 form part of these financial statements.

Consolidated statement of cash flows

	Notes	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Cash flows from operating activities			
Profit before taxation		**43,090**	15,138
Adjustments to reconcile loss before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	**15, 16**	**26,262**	29,962
Amortisation of intangible assets	**18**	**54**	25
Gain on disposal of property, plant and equipment		**69**	89
Finance income		**(6,620)**	(36)
Finance costs		**15,275**	30,901
Increase in trade and other receivables		**(2,686)**	(17,236)
(Increase) / decrease in inventories		**(917)**	1,508
Increase in trade and other payables and provisions		**3,601**	149
Corporation tax refunded / (paid)		**318**	(3,453)
Net cash generated from operating activities		**78,446**	57,047
Investing activities			
Purchase of property, plant and equipment	**15**	**(20,366)**	(15,685)
Proceeds from sale of property, plant and equipment		**194**	105
Payments for customer contracts		**-**	(544)
Payments for acquisition of subsidiaries, net of cash acquired	**19**	**(16,773)**	-
Net cash used in investing activities		**(36,945)**	(16,124)
Financing activities			
Repayment of bank borrowings		**(459)**	(445)
Proceeds from intercompany loan	**24**	**268,000**	234,383
Repayment of intercompany loan	**24**	**(246,658)**	(271,883)
Payment of principal portion of lease liabilities	**16**	**(11,870)**	(12,770)
Payment of interest element of lease liabilities	**16**	**(1,905)**	(1,517)
Other finance costs		**(15,030)**	(7,783)
Finance income		**43**	36
Dividends paid to shareholders	**32**	**(11,415)**	(18,500)
Net cash used in financing activities		**(19,294)**	(78,479)
Net increase / (decrease) in cash and cash equivalents		**22,207**	(37,556)
Cash and cash equivalents at beginning of year / period	**22**	**23,829**	61,574
Foreign exchange difference		**193**	(189)
Cash and cash equivalents at the end of the year / period	**22**	**46,229**	23,829
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand	**21**	**46,229**	23,829

Notes to the financial statements for the period ended 30 June 2022 (continued)

1. Corporate information

PHS Bidco Limited ('the Company') is the holding company of a group whose principal activity is the provision of essential workplace services.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales with a registered number of 09213465. The address of its registered office is PHS Group, Block B, Western Industrial Estate, Caerphilly, CF83 1XH.

2. Principal accounting policies

Basis of preparation

In May 2020, the Company was sold to Bidvest Services (UK) Limited. In order to align with the new group's reporting, the reporting date of the Company was extended to 21 June 2020 and subsequently to 30 June 2021. Consequently, the comparative results in these financial statements are for the 53 weeks ending 30 June 2021.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. PHS Bidco Limited transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial statements of PHS Bidco Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These financial statements have been prepared on a going concern basis under the historical cost convention, modified to include the revaluation of certain non-current assets and financial instruments.

The Company has prepared its financial statements 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 Company and consolidated financial statements are presented in sterling and all values rounded to the nearest thousand (£'000), except where indicated otherwise.

The following principal accounting policies have been applied consistently.

Notes to the financial statements for the year ended 30 June 2022 (continued)

Financial reporting standard 101 – reduced disclosure exemptions taken by the Company

The following exemptions from the requirements of IFRS have been applied in the preparation of the Company 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);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - *10(f) (a statement of financial position as at the beginning of the preceding period when and entity applies* an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements); and
  - 40A-D (requirements for a third statement of financial position).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of: iii. Paragraph 79(a)(iv) of IAS 1;
- 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 these consolidated financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 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.

Notes to the financial statements for the year ended 30 June 2022 (continued)

Going concern

In determining whether the Group's and Company's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities together with factors likely to affect its performance and financial position. The factors included the likely impact of the uncertain global and UK economic outlook and high inflation rates.

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 Group 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 group is in a net current liabilities position of £247.7m (2021: £278.2m) at the reporting date as a result of amounts totalling £252.3m due to its immediate parent company. The Directors have confirmation that these balances will not be called in within at least 12 months following the signing of the financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all subsidiary undertaking as of 30 June 2022. The Group controls a subsidiary where it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Inter-company transactions, balances, unrealised gains and unrealised losses (unless the transaction provides evidence of an impairment of the transferred asset) between Group companies are eliminated on consolidation. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. The carrying value of equity-accounted investments is tested for impairment in accordance with the 'impairment of non-financial assets' policy set out below

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 expense'. For an analysis of 'net operating expense' see note 5.

Notes to the financial statements for the year ended 30 June 2022 (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and value added taxes. The Group recognises revenue when performance obligations have been satisfied and for the Group 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 Group's full or partial performance of its contractual obligations. The contracts will typically have a duration of more than one year and will specify a price for the services to be provided. This may be a fixed income for a period where the products and services to be provided over that period are pre-determined or a variable income where the quantum of products and services provided will vary. Where the income for a period is fixed, income is recognised as revenue on a straight-line basis over the term of that performance obligation period. Where dependent on activity, income is recognised as revenue on successful delivery of the performance obligation.

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 (which is recognised on successful delivery of the performance obligation).

A receivable is recognised to the extent that it reflects the Group'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 contract assets. Payment is due when the credit terms agreed with customers have expired.

A contract liability is recognised where 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 'other creditors and accruals' within 'trade and other payables') 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 Group'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 year ended 30 June 2022 (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 or expensed development costs during the period (2021: nil).

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the company, fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed to the statement of comprehensive income as incurred.

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 Group'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.

The excess of consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.

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 2022 (continued)

Property, plant and equipment

Property, plant and equipment 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 asset on a straight-line basis over its expected useful economic life.

The principal depreciable lives of asset are:

Freehold land	-	Not depreciated
Freehold buildings	-	50 years
Short-term leasehold property	-	Lease term
Equipment at customers' premises	-	1 to 12.5 years
Other equipment & vehicles	-	3 to 10 years
Tooling	-	4 years

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

Leases

The Group leases various properties and vehicles. Accounting policies adopted in respect of these are presented in note 16.

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.

Impairment of financial assets

The Group 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 Group 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 balance sheet 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 Group 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 Group 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 Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other 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 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.

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

Notes to the financial statements for the period ended 30 June 2022 (continued)

Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

Payables

Trade and other payables of a short-term nature 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 Group'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.

Pensions

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Notes to the financial statements for the period ended 30 June 2022 (continued)

Pensions (continued)

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. Where the asset is an insurance buy-in policy that provides annuity income to cover pensions payable to members are valued on a projection method basis, which is calculated as the initial premium, less cash drawdowns that have taken place since the insurer took on the responsibility for meeting the payments plus interest accrued on the remaining liability, adjusted for changing market conditions.

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.

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 Group 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 Group 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.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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 balance sheet date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 balance sheet date

Share-based payments

The ultimate parent company, The Bidvest Group Limited, operates an equity-settled share-based compensation plan, under which the company receives services from employees as consideration for equity instruments of the ultimate parent company. The awards are granted by The Bidvest Group Limited and the company has no obligation to settle the awards. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. A credit is recognised directly in equity.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions; and
- Including the impact of any non-vesting conditions. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. In addition, in some circumstances, employees might provide services in advance of the grant date and so the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the company is recharged the options' original fair value as of the grant date from The Bidvest Group Limited. This recharge is accounted for as a deduction from equity.

Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group 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 Group 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 Group's accounting policies

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

Notes to the financial statements for the period ended 30 June 2022 (continued)

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

Key accounting estimates and assumptions

Acquisition accounting and valuation of identified intangible assets
Accounting for the acquisition of the Mayflower business requires a number of accounting estimates, in particular the purchase price analysis carried out to identify and value intangible assets making up part of the assets acquired. Refer to note 19 for more information

Impairment of intangible assets and recoverability of investments in subsidiaries
The Group holds goodwill and other intangible assets arising on acquisitions and the Company holds investments in subsidiaries in the respective statements of financial position. 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.

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 Group 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 Group'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 by £877,000.

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 Group.

Notes to the financial statements
for the year ended 30 June 2022 (continued)

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

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 Group, 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 Group:
- 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 Group, which does not have recent third-party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The Group used an incremental borrowing rate of 6.55%. For additions in the year, a 100-basis point increase/(decrease) in the rate would cause the lease liabilities to (reduce)/increase by (£430,000)/£395,000 respectively and a corresponding (decrease)/increase in the right-of-use assets by the same amount.

4. Revenue

An analysis of the Group's revenue by class is as follows:	**Year ended 30 June 2022 £'000**	Period ended 30 June 2021 £'000
Hygiene	**237,193**	226,224
Specialist	**65,525**	59,641
	302,718	285,865

An analysis of the Group's turnover by type is as follows:	**Year ended 30 June 2022 £'000**	Period ended 30 June 2021 £'000
Contractual	**220,054**	210,687
Non-contractual	**82,664**	75,178
	302,718	285,865

Turnover and operating profit are earned and sourced, and net assets located, in Europe.

Notes to the financial statements for the year ended 30 June 2022 (continued)

5. Net operating expense (including exceptional items)

Group	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
(Decrease) / Increase in inventory	(917)	1,508
Own work capitalised	(3,062)	(2,569)
Raw materials and consumables	36,183	31,506
Employee costs (note 8)	109,876	104,001
Depreciation	26,413	29,498
Other external charges	82,480	77,376
Other operating income	-	(1,458)
	250,973	239,862

6. Operating profit

Group

Operating profit is stated after charging / (crediting):

	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Depreciation charge on right-of-use assets	10,487	10,704
Depreciation charge on property, plant and equipment excluding exceptional accelerated depreciation	15,926	18,786
Exceptional accelerated depreciation	-	8
Amortisation of intangibles	54	25
Impairment of trade receivables	3,082	5,452
(Reversal of impairment) / Impairment of financial and contract assets	(31)	456
Exceptional items	614	1,874
Inventory recognised as an expense	26,224	21,555
Short-term and low value leases	1,344	843
Government grants	-	(1,458)

7. Auditors' remuneration

Group	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Fees payable to the Group's auditors and its associates for the audit of the Group's annual financial statements	27	15
Fees payable to the Group's auditors and its associates in respect of:		
The audit of the Group's subsidiaries	155	157
Tax advisory services	-	239
	182	411

Notes to the financial statements for the period ended 30 June 2022 (continued)

8. Employees

Group

Staff costs, including Directors' remuneration, for the Group were as follows:

	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Wages and salaries	**93,579**	88,838
Social security costs	**11,066**	10,270
Other pension costs	**4,724**	4,567
Share-based payments	**507**	326
	109,876	104,001

The average monthly number of people, including the Directors, employed by the Group during the year was as follows:

	Year ended 30 June 2022 No.	Period ended 30 June 2021 No.
Administration	**687**	701
Sales	**424**	397
Service	**2,165**	1,958
	3,276	3,056

Company

The Company had no employees during the year or the prior period.

Share-based payments

A conditional right to a share is awarded to certain group employees subject to performance and vesting conditions. The vesting period is as follows: 75% of total number of awards vest at the expiry of three years and 25% of total number of awards vest at the expiry of four years from the date of the award, unless otherwise determined by the board. These share awards do not carry voting rights attributable to ordinary shareholders.

The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price at the date of the award less discounted anticipated future distribution flows. A total number of 246,032 (2021: 159,077) of the 264,550 (2021: 171,050) shares are expected to vest, taking into account the performance of the Group to date and forecasts to the end of the performance period, against the targets set at the time of the award. The average discounted share price used in the calculation of the share-based payment charge on the conditional share awards allotted during the year is R171.51 (2021: R129.45) per share. 41,000 (2021: nil) conditional share awards were forfeited as a result of resignation.

Notes to the financial statements for the period ended 30 June 2022 (continued)

8. Employees (continued)

The number of conditional share awards in terms of the conditional share plan are:

Group	Year ended 30 June 2022 Number	Period ended 30 June 2021 Number
Beginning of the year	**171,050**	-
Allotted during the year	**134,500**	171,050
Forfeited during the year	**(41,000)**	-
End of the year	**264,550**	171,050

9. Directors' remuneration

Group	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Aggregate emoluments	**1,346**	2,396
Company contributions to defined contribution pension schemes	**11**	17
	1,357	2,413

During the year post-employment benefits were accruing to 1 Director (2021: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £703,000 (2021: £1,369,000).

No contributions were paid by the Company to defined contribution pension schemes in respect of the highest paid Director during the year (2021: £nil).

No Directors exercised share options during the year (2021: nil).

The emoluments T G Scruse and A Fainman are borne by a parent company, Bidvest Services (Pty) Limited which make no recharge to the Company (2021: £nil). T G Scruse and A Fainman served as directors of Bidvest Services (Pty) Limited during the year 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.

Notes to the financial statements
for the period ended 30 June 2022 (continued)

10. Exceptional items

In the current year, exceptional items include fees incurred in relation to acquisitions (£486,000) and internal restructuring exceptional items (totalling £234,000) and other smaller internal restructuring exceptional items (totalling £24,000) partially offset by credits associated with onerous properties (£130,000).

In the prior period, exceptional items include restructuring costs (£1,908,000), onerous property costs (£333,000), refinancing costs (£110,000), impairment of fixed assets (£8,000) and other smaller internal restructuring exceptional items (totalling £183,000) partially offset by credits in relation to credits associated with an onerous fuel agreement (£607,000).

11. Parent Company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements. The profit for the financial year of the parent Company was £7,577,000 (2021: £32,897,000).

12. Finance income

Group	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Other interest receivable	**6,620**	36
	6,620	36

Other interest receivable includes £6,597,000 (2021: nil) in respect of foreign exchange differences arising on financing activities.

13. Finance costs

Group	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Bank loans	**144**	396
Loans from group undertakings	**13,121**	10,099
Lease liabilities	**1,905**	1,517
Other interest payable	**105**	18,889
	15,275	30,901

Other interest payable includes £nil (2021: £18,844,000) in respect of foreign exchange differences arising on financing activities.

Notes to the financial statements
for the period ended 30 June 2022 (continued)

14. Tax on profit

Group	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Corporation tax		
Current tax on UK profits for the 52-week year / 53-week period	**106**	3,923
Group relief	**(252)**	2,573
Adjustments in respect of prior years	**(3,304)**	272
Overseas tax	**32**	33
Total current tax	**(3,418)**	6,801
Deferred tax		
UK in respect of the current 52-week year / 53-week period	**4,510**	1,305
Adjustments in respect of prior years	**(1,395)**	918
Effect of change in tax rate	**(272)**	(140)
Overseas tax	**28**	-
Total deferred tax	**2,871**	2,083
Taxation on profit	**(547)**	8,884

Factors affecting the tax charge for the 52-week year

The tax assessed for the 52-week year and prior period varies from than the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Profit before taxation	**43,090**	15,138
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	**8,187**	2,876
Effects of:		
Adjustments in respect of prior periods	**(4,699)**	1,190
Income not subject to tax	**(3,826)**	-
Expenses not deductible for tax purposes	-	4,917
Effect of change in tax rate	**(271)**	(140)
Different tax rates on overseas profits	**62**	41
Total tax (credit) / charge for the year / period	**(547)**	8,884

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.

Notes to the financial statements
for the year ended 30 June 2022 (continued)

15. Property, plant and equipment

Group	Freehold property £'000	Short-term leasehold property £'000	Equipment at customers' premises £'000	Other equipment & vehicles £'000	Tooling £'000	Total £'000
Cost						
At 22 June 2020	378	4,280	84,559	64,627	1,169	155,013
Additions	10	507	12,313	2,638	217	15,685
Disposals	-	(664)	(12,333)	(12,634)	-	(25,631)
Transfer to group company	-	-	(1,755)	(61)	-	(1,816)
Foreign exchange movements	-	-	(723)	(352)	-	(1,075)
At 30 June 2021	388	4,123	82,061	54,218	1,386	142,176
Additions	3	758	15,051	4,352	202	20,366
Acquisition of subsidiary	-	-	-	1,339	-	1,339
Disposals	-	-	(11,999)	(23,719)	-	(35,718)
Transfer between asset categories	-	-	(142)	142	-	-
Foreign exchange *movements*	-	-	9	9	-	18
At 30 June 2022	**391**	**4,881**	**84,980**	**36,341**	**1,588**	**128,181**
Accumulated depreciation						
At 22 June 2020	102	2,197	52,232	55,162	424	110,117
Charge for year	7	773	12,783	4,943	288	18,794
Disposals	-	(664)	(12,032)	(12,595)	-	(25,291)
Transfer to group company	-	-	(877)	(50)	-	(927)
Foreign exchange movements	-	-	(616)	(304)	-	(920)
At 30 June 2021	109	2,306	51,490	47,156	712	101,773
Charge for period	7	397	12,376	2,886	260	15,926
Disposals	-	-	(11,684)	(23,693)	-	(35,377)
Transfer between asset categories	-	-	(14)	14	-	-
Foreign exchange movements	-	-	9	3	-	12
At 30 June 2022	**116**	**2,703**	**52,177**	**26,366**	**972**	**82,334**
Net book value						
At 30 June 2022	**275**	**2,178**	**32,803**	**9,975**	**616**	**45,847**
At 30 June 2021	279	1,817	30,571	7,062	674	40,403

16. Leases

The Group 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 group 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 group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group 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 Group, 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.

The Group 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 Group 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. Low-value assets comprise IT equipment. Information about critical accounting estimates and judgements in the application of lease accounting is disclosed in note 3.

Notes to the financial statements for the year ended 30 June 2022 (continued)

16. Leases (continued)

The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the statement of financial position

The consolidated statement of financial position shows the following amounts relating to right-of-use assets and lease liabilities:

Right-of-use assets	Properties £'000	Vehicles £'000	**Total £'000**
Cost			
At 22 June 2020	30,327	30,389	60,716
Additions	-	4,945	4,945
Modification to lease term	1,500	-	1,500
Disposals	(430)	(2,653)	(3,083)
Transfer to group company	(252)	(113)	(365)
Foreign exchange movements	(162)	(89)	(251)
At 30 June 2021	30,983	32,479	63,462
Additions	-	14,048	14,048
Acquisition of subsidiary	1,585	284	1,869
Modification to lease term	2,776	-	2,776
Disposals	(285)	(4,833)	(5,118)
Foreign exchange movements	1	8	9
At 30 June 2022	**35,060**	**41,986**	**77,046**
Accumulated depreciation			
At 22 June 2020	10,352	13,081	23,433
Impairment charge	464	-	464
Charge for period	3,352	7,352	10,704
Modification to lease term	(1,098)	-	(1,098)
Disposals	(428)	(2,653)	(3,081)
Transfer to group company	(141)	(65)	(206)
Foreign exchange movements	(80)	(43)	(123)
At 30 June 2021	12,421	17,672	30,093
Reversal of impairment charge	(151)	-	(151)
Charge for year	3,492	6,995	10,487
Modification to lease term	(78)	-	(78)
Disposals	(281)	(4,833)	(5,114)
Foreign exchange movements	2	4	6
At 30 June 2022	**15,405**	**19,838**	**35,243**
Net book value			
At 30 June 2022	**19,655**	**22,148**	**41,803**
At 30 June 2021	18,562	14,807	33,369

Notes to the financial statements for the year ended 30 June 2022 (continued)

16. Leases (continued)

	2022 £'000	2021 £'000
Lease liabilities		
Current	**11,044**	9,813
Non-current	**26,129**	20,541
	37,173	30,354

The impairment charge in the prior year wholly relates to a small number of the Group's properties that are not being used in its future activities following a significant operational restructuring in the year. The right-of-use assets related to each of these properties have been fully impaired to reflect that fact that will offer no contribution to the Group's future cash inflows.

Impairment charges were reversed during the year to the extent that the Group's properties will be used in its future activities.

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	Year ended 30 June 2022 £'000	Period ended 30 June 2021 £'000
Depreciation charge of right-of-use assets		
Properties	**3,492**	3,352
Vehicles	**6,995**	7,352
	10,487	10,704
Short-term and low value leases	**1,344**	843
(Reversal of impairment) / Impairment charge	**(151)**	464
Interest expense	**1,905**	1,517

The total cash outflow for leases in 2022 was £13,775,000 (2021: £14,287,000).

The total cash inflow for property rents receivable was £353,000 (2021: £263,000).

17. Investments

Company

	£'000
Cost and net book value	
30 June 2021 and 30 June 2022	**219,505**

Notes to the financial statements for the year ended 30 June 2022 (continued)

18. Intangible assets

	Goodwill £'000	Customer contracts £'000	Total £'000
Cost			
At 22 June 2020	356,306	-	356,306
Additions	-	544	544
At 30 June 2021	356,306	544	356,850
Acquisition of subsidiary	13,682	2,808	16,490
At 30 June 2022	369,988	3,352	373,340
Accumulated amortisation			
At 22 June 2020	-	-	-
Charge for the period	-	25	25
At 30 June 2021	-	25	25
Charge for the year	-	54	54
At 30 June 2022	-	**79**	**79**
Net book value			
At 30 June 2022	**369,988**	**3,273**	**373,261**
At 30 June 2021	356,306	519	356,825

Impairment tests for cash-generating units containing goodwill

The Group considers its operations to comprise a single cash generating unit, which recoverable amount is estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets approved by management covering a one-year period. A terminal value has been included based on normalised year 1 cash flows, an annual growth rate in perpetuity of 1.84% and a post-tax weighted average cost of capital of 6.96% per annum which are based on experience and are consistent with management's expectations for market development and growth in market share where applicable. Based on the reviews as described above there is sufficient headroom in respect of recoverable amount and, therefore, no impairment has arisen.

Other factors remaining equal, the following sensitivities would give rise to an impairment:

- increase of 19.3% in the discount rate;
- decrease of 10.1% in the growth rate;
- reduction in year 1 cash flows by 67.2% of the value.

Notes to the financial statements for the year ended 30 June 2022 (continued)

19. Business combinations

On 24 May 2022, the Group completed the acquisition of a 100% of the issued share capital of Mayflower Hygiene Supplies (London) Limited, Dartry Laundry Limited and Mayflower Hygiene Supplies (Ireland) Limited. All 3 companies were acquired from the same seller so are considered as a single acquisition. The acquired companies are predominantly Hygiene businesses and were acquired to strengthens the group's Hygiene operations. Details of acquired net assets and provisional fair value adjustments are set out below:

Group	Book value	Fair value adjustments	**Fair value**
	£'000	£'000	**£'000**
Net assets acquired			
Property, plant and equipment	1,339	-	**1,339**
Right-of-use assets	-	1,869	**1,869**
Inventories	749	-	**749**
Trade and other receivables	6,664	(407)	**6,257**
Cash and cash equivalents	2,926	-	**2,926**
Trade and other payables	(5,492)	-	**(5,492)**
Provisions	(556)	-	**(556)**
Provision for taxation	(555)	-	**(555)**
Borrowings	(459)	-	**(459)**
Lease liabilities	-	(1,869)	**(1,869)**
Deferred taxation	(1,000)	-	**(1,000)**
Net identifiable assets acquired	**3,616**	**(407)**	**3,209**
Goodwill	**13,275**	**407**	**13,682**
Customer relationships	2,808	-	**2,808**
Total consideration	**19,699**	**-**	**19,699**
Satisfised by:			
Cash consideration	**19,699**	**-**	**19,699**

The goodwill is attributable to the workforce and the high profitability of the acquired businesses. It will not be deductible for tax purposes.

Revenue and profit contribution

The acquired businesses contributed revenues of £2,459,000 and net profit of £185,000 to the group for the period from 24 May 2022 to 30 June 2022.

If the acquisition had occurred on 1 July 2021, consolidated pro-forma revenue and profit for the year ended 20 June 2022 would have been £21,167,000 and £2,003,000 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for:

- difference in the accounting policies between the group and the subsidiary; and
- the effect of depreciation and amortisation that would have been charged, assuming that the fair value adjustments to property, plant and equipment and intangible assets had been applied from 1 July 2021, together wit the consequential tax effects.

Notes to the financial statements for the year ended 30 June 2022 (continued)

19. Business combinations (continued)

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	2022 £'000	2021 £'000
Cash consideration	19,699	-
Less: balances acquired		
Cash	2,926	-
Net outflow of cash – investing activities	16,773	-

Acquisition-related costs of £486,000 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of comprehensive income and in operating cash flows in the statement of cash flows.

20. Inventories

Group	2022 £'000	2021 £'000
Raw materials and consumables	1,144	1,135
Finished goods and goods for resale	7,569	5,773
	8,713	6,908

21. Trade and other receivables

Group	2022 £'000	2021 £'000
Trade receivables	63,939	55,718
Contract assets	9,777	11,327
Inter-group receivables	907	907
Other debtors and prepayments	8,542	6,263
	83,165	74,215

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Contract assets comprise revenue earned but where the customer invoice has yet to be generated at which point it becomes a trade receivable.

Notes to the financial statements for the year ended 30 June 2022 (continued)

21. *Trade and other receivables (continued)*

The Group applies the IFRS 9 simplified approach to measure expected credit losses for trade receivables at an amount equal to the lifetime expected credit losses. The expected credit losses on trade receivables are calculated based on actual credit loss experience over the preceding two to four years on the total balance of non-credit impaired trade receivables. The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as significant financial difficulty of the customer or if it is becoming probable that the customer will enter bankruptcy or other financial reorganisation.

The expected loss rates are based on the payment profiles of sales over a period of 2 years prior to 30 June 2022 and the corresponding historical credit losses experiences within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The carrying amount of financial assets represents the maximum credit exposure.

Customer credit risk is managed by each business unit subject to the Group's established policies, procedures and controls. Outstanding receivables are regularly monitored at appropriate levels of senior management. Due to the characteristics of the business and large number of customers. there is no single customer with an individually material receivable balance.

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

At 30 June 2022		**Trade receivables – past days due**					
	Contract assets £'000	**Current £'000**	**<30 days £'000**	**30-60 days £'000**	**61-90 days £'000**	**>90 days £'000**	**Total £'000**
Expected credit loss rate	**8.2%**	**6.8%**	**7.3%**	**8.3%**	**13.0%**	**49.5%**	**16.0%**
Gross carrying value	**10,652**	**35,276**	**14,770**	**5,885**	**3,302**	**17,785**	**87,670**
Expected credit loss	**(875)**	**(2,385)**	**(1,079)**	**(490)**	**(428)**	**(8,803)**	**(14,060)**

At 30 June 2021		Trade receivables – past days due					
	Contract assets £'000	Current £'000	<30 days £'000	30-60 days £'000	61-90 days £'000	>90 days £'000	Total £'000
Expected credit loss rate	7.4%	8.3%	7.6%	10.2%	17.8%	34.9%	14.9%
Gross carrying value	12,233	32,404	11,108	5,859	3,131	20,456	85,191
Expected credit loss	(906)	(2,696)	(841)	(595)	(557)	(7,135)	(12,730)

Notes to the financial statements
for the year ended 30 June 2022 (continued)

21. Trade and other receivables (continued)

Set out below is the movement in the expected credit losses of trade receivables and contract assets:

Group	2022	2021
	£'000	£'000
At beginning of period	**12,730**	7,453
Acquisitions	**417**	-
Provision for expected credit losses	**3,051**	5,908
Amounts written-off	**(2,133)**	(541)
Foreign exchange	**(5)**	(90)
At end of period	**14,060**	12,730

Inter-group receivables and payables are unsecured, have no fixed date of repayment and are repayable on demand. Amounts owed to Bidvest Services (UK) Limited for settlement of debt at the point of acquisition are interest free. For all other amounts owed to/from group undertakings, an interest rate of 5% is charged on non-trading balances with group undertakings that are not dormant.

Trade and other receivables arising in the Company are wholly in respect of inter-group receivables.

22. Cash and cash equivalents

Cash at bank and in hand	2022	2021
	£'000	£'000
Group	**46,229**	23,829
Company	**18,001**	1

Cash and cash equivalents in the balance sheet comprise cash in bank and in hand. The Group has no short-term deposits or bank overdrafts.

23. Trade and other payables

Group	2022	2021
	£'000	£'000
Trade payables	**18,557**	16,149
Contract liabilities	**45,489**	41,599
Inter-group payables	**253,382**	510,666
Other tax and social security	**8,917**	12,660
Other creditors and accruals	**47,492**	41,030
	373,837	622,104

Notes to the financial statements for the year ended 30 June 2022 (continued)

23. Trade and other payables (continued)

The movement in contract liabilities is set out below. The amount shown as released to revenue in the period is the revenue recognised that was included as a contract liability at the beginning of the period.

	2022	2021
	£'000	£'000
At the beginning of the period	**41,599**	42,831
Released to revenue in the period	**(41,599)**	(42,831)

Trade payables represent liabilities for goods and services provided to the company prior to the end of the financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Inter-group receivables and payables are unsecured, have no fixed date of repayment and are repayable on demand. Amounts owed to Bidvest Services (UK) Limited for settlement of debt at the point of acquisition are interest free. For all other amounts owed to group undertakings, an interest rate of 5% is charged on non-trading balances with group undertakings that are not dormant.

Trade and other payables arising in the Company are wholly in respect of inter-group payables.

24. Inter-group loans

Group	**2022**	2021
	£'000	£'000
Bidvest Treasury Services Pty Limited	-	253,075
The Bidvest Group (UK) plc	**268,000**	-
	268,000	253,075

At 30 June 2021, the Group had a ZAR5,000,000,000 (£253,075,000) loan from Bidvest Treasury Services Pty Limited with interest payable at JIBAR plus a margin of 2.89%. The loan was due to be repaid in full in November 2025.

During the year, the Group received a loan note of £268,000,000 from The Bidvest Group (UK) plc with interest payable at a floating rate which was 4.3% at 30 June 2022. The principal amount is due to be repaid in full in September 2026.

The funds from the new loan note were used to settle the ZAR5,000,000,000 loan in full.

Notes to the financial statements for the year ended 30 June 2022 (continued)

25. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including interest rate risk, foreign currency risk, liquidity risk and credit risk. These financial risks are managed under policies approved by the board of Directors. On an ongoing basis, management actively monitors market conditions with a view to minimising the exposure of the Group to changing market factors while at the same time limiting the funding costs of the company.

Group	**2022**	2021
	£'000	£'000
Financial assets		
Measured at amortised cost		
Cash at bank and in hand	**46,229**	23,829
Trade receivables (note 21)	**63,939**	55,718
Inter-group receivables	**907**	907
Total financial assets	**111,075**	80,454

Group	**2022**	2021
	£'000	£'000
Financial liabilities		
Current loans and borrowings measured at amortised cost		
Lease liabilities (note 16)	**(11,044)**	(9,813)
	(11,044)	(9,813)
Current other financial liabilities at amortised cost		
Trade and other payables (note 23)	**(319,429)**	(314,770)
	(319,429)	(314,770)
Total current financial liabilities	**(330,473)**	(324,583)
Non-current loans and borrowings measured at amortised cost		
Lease liabilities (note 16)	**(26,129)**	(20,541)
Inter-group payables	**(268,000)**	(253,075)
Total non-current financial liabilities	**(294,129)**	(273,616)
Total financial liabilities	**(624,602)**	(598,199)

Management has determined that there is no significant difference between the carrying values shown above and their fair values.

Credit facilities

At 30 June 2022, the Group had a £10,000,000 (2021: £10,000,000) revolving credit facility with interest charged on utilised balances at 3.5%. At 30 June 2022, the Group was utilising £6,600,000 (2021: £6,500,000) of the revolving credit facility.

Hedging

There was no hedge in place at 30 June 2021 or 30 June 2022.

Notes to the financial statements for the year ended 30 June 2022 (continued)

25. Financial assets and Liabilities (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk for the company arises in relation to trade receivables and bank deposits. The company aims to minimise the credit risk through the application of risk management policies.

Information on how management controls credit risk in relation to trade receivables is provided in note 21.

The risk in relation to cash is managed by the Group only placing deposits with highly rated financial institutions and so does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Such risk may result from inadequate market depth or disruption or refinancing problems.

Effective working capital management forms an important part of maximising the amount of internally generated cash available. Control of trade receivables 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. The Group regularly reviews its credit control and cash collection processes, making improvements where appropriate. Cash is retained as long as is consistent with negotiated supplier payment terms. Stock levels are closely monitored to strike a balance between meeting customer demand and working capital investment.

The Group's financial liabilities are analysed into relevant maturity groupings based on their contractual maturities below:

Group **At 30 June 2022**	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	**Total cash flows** **£'000**	**Carrying value** **£'000**
Trade and other payables	319,429	-	-	-	-	**319,429**	**319,429**
Lease liabilities (note 16)	6,993	6,754	11,893	23,974	21,168	**71,782**	**37,173**
Inter-group payables	-	-	-	268,000	-	**268,000**	**268,000**
	326,422	**6,754**	**11,893**	**291,974**	**21,168**	**659,211**	**624,602**

Group At 30 June 2021	Less than 6 months £'000	6-12 months £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total cash flows £'000	Carrying value £'000
Trade and other payables	314,770	-	-	-	-	314,770	314,770
Lease liabilities (note 16)	6,042	5,630	9,819	18,812	22,169	62,472	30,354
Inter-group payables	-	-	-	253,075	-	253,075	253,075
	320,812	5,630	9,819	271,887	22,169	630,317	598,199

Notes to the financial statements for the year ended 30 June 2022 (continued)

25. Financial assets and Liabilities (continued)

Currency risk
The Board has assessed the risk of exchange rate movements having a significant effect on the trading profits and cash flows of the Group to be low due to the size of its overseas operations in relation to the Group as a whole.

The Group's exposure to foreign currency risk at the end of the reporting period is set out below:

	At 30 June 2022			At 30 June 2021		
	EUR'000	**USD'000**	**R'000**	EUR'000	USD'000	R'000
Cash at bank and in hand	**6,839**	**-**	**-**	6,195	-	-
Trade receivables	**8,335**	**384**	**-**	6,735	38	-
Trade and other payables	**(7,728)**	**(32)**	**-**	(7,028)	(194)	-
Lease liabilities	**(2,121)**	**-**	**-**	(2,060)	-	-
Inter-group payables	**-**	**-**	**-**	-	-	5,000,000
	5,325	**352**	**-**	3,842	(156)	5,000,000

Sensitivity

The group is primarily exposed to changes in the EUR/GBP exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denomination financial instruments and the impact on other components of equity arises from the groups operations in Spain and Ireland.

The table below shows the sensitivity of the groups foreign exchange risk to a 1% increase in the exchange rate of the relevant currency:

	Impact on post-tax profit		**Impact on other components of equity**	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
EUR/GBP exchange rate	**1**	-	**43**	32
USD/GBP exchange rate	**2**	(1)	**-**	-
ZAR/GBP exchange rate	**-**	2,506	**-**	-

Profit is less sensitive to movements in ZAR/GBP exchange rates in 2022 than 2021 because the South African Rand borrowings were fully repaid during the year.

Interest rate risk
The Group's exposure to market risk for changes in interest rates arises from its cash and cash equivalents where a reduction in interest rates on deposits will reduce reported income from interest earned on deposit. The risks associated with interest rate changes having a significant impact on the Group's results or financial position are assessed to be low.

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

Capital management
The Group manages capital to safeguard its ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders. The Group's capital comprises only ordinary shares as set out in note 28 and other reserves as set out in note 29. Any decision to amend the capital base beyond the results of the business as reported in the Statement of comprehensive income would be at the discretion of the Board and the parent company depending on the circumstances at that time.

Notes to the financial statements
for the year ended 30 June 2022 (continued)

26. Deferred taxation

The deferred tax asset is made up as follows:

Group	Accelerated capital allowances £'000	Short-term timing differences £'000	Total £'000
At 22 June 2020	6,539	185	**6,724**
(Charged)/Credited to the Statement of comprehensive income	(2,193)	128	**(2,065)**
At 30 June 2021	4,346	313	**4,659**
(Charged)/Credited to the Statement of comprehensive income	(3,006)	168	**(2,838)**
Acquisition of subsidiary	(298)	-	**(298)**
At 30 June 2022	**1,042**	**481**	**1,523**

The deferred tax liability is made up as follows:

Group	Relating to intangible assets £'000
At 22 June 2020	-
At 30 June 2021	-
Acquisition of subsidiary	(702)
At 30 June 2022	**(702)**

27. Provisions for liabilities

	Property £'000	Vehicle £'000	Fuel £'000	Re-organisation £'000	Total £'000
At 22 June 2020	9,267	1,615	1,021	904	**12,807**
Charged to the profit or loss	896	525	(607)	(185)	**629**
Utilised in the period	(667)	(111)	(240)	(492)	**(1,510)**
Unwind of discount	45	-	-	-	**45**
Foreign exchange differences	(6)	(1)	-	-	**(7)**
At 30 June 2021	9,535	2,028	174	227	**11,964**
Charged to the profit or loss	(24)	540	-	-	**516**
Utilised in the period	(518)	(183)	(174)	(107)	**(982)**
Unwind of discount	105	-	-	-	**105**
Acquisition of subsidiary	556	-	-	-	**556**
At 30 June 2022	**9,654**	**2,385**	**-**	**120**	**12,159**

Notes to the financial statements for the year ended 30 June 2022 (continued)

27. Provisions for liabilities (continued)

Property provisions
Property provisions include onerous lease 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 costs incurred and the fixed price agreed for fuel.

Reorganisation
During the 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.

28. Share capital

Shares classified as equity	**2022**	2021
	£'000	£'000
Allotted, called up and fully paid		
9,115,906 (2021: 9,115,906) ordinary shares of £0.001 each	9	9
7,177 (2021: 7,177) A ordinary shares of £0.001 each	-	-
1,472,311 (2021: 1,472,311) deferred shares of £0.001 each	2	2
	11	**11**

Each ordinary share has full rights in the Company with respect to voting and are redeemable at the option of the holder or the Company. A ordinary shares do not carry any voting rights and are not redeemable. Deferred shares do not carry any voting or dividend rights and are not redeemable.

29. Reserves

Share premium account
The share premium account represents consideration received on the allotment of shares in excess of the nominal value of the shares allotted.

Share-based payment reserves
Certain 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.

The group 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 group 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.

See note 8 for further details on share-based payments.

Notes to the financial statements
for the year ended 30 June 2022 (continued)

29. Reserves (continued)

Retained earnings
Retained earnings comprises the accumulated profits, losses and distributions of the Company.

30. Post-employment benefits

The Group operates a defined contribution scheme for eligible employees. Contributions by the Group are charged to the Income statement as incurred. The total pensions cost for the period is shown in note 8. Contributions totalling £599,000 (2021: £564,000) were payable to the fund at the balance sheet date.

Along with the acquisition of Warner Howard Group Limited on 31 October 2005, the Group 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 most recent valuation at 1 May 2022 indicated that the technical provisions exceeded the assets by £513,000.

The assumptions used in the valuation at 1 May 2022 are set out below:

Solvency Assumption	**1 May 2022**
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 2022 at which date the scheme, which is contracted out of the state scheme, had net assets of £11,315,000 (30 April 2021: £12,588,000) for the combined defined benefit and defined contribution sections of the scheme.

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.

Notes to the financial statements for the year ended 30 June 2022 (continued)

30. Post-employment benefits (continued)

The disclosures set out below are based on calculations carried out at 26 June 2022 by an independent qualified actuary. The results of the calculations and the assumptions adopted are shown below.

Composition of plan assets:

	2022 £'000	2021 £'000
Annuities	**8,272**	-
UK Government gilts	**286**	8,109
UK corporate bonds	**156**	4,569
Cash	**36**	13
Total plan assets	**8,750**	12,691

	2022 £'000	2021 £'000
Fair value of plan assets	**8,750**	12,691
Present value of plan liabilities	**(8,750)**	(11,013)
Defined benefit asset	**-**	1,678
Effect of asset ceiling limit	**-**	(1,678)
Net pension scheme assets	**-**	-

Asset ceiling reconciliation:

	2022 £'000	2021 £'000
Opening balance	**1,678**	1,450
Changes in asset ceiling (interest effect)	**30**	21
Changes in asset ceiling (remeasurement)	**(1,708)**	207
Closing balance	-	1,678

Reconciliation of fair value of plan liabilities were as follows:

	2022 £'000	2021 £'000
Opening defined benefit obligation	**11,013**	11,221
Interest costs	**188**	156
Remeasurement (gains)/losses:		
Financial assumptions	**(2,211)**	(215)
Demographic assumptions	**263**	89
Experience	-	121
Past service costs including curtailments	-	130
Benefits paid	**(503)**	(489)
Closing defined benefit obligation	**8,750**	11,013

Notes to the financial statements
for the year ended 30 June 2022 (continued)

30. Post-employment benefits (continued)

Reconciliation of fair value of plan assets were as follows:

	2022 £'000	2021 £'000
Opening fair value of scheme assets	**12,691**	12,671
Interest income on plan assets	**216**	177
Remeasurement gains:		
Return on scheme assets excluding interest income	**(3,503)**	332
Benefits paid	**(654)**	(489)
Closing fair value of scheme assets	**8,750**	12,691

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

	2022 % per annum	2021 % per annum
Discount rate	**3.70**	1.75
Aggregate long-term rate of return on assets (net of expenses)	**3.70**	1.75
Retail Prices Index (RPI) Inflation	**3.80**	3.65
Consumer Prices Index (CPI) Inflation	**3.30**	3.15
Future increases in deferred pensions	**3.30**	3.15
Rate of increase in salaries	**n/a**	n/a
Mortality rates		
- for a male member aged 65 now	**22.40**	21.60
- at 65 for a male member aged 45 now	**23.70**	23.20
- for a female member aged 65 now	**24.70**	24.30
- at 65 for a female member aged 45 now	**26.20**	25.70

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). As a result of the whole plan buy-in during the year, the funding is no longer sensitive to changes in the assumptions used. The value of the bulk annuity asset will equal the value of the liabilities measured on any basis.

	2022 £'000	2021 £'000
1% increase in the discount rate would decrease the defined benefit obligation by:	-	1,285
1% decrease in the discount rate would increase the defined benefit obligation by:	-	1,595
1% increase in pension increase rate would increase the defined benefit obligation by:	-	543
1% decrease in pension increase rate would decrease the defined benefit obligation by:	-	599
1 year increase in life expectancy would increase the defined benefit obligation by:	-	485
1 year decrease in life expectancy would decrease the defined benefit obligation by:	-	513

Notes to the financial statements for the year ended 30 June 2022 (continued)

31. Other financial commitments

The Group had no capital commitments at 30 June 2022 (2021: £nil).

32. Group membership and related parties

The immediate parent company is Bidvest Services (UK) 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 largest group to consolidate these financial statements is The Bidvest Group Limited and their financial statements may be obtained from the group's offices at Bidvest House, 18 Crescent Drive, Melrose Arch, Melrose, Johannesburg, 2196, South Africa.

The Group had the following inter-group receivables / (payables) with fellow group companies not included in this consolidation at the respective reporting dates:

Group	**2022**	2021
	£'000	£'000
Outstanding balances arising from purchases of services:		
Bidvest Properties Limited	**(172)**	-
Loans to / (from) fellow group companies:		
Bidvest Noonan Services Limited	**907**	907
Bidvest Services (UK) Limited	**(252,263)**	(254,878)
Bidvest Treasury Services Pty Limited	**-**	(255,788)
The Bidvest Group (UK) plc	**(268,947)**	-

The following transactions occurred with related parties:

	Year ended 30 June 2022	Period ended 30 June 2021
	£'000	£'000
Dividends paid to UK parent entity:		
Bidvest Services (UK) Limited	**11,415**	18,500
Interest payable:		
Bidvest Services (UK) Limited	**7,414**	-
Bidvest Treasury Pty	**129**	-
The Bidvest Group (UK) Plc	**5,578**	10,099

Key management are deemed to be the Directors of the Company. Refer to note 9 for further disclosures of emoluments paid to Directors.

Notes to the financial statements for the year ended 30 June 2022 (continued)

33. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertaking

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
PHS Group Limited*	Intermediate holding company

Indirect subsidiary undertaking

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
Clean Step Limited	Dormant
CLM Safety Limited*	Intermediate holding company
Dartry Laundry Limited*	Provision of laundry services
Environmental Waste Solutions UK 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
Mayflower Hygiene Supplies (London) Limited*	Provision of workplace services
MC494 Limited	Dormant
Personnel Hygiene Services Limited	Provision of workplace services
PHS All Clear Limited	Intermediate holding company
PHS Compliance Limited*	Provision of workplace services
PHS FXCO1 Limited*	Intermediate holding company
PHS FXCO2 Limited*	Dormant
PHS Holdings Limited*	Intermediate holding company
PHS Investments Limited*	Intermediate holding company
PHS Services Limited*	Intermediate holding company
PHS Washrooms Limited*	Intra-group financing intermediary
PHS Wastekit Limited	Dormant
PHS Western Limited*	Intermediate holding company
Rentacrate Limited	Dormant
Rentacrate (UK) Limited	Dormant

Notes to the financial statements for the year ended 30 June 2022 (continued)

33. Subsidiary undertakings (continued)

Name	Principal activity
Scott-Law Archival and File Management Limited	Dormant
Teacrate Limited*	Intermediate holding company
Teacrate Rentals Limited*	Provision of workplace services
Tenberry Limited	Dormant
Urban Planters Limited	Dormant
Warner Howard Limited	Dormant
Warner Howard (UK) Limited	Dormant
Warner Howard Group Limited	Dormant
Warner Howard (Holdings) 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 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

The company owns indirectly 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, Westrigg, Blackridge, West Lothian. EH48 3AU.

Name	Principal Activity
Reisswolf Scotland 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 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 indirectly 100% of the ordinary share capital of the companies listed below. For each 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
Mayflower Hygiene Services (Ireland) Limited	Provision of workplace services
Karmarton Limited**	Provision of workplace services

Notes to the financial statements
for the year ended 30 June 2022 (continued)

33. Subsidiary undertakings (continued)

The company owns indirectly 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

*These subsidiaries are exempt from the requirement to file audited financial statements by virtue of section 479A of the Companies Act 2006. As part of this process, the company has provided statutory guarantees to these subsidiaries.

**The Irish subsidiary, Karmarton Limited, is exempt from the requirement to file audited accounts by virtue of section 357 of Companies Act 2014. In adopting the exemption PHS Group Limited has provided a statutory guarantee to this subsidiary in accordance with section 357 of the Companies Act 2014.

34. Approval of financial statements

The Board of Directors approved these financial statements on 9 January 2023.